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IEC SOFTWARES LTD.

4th Annual Report 1997-98

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"Time. See it in ticking hands of
a clock. Watch it as sand running out.
Time never stops.
It inspires us.
We have kept pace with it.
We have learnt to look beyond the illusion
today. And prepare, to realise the tomorrow.
Time never teaches twice.
And so, it is time that bears
testimony to our success story.
The clock ticks. The sand runs.
we continue....."

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IEC SOFTWARES LTD.

BOARD OF DIRECTORS

Mr. S. L. Gupta, Chairman
Mr. R. L. Gupta, Managing Director
Mr. Naveen Gupta, Director (Operations)
Mr. R. N. Aggarwal, Director
Mr. Ram Kumar, Director
Brig. S.V.S. Choudhary (Retd.), Director

COMPANY SECRETARY

Mr. C. V. Jain

MD	✓	BKC	✓
CS	✓	DPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		

BANKERS

Central Bank of India
Indian Overseas Bank

AUDITORS

M/s. Nath & Hari, Chartered Accountants

Regd. Office :
IEC House, M-92,
Connaught Place,
New Delhi-110001

Administrative Office :
B-9, Greater Kailash
Enclave, Part-II,
New Delhi-110048

Corporate Office :
A-6, South Extention,
Part-II,
New Delhi-110049.

Regional Office :
7-1-58/1, Permeshwari Mansion,
Opp. Lal Banglow, Ameerpet,
Hyderabad-16

India : Nepal : Maldives : Oman : Singapore : UK : USA

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NOTICE

Notice is hereby given that the 4th Annual General Meeting of the Members of IEC Softwares Ltd. will be held on Monday, the 28th of September, 1998 at 10.00 a.m. at Shah Auditorium, 2, Raj Niwas Marg, Delhi-54, to transact following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet as on 31st March '98 and profit and loss account for the year ended on that date, and the reports of the Board of Directors and auditors thereon.

2. To appoint a Director in place of Mr. Naveen Gupta who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri R.N. Aggarwal who retires by rotation at this meeting and being eligible, offers himself for re-appointment.

4. To appoint auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, with authority to the Board of Directors of the company to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution with or without modification, as an special resolution:

   "Resolved that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act 1956 or any statutory modification or re-enactment thereof and the Memorandum and Articles of Association of the Company, and subject, to any other approvals of appropriate authorities, the Board of Directors of the Company hereinafter referred to as ("The Board" - which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised on behalf of the company, subject to the provisions of the Companies Act, 1956, SEBI regulations and such other rules and regulations; to issue equity shares of Rs. 10/- each out of 66,36,000 unissued equity shares of the company

   either:
   to the existing shareholders at such premium not exceeding Rs. 100/- per share and such quantum and in such ratio that may be decided by the Board of Directors

   and/or:
   in one or more tranches to such person(s) whether or not share holders of the company, including one or more of the members/ Promoters/ Employees/Overseas body corporates/their Associates/ Foreign institutional investors/ Indian institutional investors/ Mutual funds/Banks/Public or Private body corporates/Associates/ Welfare funds or any such funds whether through public issue or on private placement basis, such quantum at such premium not exceeding Rs. 150/- per share as may be decided by the Board of Directors of the Company.

   The Board of Directors are further authorised to make a composite issue including right issue, public issue and issue through private placement out of 66,36,000 unissued equity shares of the company in such ratio and with such combination as the Board may deem fit in this regard.

   These equity shares shall rank in all respects including voting rights, pari passu with the existing equity shares except that such further equity shares shall not confer on the holders thereof the right to dividend, if any, declared in respect of company's financial year 1998 but shall entitle such holders to dividend, if any, declared in respect of company's financial year subsequent to the financial year 1998 as from the first day of the month following the date or dates of allotment thereof.

