

IEC

SOFTWARES LTD.

4th Annual Report

1997-98



*"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....."

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

BANKERS

Central Bank of India
Indian Overseas Bank

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

AUDITORS

M/s. Nath & Hari, Chartered Accountants

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

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

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

Regional Office :
7-1-58/1, Permishwari 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

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

Date : 01.09.98

(C.V. Jain)

Company Secretary

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

Particulars	(Rs. in Lacs)	
	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 subject 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 Project 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

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 its 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

Auditors' Report

To

**The Members of
IEC SOFTWARES LTD.**

We have audited the attached Balance Sheet of M/s. IEC Softwares Ltd. as at 31st March, 1998 and also the Profit & Loss Account for the year ended on that date, annexed thereto and report that :-

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matter specified in paragraph 4 and 5 of the said order to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph (1) above:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts, as required by law have been kept by the company so far as appears from our examination of the books.
 - c) The balance sheet and profit and loss account dealt

with by this report are in agreement with the books of accounts.

- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - I. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998.
 - II. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For Nath & Hari
Chartered Accountants**

**Place: New Delhi
Date : 27th June, 1998**

**(Kailash Hari)
Partner**

Annexure to Auditors' Report

(Referred to in paragraph 1 of our Report of even date)

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Fixed Assets have been physically verified by the management at the end of the financial year. We are informed that no material discrepancies with respect to book records were noticed on such verification.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) The company has not taken any loans, secured or unsecured, from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956 or from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- iv) The company has not granted any loans, secured or unsecured, to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and /or to Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- v) Loans and advances in the nature of interest free loans to the employees and others are generally being recovered as per stipulation, wherever applicable.
- vi) In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of components, plant & machinery, equipment and other assets.
- vii) In our opinion and according to the information and explanations given to us, there are no transaction for purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000/- or more.
- viii) In our opinion the Company has not accepted any deposit from the Public within the meaning of Section 58 A of the Companies Act, 1956 and the companies (Acceptance of Deposit) Rules, 1975.
- ix) As explained to us, the company is in the process of setting up an internal audit system commensurate with its size and nature of its business.
- x) Since the Company is not a manufacturing, mining or processing industry, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- xi) The Company is regular in depositing Provident fund and employees state insurance contribution dues with the appropriate authorities during the year.
- xii) In our opinion and to the best of our knowledge, no undisputed amount payable in respect to income tax and wealth tax, which were outstanding as at 31st March, 1998 for a period of more than six months from the date on which they become payable.
- xiii) In our opinion and to the best of our knowledge, no personal expense of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- xiv) The Company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Nath & Hari
Chartered Accountants

(Kailash Hari)
Partner

Place : New Delhi
Date : 27th June, 1998

BALANCE SHEET AS AT 31ST MARCH, 1998

PARTICULARS	SCHEDULE	AS AT 31st MARCH' 1998 (RS.)	AS AT 31st MARCH' 1997 (RS.)
SOURCE OF FUNDS			
Shareholders Fund			
Share Capital	1	52912000.00	44621624.00
Reserve & Surplus	2	5759254.81	3093122.21
		58711254.81	47714746.21
Loan Funds			
Secured Loan	3	7738012.17	3324407.67
Unsecured Loan	4	289182.25	398923.75
		8027194.42	3723331.42
TOTAL (RS.)		66738149.23	51438077.63
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		28775316.57	22930700.47
Less:-Depreciation		4321721.74	2282926.15
Net Block		24453594.83	20647774.32
Investment	6	501000.00	1000.00
Current Assets, Loans & Advances			
Sundry Debtors	7	4362115.70	1599000.00
Cash & Bank Balances	8	9173107.02	9040826.79
Loans & Advances	9	30624103.21	16723027.84
		44459325.93	27362854.63
Less:-Current Liabilities & Provisions			
Current Liabilities	10	11240326.82	6656280.59
Provisions	11	900000.00	450000.00
		12140326.82	7116280.59
Net Current Assets		32318499.11	20246574.04
Miscellaneous Expenditure	12	9465355.29	10542729.27
		65738449.23	51438077.63
Notes to the Accounts	21		

