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**ANNUAL REPORT
2004-2005**

BOARD OF DIRECTORS

MRS KIRTI LAKHOTIA, Managing Director
MR SIDHARTH LAKHOTIA, Chief Operating Officer
MR PRATIK LAKHOTIA
MR PRAVEEN JAIN
MR G K GUPTA
MR PREMCHAND GARODIA

COMPANY SECRETARY

MR P N ROY CHOUDHURY

AUDITORS

P LATH & CO.

REGISTRAR AND SHARE TRANSFER AGENT

M/S S. K. COMPUTERS
34/1A, SUDHIR CHATTERJEE STREET
KOLKATA 700 006

BANKERS

THE HONGKONG & SHANGHAI BANKING CORPN LTD.
STATE BANK OF INDIA
ICICI BANK LIMITED

REGISTERED OFFICE

P-16, CIT ROAD, KOLKATA 700 014
PHONE: (033) 2227 7906

CORPORATE OFFICE

2/5A SARAT BOSE ROAD, KOLKATA 700 020
PHONE: (033) 2486 0667
FAX: (033) 2485 2932

Website: <http://www.lccinfotech.co.in>

E-mail: corporate@lccinfotech.co.in

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LCC INFOTECH LTD.**DIRECTORS' REPORT**

To the Members,

Your Directors hereby present the 19th Annual Report together with the Audited Accounts for the year ended 31st March 2005.

1. Financial Results:

The performance of the Company for the financial year ended March 31,2005 is summarised below:

(Amount in Rs. '000)

	FOR THE YEAR ENDED 31ST MARCH 2005	FOR THE YEAR ENDED 31ST MARCH 2004
Profit/(Loss) for the year	(85,089)	(67113)
Less: Tax Provision for the year	---	---
Less: Deferred Tax Provision for the year	9405	23957
Profit/(Loss) after Taxation	(75,684)	(43156)
Less: Transfer from Reserve	----	---
Sales Return	19618	---
	(95302)	(43156)
Add: Balance (cr.) brought forward	49113	92269
	(46189)	49113
Less: Deferred Tax	---	---
Balance carried forward to Balance Sheet	(46189)	49113

2. Dividend:

The directors regret their inability to recommend any dividend due to loss in the year under report.

3. Current year and Future Prospect

During the year 2004-05 company's total income was 248291 ('000). The total expenditure was 333380 ('000) resulting a net loss of Rs. 85089 ('000). After necessary appropriations/adjustment there was a loss of Rs. 95302 ('000). During the year company has earned operational profit before depreciation of Rs. 7592 ('000).

The Board of Directors of the company had proposed issue of Bonus shares in the ratio of one equity shares for every equity share of the company on 4th January 2005, and the same was approved by the members of the company vide the Extra-ordinary General Meeting of the company held on 1st February 2005. The company applied for in-principal approval for allotment of Bonus shares with the Stock Exchange. But due to certain technical difficulties the same has not been granted till date.

Your company has been working towards several new areas and is in the process of finalizing its foray into new developing ventures. The Management Service Provider (MSP) is an area that is being outsourced by several US and UK based corporate to India. Your company is currently looking at

finalizing new international projects focusing on this area. Further, your company is strengthening its software division by adding a pool of highly skilled manpower that have added value to the company's software wing and also to its technical strengths in new areas such HRMS. With this value addition your company has become even more capable of undertaking projects in several new areas of software development for clients both domestically and internationally.

Your company has launched new courses that provide highly specialized training that fuel the manpower requirements in the upcoming industry sectors. With the addition of these new courses the company has reinvented its course offerings and this shall definitely provide a significant boost to the company's revenue and growth prospects in the coming times.

4. Directors:

Your Directors expressed their profound grief on the sad demise of Mr. Sukumar Bhattacharya, ex-director of the company. Mr. Bhattacharya was a member of the Board since 1.4.1999 to 30.03.2002 and contributed immensely to the company's growth. Your director place on record their deep sense of appreciation for the valuable advice and guidance rendered by him to the company during his tenure as director of the company.

In accordance with the provisions of the Companies Act, 1956 and the Articles & Association of the company, Mr. Pratik Lakhota and Mr. Premchand Garodia retires from office by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

5. Auditors:

The Auditors M/s P. Lath & Co. Chartered Accountant will retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The company has received a certificate from them to the effect that their reappointment, if made, will be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

6. Subsidiary Company:

The Audited Annual Accounts for the Financial Year ending 31st March 2005 along with the Auditors' and Directors' Report thereon of eLCC.Info.com Ltd., a Subsidiary of your Company are annexed to this report as required under Section 212 of the Companies Act, 1956.

7. Fixed Deposits:

The Company has not accepted or invited any deposits from the Public and as such no amount of principal or interest was outstanding during the year 2004-2005.