   For the purpose of giving effect to this resolution the Directors be and are hereby authorised to prescribe the forms of application and renunciation and other documents in respect of such further equity shares to give such other directions as they may think fit and proper, including direction for settling any question or difficulty that may arise in regard to the issue and allotment of the further equity shares and do to all such acts, deeds, matters and things as the Directors in its absolute discretion consider necessary, expedient, usual or proper.

6. To consider and if thought fit, to pass the following resolution with or without modification, as an ordinary resolution:

   "Resolved that in accordance with the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the company hereby authorises the Board of Directors of the Company to contribute and subscribe on behalf of the company to charitable and other funds not directly relating to the business of the company or the welfare of its employees, any amount the aggregate of which will in any financial year will not exceed of Rs. 50 lacs or 5% of the company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the said act, during the 3 financial years immediately preceding, which ever is greater.

By order of the Board

Place: New Delhi
Date : 01.09.98

(C.V. Jain)
Company Secretary

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NOTES:

— The relative explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of special business under item no. 6 to 10 as set out above is annexed.

— A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

— Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

— All documents referred to in the accompanying notice are open for inspection at the Registered Office of the company during office hours on all working days except Saturdays, between 11:00 a.m. & 1:00 p.m. upto the date of the Annual General Meeting.

— Share holders seeking any information with regard to accounts are requested to write to the company at an early date so as to enable the Management to keep the information ready.

— Members are requested to quote their registered folio number in all correspondence with the company and notify the company immediately of change, if any, in their address.

— Share holders are requested to kindly bring their copies of Annual Report to the meeting.

— The register of members and share transfer books of the company will remain closed from 16.09.98 to 23.09.98 (both days inclusive).

— No gift will be distributed during or after the AGM

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 5

Due to rapid growth and substantial increase in its level of operations, the capital expenditure and long term working capital needs of the company have increased significantly with the company having invested substantial funds in new projects and new business opportunities expected to materialise in the coming months.

The resolutions seek to enable the company to have various alternatives in its hand for raising the funds by issuing equity shares out of 66,36,000 unissued equity shares either to the existing shareholders on right basis and/or to the general public whether holding equity shares of the company or not and/or through private placement,as may be decided by the Board of Directors at their absolute discretion.

The equity shares of the company if issued, may be at such premium as may be decided by the board but not exceeding Rs. 100/- in case of right issue and not exceeding Rs. 150/- in case of public issue and not exceeding Rs.150/- if these equity shares are privately placed.

The approval of the members is sought pursuant to the provisions of Section 81 of the Companies Act, 1956.

No Director of the company is interested or concerned in the resolution except to the extent of his shareholding in the company.

ITEM NO. 6

As per the provisions of Section 293(1) (e) of the Companies Act, 1956, the Board of Directors of a public company shall not, except with the consent of such public company contribute, to any charitable and other funds not directly relating to the business of the company or the welfare of its employees in excess of Rs. 50,000/- or 5% of its average net profits as determined in accordance with the provisions of Section 349 & 350 of the Companies Act, 1956, during the 3 financial years, immediately preceding, whichever is greater.

Acknowledging the company's increased responsibility towards social, philanthropic and other causes of public utility, your Directors may contribute to appropriate charitable and other funds not directly relating to the business of the company or the welfare of its employees within the limits as prescribed or stipulated under the provisions of Section 293(1) (e) of the Companies Act, 1956. This resolution is an enabling resolution.

None of the Directors of the company is, in any way, concerned or interested in the said resolution.

By order of the Board

Place: New Delhi **(C.V. Jain)**
Date : 01.09.98 **Company Secretary**

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Directors' Report

To
The Members,

Your Directors have pleasure in presenting the fourth Annual Report and statement of Accounts of your company for the Financial Year ending 31st March '98.