As per our report of even date
For and on Behalf of the Board

For Nath & Mari
Chartered Accountants

Kailash Mari
Partner

S.L.Gupta
Chairman

R.L. Gupta
Managing Director

C.V.Jain
Company Secretary

Place : New Delhi
Date : 27th June, 1998

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

PARTICULARS	SCHEDULE	CURRENT YEAR AMOUNT (RS.)	PREVIOUS YEAR AMOUNT (RS.)
INCOME			
Income from Operation	13	54157959.34	46046079.50
Other Income	14	375553.57	670323.08
TOTAL (RS.)		54533512.91	46716402.58
EXPENDITURE			
Coaching & Consultancy Charges	15	3072444.00	3080813.00
Employees Salary & Other Allowances	16	4065099.80	2814530.75
Advertisement & Sales Promotion	17	4740587.96	5579156.09
Administration Expenses	18	34312158.23	29467468.94
Depreciation	5	2142932.84	1356072.15
Interest & Finance Charges	19	1336783.50	558868.20
Miscellaneous Expenditure Written Off	20	1257373.98	1239373.98
		50927380.31	44096283.11
Profit before tax		3606132.60	2620119.47
Provision for Tax		900000.00	450000.00
Profit after Tax		2706132.60	2170119.47
Add: Balance brought forward		1393122.21	223002.74
Surplus available for appropriation		4099254.81	2393122.21
APPROPRIATIONS			
General Reserve		2000000.00	1000000.00
Balance carried to Balance Sheet		2099254.81	1393122.21
		4099254.81	2393122.21
Notes to the Accounts	21		

As per our report of even date
For and on Behalf of the Board

For Nath & Hari
Chartered Accountants

Kailash Hari
Partner

S.L.Gupta
Chairman

R.L. Gupta
Managing Director

C.V.Jain
Company Secretary

Place : New Delhi
Date : 27th June, 1998

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1993

PARTICULARS	AS AT		AS AT
	31st MARCH' 1998	(RS.)	31st MARCH' 1997

SCHEDULE '1'**SHARE CAPITAL****Authorised**

1,20,00,000 Equity Shares of Rs.10/- each (Pr.Year 60,00,000)	120000000.00	60000000.00
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Issued subscribed & Paid up

52,13,000 (Previous year 5363400) Equity Shares of Rs.10/- each fully paid up	52130000.00	53634000.00
LESS:- Calls unpaid by others	52130000.00	9012376
Add:-Forfeited Shares	782000.00	44621624.00
	<u>52912000.00</u>	<u>44621624.00</u>

SCHEDULE '2'**RESERVES & SURPLUS****General Reserve**

As per last Balance Sheet	1700000.00	700000.00
Add: Transfer from Profit & Loss Account	<u>2000000.00</u>	<u>1000000.00</u>
Profit & Loss Account	3700000.00	1700000.00
	2099254.81	1393122.21
	<u>5799254.81</u>	<u>3093122.21</u>

SCHEDULE '3'**SECURED LOANS****FROM BANKS****WORKING CAPITAL LOAN**

7738012.17	3324407.67
<u>7738012.17</u>	<u>3324407.67</u>

SCHEDULE '4'**UNSECURED LOANS****From Others**

289182.25	398923.75
<u>289182.25</u>	<u>398923.75</u>

SCHEDULE '5'**FIXED ASSETS**

S.NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As at 1/4/97	Addition	Deduction	As at 31-3-98	Up to 31-3-97	For the Year	Sales Adjustment	Up to 31-3-98	As at 31-3-98	As at 31-3-97
1.	Goodwill	1000000.00			1000000.00	—	—		—	1000000.00	1000000.00
2	Building	7850000.00		300000.00	7550000.00	432526.00	127727.25	15232.25	545021.00	7004979.00	7417474.00
3	Plant & Machinery	1062147.00			1062147.00	32852.82	50451.98	0.00	83304.80	978842.20	1029294.18
4	Computers & Printers	7452022.00	4445899.00	67500.00	11830421.00	1416077.19	1489468.73	26838.00	2878707.92	8951713.08	6035944.81
5	Office Equipment	474620.50	428737.50	18000.00	885358.00	25465.06	32376.84	1721.71	56120.19	829237.81	449155.44
6	Furniture & Fixtures	2562567.97	1210607.56		3773175.53	139718.27	198804.85	0.00	338523.12	3434652.41	2422849.70
7	Vehicles	2529343.00	870482.04	725610.00	2674215.04	236286.81	244103.19	60345.29	420044.71	2254170.33	2293056.19
	TOTAL	22930700.47	6955726.10	1111110.00	28775316.57	2282926.15	2142932.84	104137.25	4321721.74	24453594.83	20647774.32
	Previous Year	14762616.00	8168084.47	0.00	22930700.47	926854.00	1356072.15	0.00	2282926.15	20647774.32	13835762.00

PARTICULARS

AS AT
31st MARCH 1998
(RS.)AS AT
31st MARCH 1997
(RS.)**SCHEDULE '6'****INVESTMENTS**

Unquoted (Fully paid up 50000 Equity Shares
of Rs.10/- each of IEC leasing & Capital Mgt &
100 Shares of Rs.10/- of IEC School of Art & Fashion Pvt. Ltd.

