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ANNUAL REPORT 2005 – 2006

LCC[™] Infotech Limited
(AN ISO 9001:2000 COMPANY)

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BOARD OF DIRECTORS

MRS KIRTI LAKHOTIA, Managing Director
MR SIDHARTH LAKHOTIA, Chief Executive Officer
MR PRATIK LAKHOTIA, Director - Finance
MR PRAVEEN JAIN
MR G K GUPTA
MR KAMALJIT SINGH

COMPANY SECRETARY

MR P N ROY CHOUDHURY

AUDITORS

BUDHIA & COMPANY

REGISTRAR AND SHARE TRANSFER AGENT

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

BANKERS

CORPORATION BANK
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 LIMITED

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of LCC Infotech Limited will be held at, "AIKATAN" IA-290, Saltlake City, Kolkata-700097 on Tuesday, the 26th Day of September, 2006 at 4.00 P.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Sidharth Lakhota who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Praveen Jain who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint auditors of the company and to fix their remuneration.

SPECIAL BUSINESS:

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

5. AN ORDINARY RESOLUTION

"RESOLVED THAT in accordance with provisions of Section 198, 269 & 309 read with schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the company be and is hereby accorded to the appointment of Mr. Pratik Lakhota as Director – Finance of the Company for a period of five years w.e.f 31st December, 2005 on the terms and conditions as stated out in the agreement entered into with him in this regard and which is hereby specifically sanctioned with liberty to the Board of Directors (herein after referred to as "the Board" which term shall be deemed to include any Committee which the Board may continue to exercise its powers, including the power conferred by the resolution) to alter and vary the terms and conditions of the said agreement and /or remuneration including minimum remuneration and/or other terms of his appointment in such manner as the Board may deemed fit and acceptable to Mr. Pratik Lakhota."

"RESOLVED FURTHER THAT to give effect to the above resolution, the Board of the Directors of the Company be and are hereby authorized to do all such acts, deeds and things and take such steps as may be considered necessary and which are incidental thereto."

6. AN ORDINARY RESOLUTION

APPOINTMENT OF KAMALJIT SINGH AS AN ORDINARY DIRECTOR

"RESOLVED THAT Mr. Kamaljit Singh, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 28.07.2006 and who holds office upto the date of the Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and being eligible offers himself for re-appointment and in respect of whom the Company has received valid nominations in writing from a member under section 257 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Kolkata
21st August 2006

By Order of the Board

P. N. Roychoudhury
Company Secretary

Notes:

1. The Register of Members and Share Transfer Books of the Company shall remain close from 20th day of September, 2006 to 26th day of September 2006 (both days inclusive)
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and such proxy need not be a member of the Company
3. Proxies in order to be effective must be received by the Company at its Registered Office/ Corporate Office not less than 48 hours before the meeting
4. Members of the company holding more than one Share Certificate in the same name under different Ledger Folios, are requested to apply for consolidation of such Folios and send the relevant Equity Share Certificates to the Company's Registrar & Share Transfer Agent M/s. S. K. Computers, situated at 34/1A, Sudhir Chatterjee Street, Kolkata 700 006.
5. Please note that as per the notification of SEBI, the Company's Equity shares have been under compulsory Demat trading for all the investors. You are, therefore, requested to Demat your share holdings, to avoid inconvenience in future
6. Information pursuant to clause 49 of the listing agreement in connection with the Directors retiring by rotation / confirming their appointment in the Annual General Meeting are given in the report on corporate governance as Annexed with the Director's report
7. Members are requested to:
 - (a) Notify change of address, if any.
 - (b) Send query (ies), if any, regarding audited accounts at least 10 days before the meeting.
 - (c) Bring with them copy of the annual report and attendance slip at the meeting.
 - (d) Carry their identity proof to produce at the venue for security reasons.

ANNEXURE TO THE NOTICE**Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956****ITEM NO. 5**

Mr. Pratik Lakhota a director of the company has been appointed as Director-Finance at the meeting of Board of Directors of the Company held on 31.12.2005 for a period of 5 (Five) years with effect from 31.12.2005, subject to approval of the members.

The agreement entered into, by the Company with Mr. Pratik Lakhota in respect of his appointment, inter alia, contains the following terms and conditions:

Salary: Rs. 25,000/- per month

Perquisites & Allowances: Rs. 25,000/- per month

He shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilisation of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and his family including dependants, club fees, medical insurance and such other perquisites and / or allowances upto the amounts specified above, subject to overall ceiling of remuneration stipulated in Sections 198 and 309 read with schedule XIII of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and gratuity

payable and encashment of leave at the end of the tenure, as per the rules of the Company, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

The terms and conditions set out for appointment and payment of remuneration herein and /or in the Agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) or any amendments made thereto.

The Agreement may be terminated by either party (Company or the Director-Finance) by giving the other three months prior notice of termination in writing.

The Agreement entered into between the Company and Mr. Pratik Lakhotia is available for inspection at the Registered Office of the Company on any working day excluding Saturdays and holidays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Your Directors commend the resolution for your approval.

None of the directors of the company except Mr. Pratik Lakhotia in his personal capacity and Mrs. Kirti Lakhotia and Mr. Sidharth Lakhotia being the relatives of Mr. Pratik Lakhotia is interested or deemed to be interested in the proposed resolution.

ITEM NO. 6

Mr. Kamaljit Singh a Commerce Graduate from Delhi University having an experience of more than 15 years as reputed Industrialist was appointed as Additional Director of the Company at the meeting of Board of Directors of the Company held on 28/07/2006.

His tenure ceases at the forthcoming Annual General Meeting of the Company. The company has received of valid notice from a member under section 257 of the companies Act, 1956, proposing his name as director of the company liable to retire by rotation.