CORPORATE RESULTS

(Rs. in Lacs)

Particulars	Year ended 31.03.98	Year ended 31.03.97
Income from Operations	541.57	460.46
Other Income	3.76	6.70
Total Expenditure	474.47	422.14
Interest	13.37	5.26
Gross Profit after interest but before Depreciation and Taxes	57.49	39.76
Depreciation	21.43	13.56
Provision for taxation	9.00	4.50
Profit	27.06	21.70
Profit b/f	23.93	2.23
Profit available for appropriation	50.99	23.93

THE YEAR IN RETROSPECT

Software Industry

Indian Software Industry has been constantly showing a phenomenal growth. It has crossed a revenue of more than 10,000 crores in 1997-98. India possesses the world's second largest pool of scientific manpower. The quality of Indian Software is good and manpower cost is relatively low which provides India a very good opportunity in the world market. The present status remains to continue as India enjoys an advantage over some of other nations which are trying to promote software exports.

Software industry has been identified as major thrust area by Govt. of India both for exports as well as for the domestic market. As per the estimate export is likely to touch US$ 4.0 billion by 2000 AD. as against the current year estimates (1997-98) of US$ 1.8 billion.

With still a lot of scope for development and export of softwares and highly growth oriented market, IEC has initiated a software development and export project in Noida under STP Scheme. Though the project was proposed to be started in the year 1997-98, it could not be materialised on account of the company's major expansion and diversification activities. A piece of land in Noida has been allotted by the Nodia Authority.

IEC is also planning to open subjet to various approvals by the concerned authorities its branch office/subsidiary company in USA in the current year for which the necessary spade work has already been completed. Presently India has been exporting softwares to the extent of more than 55% of the total software export to USA alone. The company having infrastructure and manpower skilled with access to the latest hardware platforms including IBM main frame, AS-400, DEC, HP, Unisys, DG, Tandem, Unix boxes, PC, MAC, PS/2, Novell LAN & SUN, is capable of exploring and exploiting the Software Export Market in USA.

Company Performance

Since inception the company has been showing a steady growth. This year is also not an exception as the total income of the company has been increased from 467.16 lacs in the year 1996-97 to 545.33 lacs having a growth of 16.73% over the previous year. The net profit has also jumped by 24.7% to Rs. 27.06 lacs in the year 1997-98 from 21.70 lacs during 1996-97. The growth rate of the company in comparison with the other similar industry appears to be on the lower side. But keeping in view the fact that the company is going in for major expansion and diversification this year, which has resulted in more expenditure without having income in that ratio and the deferment of the STP Projet for one year, the overall performance of the company is quite satisfactory, as despite all the constraints the company has been able to curtail its expenditures which helped the company to improve its profitability as compared to the last year.

The recently opened Regional Office in Hyderabad is doing extremely well. The company is now planning to start Regional Offices in various Zones i.e.East,West and South which are still unrepresented by the company. The company has opened a number of Franchisee Centres in the year 1997-98 in various parts of the country.

IEC Group is coming up with IEC College of Engineering & Technology under the agreement with Vocational Education Foundation in the next academic session in U.P. for which necessary approvals from various Govt. Departments have been received. The land is likely to be allotted by the Greater Noida Authority very soon. IEC has also been sanctioned term loan from the Bank for the Engineering College. Students passing out from the Computer Engineering stream will be absorbed in the Software Export Market which is the main thrust area of your company.

Your company has tied up with IGNOU for BCA Degree Course on Internet. This will be the first recognised 3 years degree course being offered on Internet by a recognised university under the UGC and provide opportunity to the millions of career seekers all over the country. Your company is among the very few institutions to get the empanelment from IGNOU for offering this course.

Your company has set-up a new office at E-9, Greater Kailash Enclave-II, New Delhi to meet the growing needs of expansion and diversified activities.

The project Infodrome-2000 has been launched at A-6, South Extension, Part-II, New Delhi to cater to high end training and software development and export activities besides corporate training.

Your company has been recognised by Delhi Govt. for conducting Computer Awareness & Training Programme and has been awarded a contract of Rs. 180 lacs for providing computer training to students of various schools in Delhi. Your Company is likely to get more number of Schools in near future.