501000.00

1000.00

501000.00

1000.00

SCHEDULE '7'**SUNDRY DEBTORS**

(Unsecured & Considered Good)
Debt outstanding for a period exceeding six months
Other Debts

57500.00

57500.00

4604615.70

1541500.00

4362115.70

1599000.00

SCHEDULE '8'**CASH & BANK BALANCES**

Cash in Hand
Balance with Scheduled Banks
on Current Account
on Fixed Deposit
Cheques in Hand
Interest accrued on Fixed Deposit

67575.66

243275.54

23953.00

10759.00

5056252.00

4800000.00

3963857.36

3762331.25

51568.00

221461.00

9173107.02

9040826.79

SCHEDULE '9'**LOANS & ADVANCES**

(Unsecured & Considered Good)
Advance receivable in Cash or in kind
or for value to be received
Franchise Receivable
Security & Deposits with others
Advance Income Tax

15030485.35

7526554.45

14241218.87

7789751.20

1145911.19

1103831.19

153488.00

302891.00

30624103.21

16723027.84

SCHEDULE '10'**CURRENT LIABILITIES**

Sundry Creditors
Other Liabilities
Income Received in Advance

3039541.31

2981412.40

2423872.03

719880.19

5777413.48

2964988.00

11240926.82

6666280.59

PARTICULARS	AS AT 31st MARCH' 1998 (RS.)	AS AT 31st MARCH' 1997 (RS.)
-------------	------------------------------------	------------------------------------

SCHEDULE '11'**PROVISIONS**

Provision for Tax	900000.00	450000.00
	<u>900000.00</u>	<u>450000.00</u>

SCHEDULE '12'**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Preliminary Expenses	137811.00	157498.00
Public issue Expenses	1957211.29	2176898.27
Deferred Revenue Expenditure :		
As per last year	8208333.00	
Addition during the year	<u>180000.00</u>	
	<u>8388333.00</u>	
less written off during the year	<u>1018000.00</u>	<u>8208333.00</u>
	<u>9465355.29</u>	<u>10542729.27</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 1998**

	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
--	-----------------------	------------------------

SCHEDULE '13'**INCOME FROM OPERATION**

Franchise Royalty	42102370.14	36727476.75
Software consultancy & Training	12055589.20	9318602.75
	<u>54157959.34</u>	<u>46046079.50</u>

SCHEDULE '14'**OTHER INCOME**

Interest	325686.07	619494.83
Miscellaneous Income	49867.50	50828.25
	<u>375553.57</u>	<u>670323.08</u>

SCHEDULE '15'**COACHING & CONSULTANCY CHARGES**

Consultancy Charges	1395735.60	682694.00
Books	1105956.00	1431747.00
Computer Maintenance	164748.00	95618.00
Computer Stationery	79930.40	209042.00
Extra Class	69305.00	270247.00
Scholarship	248769.00	388396.00
Examination Expenses		2579.00
Recognition Expenses	8000.00	490.00
	<u>3072444.00</u>	<u>3080813.00</u>

PARTICULARS	For the year ended 31ST MARCH' 1998 (RS.)	For the year ended 31ST MARCH' 1997 (RS.)
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SCHEDULE '16'**EMPLOYEES SALARY & OTHER ALLOWANCES**

Salary & Allowances	3675747.00	2514635.00
Contribution to E.P.F	101676.00	32440.00
Contribution to F.P.F	150558.00	104283.00
Overtime	8035.00	4812.00
P.F .Administration Expenses	17599.00	10901.00
E.D.L.I.S	11812.00	8255.00
Leave Encashment	56801.00	40204.75
Ex-gratia		99000.00
Medical Expenses	14343.00	
Training Expenses	28428.80	
	<u>4065099.80</u>	<u>2814530.75</u>

SCHEDULE '17'**ADVERTISEMENT & SALES PROMOTION**

Advertisement	37762.00	212761.50
Business Promotion	22194.20	107132.95
Conference & Seminar	48947.04	217130.10
Entertainment	29344.72	38164.05
Publicity	4602340.00	5003967.49
	<u>4740507.96</u>	<u>5579156.09</u>