8. Particulars of Employees:

None of the employees of the Company is covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

9. Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

The Company does not have any manufacturing activity and hence the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 does not apply to the Company. The details of the foreign exchange earnings and outgo are given in details in *Schedule 19*-Notes to the Accounts, forming part of the Balance Sheet.

10. Audit Observations:

The observations of the Auditors are duly dealt in Notes of Accounts attached to the Balance Sheet and are self explanatory in nature.

11. Directors' Responsibility Statement:

The Directors confirm pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956,

- * that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- * that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2005 and of the profit or loss of the Company for that period;
- * that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- * that the Directors have prepared the annual accounts on a going concern basis.

12. Corporate Governance:

In terms of Listing Agreements, a report on Corporate Governance along with the Auditors' Report on its compliance is annexed, forming part of the Annual Report.

13. Listing Status

The company's shares are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The company's shares have been delisted from Delhi and Ahmedabad Stock Exchange whereas the application for such is lying pending with Calcutta Stock Exchange Association Limited. Listing fee has been paid till March 31st 2006 to Bombay Stock Exchange Limited and upto March 31st 2005 to National Stock Exchange of India Limited.

The face value of the shares of the company was sub-divided from Rs.10/- each to Rs. 2/- each during the year. This has resulted in increase of number of shareholders of the company with flexibility in trading enhancing the overall movement of liquidity. The total number of shareholders as on date is 15,487 and the same are spread out throughout the country.

14. Acknowledgement:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the members, bankers, business associates, various Govt. Authorities in all the endeavors of the Company during the year under review. Your Directors also place on record their deep sense of appreciation for the committed services of the Executives, staffs and Workers of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

SIDHARTH LAKHOTIA
DIRECTOR

KIRTI LAKHOTIA
MANAGING DIRECTOR

PLACE: KOLKATA
DATE: 22nd AUGUST 2005

ANNEXURE "A" TO DIRECTORS' REPORT**REPORT ON CORPORATE GOVERNANCE****1. Company's philosophy:**

At LCC Infotech Limited, our pursuit towards achieving good governance is an ongoing process, as a conscious and conscientious effort thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, consumers and community at large. We as a company have always focused on good corporate governance –which is the key driver of sustainable corporate growth and long-term value creation. We at LCC believe that for a company to succeed it must maintain excellent standard of corporate Governance towards all its stakeholders.

2. BOARD OF DIRECTORS**(A) Composition of the Board:**

The Board of Directors of the Company has an optimum combination of executive, non-executive and independent directors. The Board is headed by Managing Director and supported by Chief Operating Officer. The composition is given hereunder:

Name of Director	Executive/Non-Executive/ independent	No of outside Directorship Held		No of outside Committee Position Held	
		CHAIRMAN MEMBER		CHAIRMAN MEMBER	
Mrs. Kirti Lakhotia	Executive Director (Managing Director)	Nil	2	Nil	Nil
Mr. Sidharth Lakhotia	Executive Director (Chief Operating Officer)	Nil	2	Nil	Nil
Mr. Pratik Lakhotia	Non Executive Director	Nil	1	Nil	Nil
Mr. Premchand Garodia	Independent & Non-Executive Director	Nil	Nil	Nil	Nil
Mr. G. K. Gupta	Do	Nil	Nil	Nil	Nil
Mr. Praveen Jain	Do	Nil	Nil	Nil	Nil

b) Attendance of each Director at the Board Meeting and the last Annual General Meeting:

Name of the Directors	No. of Board Meeting held	No. of Board Meetings Attended	Attendance at the last AGM
1 Mrs. K. Lakhotia	10	10	Yes
2 Mr. S Lakhotia	10	10	Yes
3 Mr. G K Gupta	10	10	Yes
4 Mr. Praveen Jain	10	Nil	No
5 Mr. Pratik Lakhotia	10	10	No
6 Mr. Prem Chand Garodia	10	10	Yes

^Leave of absence was granted as in availability was regretted

d) Details of Board Meetings held during the year:

During the year the Board met ten times on the following dates

Sr. No.	Date	Board Strength	No of Directors Present
1.	01.04.2004	6	5
2.	30.06.2004	6	5
3.	30.07.2004	6	5
4.	30.10.2004	6	5
5.	24.12.2004	6	5
6.	04.01.2005	6	5
7.	24.01.2005	6	5
8.	30.01.2005	6	5
9.	02.02.2005	6	5
10.	04.03.2005	6	5

3. Committees of the Board:**(a) Audit Committee:**

The Committee comprises of Mr. Prem Chand Garodia, Mr. G. K. Gupta and Mr. Praveen Jain. Mr. Prem Chand Garodia is the chairman of the committee. Mr. P. N. Roychoudhury acts as secretary to the committee. Mr. Gupta and Mr. Garodia attended all the meetings of the committee while Mr. Jain was granted leave of absence. The committee met four times on 30.6.2004, 30.7.2004, 30.10.2004 and 30.01.2005. The Committee acts as link between the Management, the Statutory Auditors and the Board of Directors and oversees the financial Reporting process.

