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IEC™

SOFTWARES LTD.



2005-2006

12th ANNUAL REPORT

FOR THE YEAR ENDED 31st MARCH 2006

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12th ANNUAL REPORT

2005-2006

for the year ended 31st March 2006

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SOFTWARES LTD.

Regd. Office :

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12th Annual Report
2005-2006

Board of Directors

Chairman
Brig. S V S Chowdhary (Retd.)

Whole Time Director
Mr. L.C.Goel

Directors
Mr. R.L.Gupta
Mr. Kailash Nath
Mr. Sarabjit Singh Saini
Brig. S V S Chowdhary (Retd.)

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Company Secretary
Ms. Alka Arora

Bankers
Central Bank of India

Auditors
M/s Nath & Hari, Chartered Accountants

Regd. & Head Office:
IEC HOUSE, M-92, Connaught Place, New Delhi - 110001

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COMMITTEES OF BOARD OF DIRECTORS

Audit Committee
Brig. S.V.S. Chowdhary, Chairman
Mr. Kailash Nath, Member
Mr. Sarabjit Singh Saini, member

Shareholder's Committee
Mr. Kailash Nath, Chairman
Brig. S. V. S. Chowdhary, Member
Mr. Sarabjit Singh Saini, member

Remuneration Committee
Brig. S. V. S. Chowdhary, , Chairman
Mr. Kailash Nath, Member
Mr. Sarabjit Singh Saini, member

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NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the members of IEC Softwares Ltd. will be held on Monday, September 25, 2006 at 10.00 a.m. at Shah Auditorium, 2, Raj Niwas Marg, Delhi - 110 054 to transact the following business;

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March'2006 and Profit and Loss account for the year ended on that date alongwith the Directors' Report and Auditors' Report thereon.

2. To consider and appoint a Director in place of Mr. R. L. Gupta, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Nath & Hari, Chartered Accountants, the retiring Auditors, being eligible offer themselves for re-appointment.

Special Business

4. To Consider and, if thought fit to pass, with or without modifications the following resolution as an Ordinary Resolution:

   "Resolved that Mr. Sarabjit Singh Saini, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 25th October, 2005, and whose term expires at the Annual General Meeting of the Company Scheduled to be held on 25th September, 2006 and for appointment of whom the Company has received a notice under section 257 of the Companies Act, 1956 with a deposit of Rs. 500/- which will be refunded if the appointment is confirmed, from a member for proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company whose period of office will be liable to determination by retirement by rotation."

NOTES:

1. **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 FOURTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

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2. Shareholders seeking any information with regard to the accounts are requested to write to the Company at an early date but not later than 48 hours before the scheduled time of holding the AGM so as to enable the Management to keep the information ready.

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

4. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.

5. **Information required to be furnished under the Listing Agreement.**

Brief particulars of Directors who are proposed to be **appointed/re-appointed** are given below:

Name of the director:	Mr. R L Gupta
First date of appointment:	23.08.94
Date of birth:	10.11.36
Educational Qualification:	B. A., L.L.B.
Brief Profile:	He being the founder Director of the Company has played the key role in the growth of the Company. Being in the legal profession, he has vast experience in legal matters and corporate affairs. He has also vast experience in the field of general administration, management, planning and strategy.

Name of the director:	Mr. Sarabjit Singh Saini
First date of appointment:	25.10.05
Date of birth:	12.10.71
Educational Qualification:	B. Com.
Brief Profile:	He is a successful industrialist having wide experience in running industry and business. He has a rich experience in administration, finance and various aspects of business dealing. He has a rich experience in dealing with higher Government authorities and handling successfully large workforce.

6. The register of members and share transfer books of the Company will remain closed from 20th day of September 2006 to 25th day of September 2006 (both days inclusive).

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7. Members are requested to quote their registered folio/Client ID number in all correspondence with the Company and notify the Company immediately of change, if any, in their address.