SCHEDULE '18'**ADMINISTRATIVE EXPENSES**

Charity & Donation	527.20	8979.20
Rent,Rates & Taxes	1788768.00	1373268.00
Travelling & Conveyance	1075697.52	652304.66
Vehicle Maintenance	253968.72	303256.07
Freight & Cartage	4979.20	4964.00
Generator Maintenance	9106.35	12629.22
Director Remuneration	706000.00	576000.00
Printing & Stationery	617711.64	528617.42
Postage Telegram & Courier	112527.00	73506.00
Franchise Expenses	26636960.90	23775934.20
Water & Electricity(Net)	446760.28	518842.40
Repair & Maintenance	573247.28	482426.98
Subscription & Membership	20750.00	51655.00
Telephone,Fax & Internet Exp.	407837.20	290613.68
Office & General Expenses	121051.72	138453.29
Legal & Professional	218045.04	78049.00
Staff Welfare	93675.27	80448.42
Auditors' Remuneration	35000.00	35000.00
Diwali Expenses	71891.60	54184.00
Insurance	97162.40	51134.40
Income Tax paid	67507.00	18056.00

Directors Sitting Fee	35000.00	33500.00
Commission & Brokerage	15000.00	122554.00
Sanitation Watch & Ward	67536.80	28976.80
Annual Listing Expenses	51000.00	58550.00
Books & Periodicals	62987.36	27637.20
Designing & Compoing Expenses	307277.00	62688.00
Tender Filing Fee	410.00	8975.00
Translation Fee		300.00
Service Charges		15936.00
R.O.C.Expenses	4700.00	
Guest House Maintenance	800.00	
Loss on Sale of assets (Net)	202772.75	
	<u>34312158.23</u>	<u>29467468.94</u>

SCHEDULE '19'**INTEREST & FINANCE CHARGES**

Bank Charges	43106.00	32622.70
Interest	1293677.50	526245.50
	<u>1336783.50</u>	<u>558868.20</u>

SCHEDULE '20'**MISCELLANEOUS EXPENDITURE WRITTEN OFF**

Preliminary Expenses	19687.00	19687.00
Public Issue expenses	219686.98	219686.98
Deferred Revenue Expenditure	1018000.00	1000000.00
	<u>1257373.98</u>	<u>1239373.98</u>

SCHEDULE 21**NOTES TO THE ACCOUNTS****1. Significant Accounting Policies**

- Fixed Assets are stated at cost less accumulated depreciation.
- Depreciation has been provided on straight line method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Goodwill is not depreciated.
- The Company follows the mercantile system of accounting except for amount received from students fee and franchise receipts which is accounted for on receipt basis.
- No provision for gratuity has been made as no employee had yet put in the qualifying period of service for entitlement of this benefit.
- Preliminary, public issue, and deferred revenue expenditure are being written off on pro rata basis over a period of ten years.
- Investments have been valued at cost.

2. Contingent Liabilities not provided for:

Claims against the company not acknowledged as debt:

Current Year
10,65,000/-

Previous Year
Nil

3. Auditor's Remuneration :

	<u>Current Year</u>	<u>Previous Year</u>
Audit Fee	25,000.00	25,000.00
Tax Audit Fee	10,000.00	10,000.00
	<u>35,000.00</u>	<u>35,000.00</u>

4. Remuneration to Directors

Salary	4,32,000.00	3,24,000.00
Other Allowances	2,76,000.00	2,52,000.00

5. The Company is in the process of compiling data of the unpaid amount payable to small scale and ancillary industrial undertakings and as such there is no separate disclosure in respect thereof as required under the Small Scale and Ancillary Undertaking Act, 1993. The Company has not received any claim of interest for delayed payment.
6. The Building at M-92, Connaught Place, New Delhi-110001 purchased by the Company from the promoters during the year 1994-95 for Rs. 75,50,000/- is yet to be registered in its name.
7. The name of the company was changed from INDIA EDUCATION CENTRE LIMITED to IEC SOFTWARES LIMITED vide Certificate issued by the Registrar of Companies, New Delhi on 19-1-98
8. Balances grouped under Sundry Debtors, Sundry Creditors and Advances recoverable are under reconciliation and subject to confirmation from respective parties. The adjustment, if any, shall be made on final reconciliation with respective parties.
9. Advances recoverable include an amount of Rs. NIL (Previous year 328928/-) due from directors of the Company - maximum balance Rs. 8,91,205/- (previous year 4,24,512/-)
10. In the opinion of the Board of Directors, the aggregate value of the Current Assets, Loans and Advances on realisation in ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
11. The borrowing for Working Capital from banks are secured by personal guarantee of Sh. R. L. Gupta and Sh. S. L. Gupta, the two Directors of the Company.
12. Advances recoverable includes balance of Rs. 17,88,885/- (Previous Year-Rs. NIL) on current account with one company & one firm in which the directors are interested.
13. Previous year's expenditure accounted for under the respective heads of accounts during the current year are Rs. 4,610/- (Pr. year Rs. 8,020/-)
14. Previous year's figures have been regrouped / rearranged wherever considered necessary.
15. Additional information pursuant to paras 3, 4c and 4D of Part-II of the Schedule-VI of the Companies Act, 1956 -Nil.
16. Schedule No. 1 to 21 form an integral part of the accounts and have duly been authenticated.