(b) Remuneration Committee & Remuneration Policy:

The Committee comprises of Mr. G. K. Gupta, Mr. Praveen Jain and Mr. Prem Chand Garodia. Mr. G K Gupta is the chairman of the committee. Mr. P. N. Roychoudhury acts as secretary to the committee.

During the year under review the committee met only one time on 30.10.2004 and the meetings were attended by Mr. G. K. Gupta and Mr. Premchand Garodia while leave of absence was granted to Mr. Praveen Jain, who regretted his inability to attend the meeting.

*** Functions of the Committee**

The Policy Dossier prescribes for payment of Compensation to Executive Directors by way of salary and other perquisites.

*** Remuneration Policy**

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

The aggregate value of salary and perquisites paid to Mrs. Kirti Lakhotia, Managing Director and Mr. Sidharth Lakhotia, Director of the Company for the year ended 31st March 2005 was Rs. 90,000/- each respectively. Further, no sitting fee was paid to any Director for attending any of the meetings of the Board or committee thereof.

(c) Shareholders' and Investors' Grievance Committee:

Your company has Shareholders' and Investors' Grievance Committee to inter alia look into issues relating to Shareholders including transfer and transmission of shares, issue of duplicate share certificate, non-receipt of Annual Report and redressing of shareholders complaints etc.

Mr. G. K. Gupta, Mr. Sidharth Lakhotia and Mr. Pratik Lakhotia are members of this committee. Mr. G. K. Gupta is the Chairman of the committee. Mr. P. N. Roy Choudhury, company secretary acts as secretary to the committee. The Committee met 7 times on 7.6.2004, 31.07.2004, 15.09.2004, 7.01.2005, 27.01.2005, 10.03.2005 and 18.03.2005. However all the queries have been resolved to the satisfaction of the shareholders/investors. The committee focuses on strengthening of investor relations. There was no complaint lying unresolved as on 31.3.2005.

*** Functions and activities:**

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfer. The Committee also looks into redresses of shareholders'/investors' complaints like transfer of shares, non-receipt of Balance-Sheet, non-receipt of dividends, etc. During the year under review the Company has processed all the applications within time except for certain cases due to unavoidable reasons.

Share Transfer System

The company's shares are traded in the Stock Exchanges compulsorily in Demat Mode. Shares in Physical Mode, which are lodged for transfer, are processed and returned to the Shareholders within the stipulated time. The company adopts transfer cum Demat system to facilitate Demat of Shares.

COMPLIANCE OFFICER: **Mr. P. N. Roychoudhury**
 Company Secretary
 Phone: 033-24860667
 Fax: 033-24852932
 Email: corporate@lccinfotech.co.in

4. General Body Meetings:

The last three Annual General Meetings of the Company was held as under:

YEAR	LOCATION	DATE	TIME
2001-2002	Byepass Swimming Club, 11, East Topsia Road, Kolkata – 700 046	25.09.2002	10:00 A.M.
2002-2003	Do	22.09.2003	10:00 A.M.
2003-2004	Bharatiya Bhasha Parisad 36-A, Shakespeare sarani, Kolkata -700017	28.09.2004	10.30 A.M.

Note: No special resolutions were required to be passed through postal ballot. No resolution is required to be passed through postal ballot in the ensuing Annual General Meeting.

5. Disclosures:

- (a) Disclosures on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

None of the transactions with any of the related parties were in conflict with the interests of the Company.

- (b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority or any matter related to Capital Markets, during the last three years:

There were no significant instances of non-compliances of any matter related to the capital markets during the last year. The company's shares are listed at Mumbai and National Stock Exchanges. The Company's shares have been delisted from Ahmedabad and Delhi Stock Exchanges. Application for delisting of shares is lying pending with Calcutta Stock Exchange Association Limited for their approval. Further, there are certain shares for which listing application is lying pending with Mumbai and National Stock Exchanges. However, due to certain technical reasons, the trading of company's shares has been suspended in Mumbai Stock Exchanges from 14th February 2003.

6. Means of Communication:

The Company has published its quarterly results generally in Financial Express (English), Business Standard (English) and Kalantar (Bengali), Dainik Lipi (Bengali.).

7. Management Discussions and Analysis:**Industry Structure & Analysis:**

The Information Technology is one the fastest growing industry in the country and with globalization at its all time high; it is now a force to reckon with at international levels. The major area of focus has been the Information Technology Enabled Services (ITES) that constitutes a major part of the Indian IT industry and comes second to only software development. With more global corporations choosing India as a preferred destination for outsourcing, industry sectors such as BPO and Call centers are at a all time high growth path. The IT industry as a whole is pegged to growth as a cumulative annual growth of around 35 – 40%