The director recommends the resolution for your approval.

None of the director of the company except Mr. Kamaljit Singh in his personal capacity is interested or deemed to be interested in the resolution.

Kolkata
21st August 2006

By Order of the Board

P. N. Roychoudhury
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors hereby present the 20th Annual Report together with the Audited Accounts for the year ended 31st March 2006.

1. Financial Results:

The performance of the Company for the financial year ended March 31,2006 is summarized below:

	FOR THE YEAR ENDED 31ST MARCH 2006	FOR THE YEAR ENDED 31ST MARCH 2005
	<i>(Amount in Rs. '000)</i>	
Profit/(Loss) for the year	(6014)	(85,089)
Less: Tax Provision for the year	---	---
Less: Deferred Tax Provision for the year	---	9405
Profit/(Loss) after Taxation	(6014)	(75,684)
Less: Transfer from Reserve	---	---
Sales Return	---	19618
		(95302)
Add: Balance (dr.) brought forward	(46189)	49113
	(52203)	(46189)
Less: Deferred Tax	---	---
Balance carried forward to Balance Sheet	(52203)	(46189)

2. Dividend:

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

3. Current year and Future Prospect

During the year 2005-06 company's total income was Rs. 241806 ('000). The total expenditure was Rs. 247820 ('000) resulting a net loss of Rs. 6014 ('000). During the year company has earned operational profit before depreciation of Rs. 10978 ('000).

Your company has complied with the standards of TUV Germany (certification body for QM Systems) and has been granted ISO 9001:2000 to Design, Develop and Provide Value added services in the filed of Information Technology. This certification has been a re-assuring factor about the quality of services provided by your company. Along with training in software technologies a new division has been created specially to create hardware and networking professionals. This not only increase the spectrum of training services offered by the company but also acts as a significant contributing factor to the company's top line.

One of the most successful and industry accepted course of your company TISM (Total Information Systems Management) has been re-launched with a new structure and has been well received by the industry. This course has created job opportunities for numerous students and has received recognition from employers domestically as well as internationally. Corporate training has been a major contributing

factor to the company's top line as the constant need for technical up gradation for company executives and officials. Your company after studying the corporate need has designed some special programs that are tailor-made for the corporate executives.

The company is in the process of expanding a new series of high-tech centers that will provide training on cutting edge technology. This training will enable students' placements in India and abroad. The placement division of the company is also being strengthened with the increase in the spread of placements offices across the country. Your company is also in talks with various state governments as they are looking at partnering them to drive various I.T. initiatives in the state. These alliances will be a major factor for the top line growth of the company. The company has also been working on several software project and the results are expected to reflect in the in the next financial year. The English Learning division of the company (ELC) is being aggressively pushed in the international market with a special focus on china.

The management is committed to increase share holder value in the years to come and with the various new developments in the current year, your company is sure of achieving substantial growth in the coming year.

4. Directors:

Mr. Premchand Garodia has resigned from the Board on 28th July 2006. Your Director place in records their deep sense of appreciation for the service rendered by him during the tenure of his Directorship.

Mr. Kamaljit Singh was inducted in the Board on 28th July 2006 as an additional Director. The resolution for confirmation of his appointment as additional director is proposed for your approval.

Mr. Pratik Lakhota has been designated as Director-Finance w.e.f 31st December 2005 .The confirmation for his appointment is proposed for your approval.

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

5. Auditors:

M/s. P. Lath & Co. Chartered Accountant resigned during the year. M/s. Budhia & Co. was appointed as Statutory Auditor of the company in their place vide the Extra-ordinary General Meeting of the company held on 11th July, 2006. They are resigning at the forthcoming annual general meeting of the company and being eligible offered themselves for re-appointment. 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 2006 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 2005-2006.

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 22*-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 2006 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 2007 to National Stock Exchange of India Limited.

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: 21st August 2006

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

At LCC Infotech Limited, we are committed to the best corporate governance practices, adherence thereto in true spirit and conduct of its affairs in a manner which is transparent, clear and evident to those having dealings with or having stake in the company.

In line with LCC's vision and long-term objectives, all corporate decisions are taken by the Company's Board in conjunction with a competent management team, keeping in view the best interest of all its stakeholders.

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

The board consists of six directors consisting of three executive directors and three non-executive directors. There are three independent directors in the board fulfilling the criteria as stipulated vide clause 49.1.A.III of the listing agreement. The board is headed by an executive director as its Chairperson cum Managing Director.

Name of Director	Category of Directors	Member of boards of other Public Limited Company	Total number of committee (s) membership in other Public Limited Company (ies)	
			Chairman	Member (c)
Mrs. Kirti Lakhotia (a)	Executive Director (Managing Director)	2	Nil	Nil
Mr. Sidharth Lakhotia (a)	Executive Director (Chief Executive Officer>)	2	Nil	Nil
Mr. Pratik Lakhotia (a) ⁺	Executive Director (Director-Finance)	2	Nil	Nil
Mr. Premchand Garodia ^{*#}	Independent & Non-Executive Director	Nil	Nil	Nil
Mr. G. K. Gupta [*]	Independent & Non-Executive Director	Nil	Nil	Nil
Mr. Praveen Jain [*]	Independent & Non-Executive Director	Nil	Nil	Nil

(a) Promoters of the company

* Independent Directors

(c) Only the two committees viz, the audit committee and shareholders grievance committee are considered.

Mr. Prem Chand Garodia has resigned on 28/7/2006 and Mr. Kamaljit Singh has been appointed as additional director of the company w.e.f. 28th July 2006

+ Mr. Pratik Lakhotia has been designated as Director- Finance w.e.f. 31st December 2005

> Mr. Sidharth Lakhotia (COO) has been designated as CEO vide Board Meeting held on 28.10.05