As per our report of even date

For and on Behalf of the Board

For Nath & Hari
Chartered Accountants

Kailash Hari
Partner

S.L. Gupta
Chairman

R.L. Gupta
Managing Director

C.V. Jain
Company Secretary

Place : New Delhi
Date : 27th June, 1998

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1998
PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT**

PARTICULARS	CURRENT YEAR (RS.)	PREVIOUS YEAR (RS.)
A) Cash flow from Operating Activities		
Net Profit before Tax	3606132.60	2620119.00
Adjustment for :		
Depreciation Charges	2142933.00	1356072.00
Miscellaneous Expenditure written off	1257374.00	1239374.00
Interest (Net)	967991.00	(93249.33)
Loss on sale of fixed assets	202773.00	
Operating Profit before working capital changes	8177203.60	5122316.27
Adjustment for :		
Increase in Trade and other receivables	(16964191.07)	(12350536.44)
Increase in Trade payables	(5024546.00)	1865673.00
Increase in Miscellaneous Expenditure	(180000.00)	(1273113.25)
Cash generated from operation	(3942441.24)	(6635660.67)
Interest paid	(1293677.50)	(526245.50)
Income Tax	(900000.00)	(450000.00)
NET CASH USED IN OPERATING ACTIVITIES	(6136118.74)	(7611906.17)
B) Cash Flow from Investment Activities		
Purchase of fixed assets	(6955726.10)	(8168084.47)
Sale of fixed assets	804200.00	
Interest received	495579.00	472794.00
Investments	(500000.00)	
NET CASH USED IN INVESTING ACTIVITIES	(6155947.03)	(7695290.64)
C) Cash Flow From Financing Activities		
Proceeds from issue of Share Capital	8290376.00	14121624.00
Proceeds from Borrowing	4303863.00	1548026.00
NET CASH FROM FINANCING ACTIVITIES	12594239.00	15669650.00
Net increase in Cash/Cash Equivalent (A+B+C)	302173.23	362453.61
Cash and Cash Equivalents-Opening Balance	8819365.79	8456912.00
Cash and Cash Equivalents-Closing Balance	9121539.02	8819365.79

As per our report of even date

For and on Behalf of the Board

For Nath & Hari
Chartered Accountants

Kailash Hari
Partner

S.L.Gupta
Chairman

R.L. Gupta
Managing Director

C.V.Jain
Company Secretary

Place : New Delhi
Date : 27th June, 1998

AUDITOR'S CERTIFICATE

To,
The Board of Directors
IEC SOFTWARES LTD.
New Delhi.

We have examined the attached Cash Flow Statement of IEC Softwares Limited for the year ended 31st March, 1998 prepared by the Company in accordance with the requirements of clause 32 of listing agreements with Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 27th June 1998 to the members of the Company.

For NATH & HARI
Chartered Accountants

Place : New Delhi
Date : 27th June, 1998

(Kailash Hari)
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		6	1	0	5	3
--	--	---	---	---	---	---

State Code

5	5
---	---

 (Refer Code List)Balance Sheet

3	1	0	3	9	8
---	---	---	---	---	---

Date Day Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Right Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