By Order of the Board
For and on behalf of IEC Softwares Ltd

Date: 24.08.2006
Place: New Delhi

Alka Arora
Company Secretary

Annexure to Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

Mr. Sarabjit Singh Saini was appointed as Additional Director of the Company with effect from the 25th October, 2005, his term as Additional Director expires on the date of this Annual General Meeting pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the Company. A notice under section 257 of the said Act with a deposit of Rs. 500/- which will be refunded if the appointment is confirmed has been received from a member signifying his intention to propose the name of Mr. Sarabjit Singh Saini for appointment as Director of the Company. Mr. Sarabjit Singh Saini has filed with the Company his consent to act as Director.

The Directors recommend his appointment as a member of the Board in the interest of the Company.

None of the Directors of the Company are concerned or interested in the Resolution

By Order of the Board
For and on behalf of IEC Softwares Ltd

Date: 24.08.2006
Place: New Delhi

Alka Arora
Company Secretary

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Directors' Report

Your Directors take pleasure in presenting the Twelfth Annual Report along with the Audited Statement of Accounts for the financial year ended March 31, 2006.

FINANCIAL RESULTS (Rs. in lacs)

	Year ended 2006	Year ended 2005
Income from Operations	454.67	1213.81
Other income	6.18	17.94
Total Expenditure	981.22	1045.16
Interest	73.76	24.45
Gross Profit/(loss) after Interest But before Depreciation & Tax	(594.13)	162.14
Depreciation	186.87	240.70
Provision for Taxation	0.39	NIL
Deferred Tax (Liability) / Asset	239.67	18.08
Profit/(loss)	(541.72)	(60.48)
Profit/(Loss) Brought forward	(967.95)	(907.47)
Profit/(loss) transferred to Balance Sheet	(1509.67)	(967.95)

BUSINESS OPERATIONS

"Current Scenario"

Your company has started making fresh initiatives in re-establishing its Franchisee business and has got reasonable success in establishing some new franchisees in Himachal Pradesh, Madhya Pradesh.

Your Company has maintained a healthy profile in servicing the contracts of computer education in Govt. schools and colleges.

The computer education and training project in the Govt schools of NCT, CEP-I and II and Gyanoday project in Madhya Pradesh has been completed successfully.

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Your Company is able to grab the computer education and training project in the Govt schools of NCT, CEP-IV worth Rs. 40 Cr. and is not able to implement it due to certain reasons, which is now sub judice before the Hon'ble High Court of Delhi.

The Loss incurred by the Company during its lean period was due to blockage of huge chunk of money in Delhi government, for which we are hopeful, that it will be released in near future.

"Future Plan"

The Company is planning to diversify in the areas of Call Centers, Back Office Operations etc. The Company is trying to strengthen its leadership position in IT Training within India. The franchise business, which was once a core area of operation of your Company in the early nineties, has again been revived and we are hopeful to "sign in" a fair number of new franchisees within a very short period of time. The endeavor in this area is, to create a network first by charging reasonably low franchise fee and then enhance values once the culture and awareness is sustained and of course increase the service inputs to them.

With respect to new business, all our efforts are being made to make ingress into new areas as stated earlier and you can certainly look forward, hopefully to a better tomorrow.

"Financial Performance"

During the year commencing from 1st April 2005 till 31st March 2006, the Company has recorded a Total Revenue of Rs. 460.85 Lacs as against the total revenue of Rs. 1231.75 Lacs during the previous year.

Although the total revenues of the Company during the year has shown decline of 62.59%, the Company has suffered Loss of Rs. 541.72 Lacs against loss of Rs. 60.48 Lacs during the previous year.

The Company during the year has concentrated to become a Debt free Company and in its endeavor has made Compromise Settlement with Central Bank of India and Compromise Settlement has been approved at Rs. 145.00 Lacs. The amount of Rs. 145.00 Lacs is payable upto 21st September, 2006 alongwith interest of the Bank.

Your Company in the past three years has suffered huge losses on account of several factors including opening of Regional Engineering Colleges in the Country however, due to its strong brand equity and commitment of its existing promoters, the Company will pass this bad phase.

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