With the rapid growth and substantial increase in the level of operation of the company and on going expansion cum-diversification activities and investment of funds in new projects

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and new business opportunities expected to materialise in the coming months, the long term working capital requirement of the company have increased significantly. As such the company foresees the need of funds which is being planned by issue of equity shares to the existing shareholders and/or to the public and/or by issue of equity shares by way of private placement.

DIVIDEND

Your Directors do not recommend a dividend on the equity shares. The cash accruals are being ploughed back for the on going expansion programme of your company which we believe will ensure better returns to the shareholders in future.

HUMAN RESOURCE DEVELOPMENT

Your company continues to attract and retain personnel who excel not only in the IT industry but also in other disciplines. Your company enjoys cordial relations with its employees. The board places on record it appreciation of the services rendered by the company's employees at all levels.

SOCIAL COMMITMENT

Your company understands and acknowledges its increased responsibility toward social philanthropic and other causes of public utility. IEC College of Engineering & Technology which is coming up under the aegis of Vocational Education Foundation a charitable society will provide education among others to the poor and socially backward persons.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Naveen Gupta & Mr. Ram Kumar, retiring by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors of the Company, M/s Nath & Hari, Chartered Accountants, New Delhi are retiring at the ensuing Annual General Meeting of the Company being eligible, offer themselves for re-appointment.

The observations of the auditors and the relevant notes on the Accounts are self-explanatory and do not require further elucidation.

UTILISATION OF FUNDS AND PROJECTIONS VERSUS PERFORMANCE

In terms of Clause 43 of the listing agreement executed between the company and the Stock Exchanges, performance for the year ended 31st March '98, as against projections furnished in the letter of offer dated 22.02.96 in respect of public issue of equity shares, is stated as below.

PROJECTION Vs. PERFORMANCE

S.No.	Particulars	Actual Performance	Projection as per Prospectus
1.	Gross Income	545.33	721.79
2.	Net Profit after Tax	27.06	254.79*
3.	EPS (Rs.)	0.52	4.75
4.	Cash EPS (Rs.)	1.16	5.40

The variation between projections and actual performance are mainly due to reasons elaborately stated under "Company Performance" and else where mentioned in the Directors report.

* The figure includes the net income estimated from the software technology park which could not be started in the year 1996-97.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company had no such employees during the year under review.

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

The Company being the educational service company, no disclosure relating to conservation of energy and technological absorption is reported.

PUBLIC DEPOSITS

The Company has not accepted and invited public deposits during the year under review.

SUBSIDIARY COMPANY

The Company does not have any subsidiary company.

GROUP CONCERNS

IEC SCHOOL OF ART & FASHION PVT. LTD.
IEC LEASING AND CAPITAL MANAGEMENT LTD.
IEC SECURITIES AND PORTFOLIO MANAGEMENT LTD.

LISTING OF SHARES

Shares of your company are listed in following Stock Exchanges and the Annual listing fees in respect of these Stock Exchanges has already been paid:-

Delhi Stock Exchange Association Ltd.,
West Plaza, I.G. Stadium,
I.P. Estate, New Delhi.

Jaipur Stock Exchange Ltd.,
Rajasthan Chamber Bhawan,
M.I. Road, Jaipur.

The Stock Exchange, Mumbai,
Phiroze Jeejeebhoy Tower,
25th Floor, Dalal Street,
Mumbai-400 001.

APPRECIATION

Your Directors wish to place on record their appreciation of the support which the company continues to receive from Central & State Govt. Departments and local Authorities, Company's Bankers and Business Associates. Your Directors also place on record their appreciation of the total commitment, dedication and hardwork put in by every member of IEC team. To them goes the credit for the company's achievements.

The shareholders are the strength of the company and the board appreciates the confidence and faith they have placed in the management of the company.

For and on behalf of the Board

Place: New Delhi
Date : 1st Sep '98

S.L. Gupta
Chairman

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