						7	8	8	7	9
--	--	--	--	--	--	---	---	---	---	---

Total Assets

						7	8	8	7	9
--	--	--	--	--	--	---	---	---	---	---

Sources of Funds

Paid-up Capital

						5	2	9	1	2
--	--	--	--	--	--	---	---	---	---	---

Secured Loans

						7	7	3	8
--	--	--	--	--	--	---	---	---	---

Reserves & Surplus

						5	7	9	9
--	--	--	--	--	--	---	---	---	---

Unsecured Loans

						2	8	9
--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

						2	4	4	5	4
--	--	--	--	--	--	---	---	---	---	---

Net Current Assets

						3	2	3	1	8
--	--	--	--	--	--	---	---	---	---	---

Investments

						5	0	1
--	--	--	--	--	--	---	---	---

Misc. Expenditure

						9	4	6	5
--	--	--	--	--	--	---	---	---	---

IV. Performance of Company (Amount of Rs. Thousands)

Turnover

						5	4	5	3	3
--	--	--	--	--	--	---	---	---	---	---

Total Expenditure

						5	0	9	2	7
--	--	--	--	--	--	---	---	---	---	---

+ - Profit/Loss Before Tax

+						3	6	0	6
---	--	--	--	--	--	---	---	---	---

+ - Profit/Loss After Tax

+						2	7	0	6
---	--	--	--	--	--	---	---	---	---

Please tick Appropriate box + for Profit - for Loss

Earning per Share in Rs.

						1	1	0
--	--	--	--	--	--	---	---	---

Dividend

-	-
---	---

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)

N O T A P P L I C A B L E

Product Description

S O F T W A R E T R A I N I N G &

S O L U T I O N

Item Code No. (ITC Code)

N O T A P P L I C A B L E

Product Description

S O F T W A R E D E V E L O P M E N T

& E X P O R T S

Item Code No. (ITC Code)

N O T A P P L I C A B L E

Product Description

T U R N K E Y C O N S U L T A N C Y

IEC Softwares Ltd.

Registered Office : IEC House, M-92, Connaught Place (Opp. Super Bazar), New Delhi - 110 001

FORM OF PROXY

I/We _____ of _____

_____ in the district of _____

being a member(s) of the above named company, hereby appoint Mr./Mrs. _____

_____ in the district of _____

_____ or failing him/her, Mr./Ms. _____

of _____ in the district of _____

_____ as my/our proxy to vote for me/us on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Monday the 28th September, 1998 at 10.00 A.M. at Shah Auditorium, 2, Raj Niwas Marg, Delhi-10054 or at any adjournment thereof.

Signed this _____ day of _____ 1998

No. of Shares held _____ Ref. No./L.F. _____

Signatures(s) _____

Affix
Revenue
Stamp

Note :

1. The proxy form should be signed across the stamp as per specimen signature(s) registered with the Company.
2. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

IEC Softwares Ltd.

Registered Office : IEC House, M-92, Connaught Place (Opp. Super Bazar), New Delhi - 110 001

ATTENDANCE SLIP

I/We hereby record my/our presence at the Fourth Annual General Meeting held on Monday the 28th September, 1998 at 10.00 A.M. at Shah Auditorium, 2, Raj Niwas Marg, Delhi-10054 or at any adjournment thereof.

Full Name of the Member (in block letters) _____

Registered Folio No. _____ No. of Shares _____

Full Name of Proxy (in block letters) _____

Signatures(s) of the Member or Proxy(s) present : _____

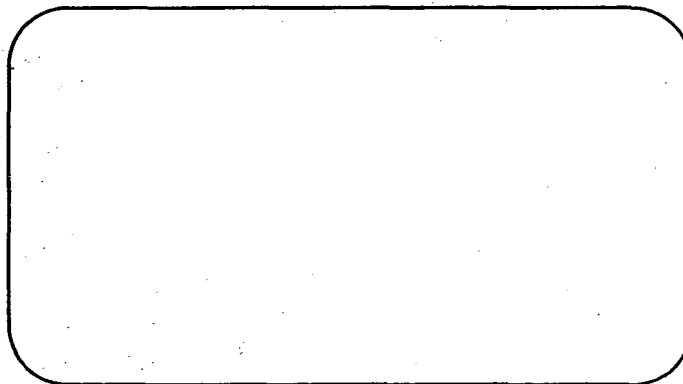
Note :

1. Please complete this Attendance Slip and hand it over at the entrance of the venue of the meeting for verification.
2. Please bring copy of the Annual Report at the time of Annual General Meeting. No copies of the Annual Report will be available at the meeting.
3. Only members or their proxies with this Attendance Slip will be allowed to attend the meeting.

No Gifts will be distributed at the Meeting

Postage prepaid in Cash
Licence No. : DEL/AR-4070/17-8-98 to 30-9-98/3200

BOOK POST



If undelivered, please return to :

IEC Softwares Ltd.

Registered Office : IEC House, M-92,
Connaught Place (Opp. Super Bazar),
New Delhi - 110 001