

# VER TO A NEW HORIZON ...



# 8th ANNUAL REPORT

# **IEC Softwares Ltd.**

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# **OVER TO A NEW HORIZON**

It's a new horizon every year for the IT industry-A horizon that is constrained by uncertainties and new challenges all round leaving behind many stunning memories of ups and downs of the industry during the year that has just passed by.

However, IEC endeavors its best to maintain a steady growth that is marked by its dedication to high ethical standards and value-added services at all times.



# CONTENTS

| Notice  |
|---|
| Chairman's Message                                  |
| Directors' Report                                   |
| Management Analysis and Discussion Report           |
| Report on Corporate Governance                      |
| Auditors' Report                                    |
| Balance Sheet                                       |
| Profit & Loss Account                               |
| Schedules   |
| Notes to the Accounts                               |
| Cash Flow Statement                                 |
| Auditors' Certificate                               |
| Balance Sheet Abstract                              |
| Annual Accounts (IEC Infotech Sdn Bhd)              |
| Annual Accounts (IEC Leasing and Capital Mgm. Ltd.) |
| Proxy/Attendance Forms                              |

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# 8<sup>th</sup> Annual Report

**Board of Directors** 

# Chairman

Mr. S.L. Gupta

# Managing Director Mr. C.V. Jain

# Directors

Mr. R.L. Gupta Padma Bhushan Sh. G.L. Tandon Mr. Navin Gupta Brig. S.V.S. Chowdhary (Retd.) Mr. Ram Kumar Mr. Mukesh Gupta Mr. R.C. Nangia

# **Company Secretary**

Mr. Vinod Kumar Raina

# Bankers

Central Bank of India Global Trust Bank Ltd. Indian Overseas Bank

# Auditors

M/s Nath & Hari, Chartered Accountants

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# Committee of Board of Directors

# Audit Committee

Mr. Ram Kumar, Chairman Brig. S.V.S. Chowdhary, Member Mr. R.C. Nangia, Member

# **Investors' Grievances Committee**

Mr. Ram Kumar, Chairman Mr. S.L. Gupta, Member Mr. R.L. Gupta, Member Mr. R.C. Nangia, Member

# **Remuneration Committee**

Mr. Ram Kumar, Chairman Brig. S.V.S. Chowdhary, Member Mr. R.C. Nangia, Member

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# NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of IEC Softwares Ltd. will be held on Saturday, 28<sup>th</sup> September, 2002 at 9.30 a.m. at Shah Auditorium, 2, Raj Niwas Marg, Delhi- 110 054 to transact the following business;

### **Ordinary Business**

- To consider and adopt the Balance Sheet as on 31<sup>st</sup> March 2002, Profit and Loss account for the year ended 31<sup>st</sup> March 2002 and cash flow statement as on date alongwith the Directors' Report.
- To appoint a Director liable to retire by rotation in place of Mr. Ram Kumar, who retires in this Meeting and being eligible offers himself for the reappointment.
- To appoint a Director liable to retire by rotation in place of Padma Bhushan Sh. G.L. Tandon, who retires in this Meeting and being eligible, offers himself for the re-appointment.
- To appoint a Director liable to retire by rotation in place of Mr. S.L. Gupta, who retires in this Meeting and being eligible, offers himself for appointment.
- To appoint a Director liable to retire by rotation in place of Mr. R.L. Gupta, who retires in this Meeting and being eligible, offers himself for appointment.
- To appoint M/s Nath & Hari, Chartered Accountants, as auditors to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to fix their remuneration.

## Special Business

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

> "RESOLVED THAT Mr. C.V. Jain who was appointed as an Additional Director and who in terms of Section 260 of the Companies Act, 1956, holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

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

**"RESOLVED THAT** subject to the provisions of the Section 269 and Schedule XIII of the Companies Act, 1956, Mr. C.V. Jain, Director of the Company be and is hereby appointed as Wholetime Director of the Company w.e.f 28. 12. 2001."

"RESOLVED FURTHER THAT in accordance to the provisions of the Section 198, 269, 309, 310, 311 and other applicable provisions under the Companies Act, and subject to Schedule XIII to the Companies Act 1956, consent of members be and is hereby accorded to the appointment of Mr. C.V. Jain as the Managing Director of the Company for a period of 5 Years (subject to renewal by the Board every year) w.e.f 08.04.2002."

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

> "RESOLVED THAT Mr. Mukesh Gupta who was appointed as an additional Director and who in terms of Section 260 of the Companies Act, 1956, holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

> "RESOLVED THAT in accordance to the provisions of the Section 198, 269, 309, 310, 311 and other applicable provisions under the Companies Act, and subject to Schedule XIII to the Companies Act, 1956, consent of members be and is hereby accorded towards the appointment of Mr. Mukesh Gupta as the Wholetime Director of the Company for a period of 5 Years (subject to renewal by the Board every year) w.e.f 16.05.2002."



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

> "RESOLVED THAT Mr. R.C. Nangia, who was appointed as an additional Director and who in terms of Section 260 of the Companies Act, 1956, holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation.

12. To consider and if deem fit to pass the following resolution with or without modification as a special resolution.

"RESOLVED THAT pursuant to the Section 31(1) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended in the following manner,

To insert the following new Clause in place of Clause 47 of the Articles of Association,

Subject to the provisions of Section 111A of the Act, the Shares of the Company shall be freely transferable. However Board of Directors may refuse to register the transfer of partly paid shares to a person of whom they do not approve. Further Board of Directors may refuse to register the transfer of shares on which the company has lien.

13. To consider and if deem fit to pass the following resolution with or without modification as a special resolution.

"**RESOLVED THAT** pursuant to the Section 31(1) and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended in the following manner,

The following new Clause 96 be inserted in place of existing Clause 96 of the Articles of Association,

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(1) Subject to the provisions of the Companies Act, 1956 and Rules made there under each Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him not exceeding Rs. 5000/-(Rupees Five Thousand Only).

(2) Subject to the provisions of Section 309, 310,311,314 and Schedule XIII of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the company in the General Meeting, may, from time to time determine and such further remuneration shall be divided among the directors in such proportion and in such manner as the board may, from time to time, determination, shall be divided among the Directors equally so determined paid on a monthly basis.

(3) The remuneration of the Directors shall, in so far as it consists of a monthly Payment, be deemed to accrue from day to day.

(4) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with company's rules to be made by the Board all traveling, hotel and other expenses properly incurred by them in attending and returning from the meeting or adjourning meeting of the Board of Directors or any committee thereof; and/or in connection with the business of the Company.

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED T 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.
- Share Holders seeking any information with regard to the accounts are requested to write to the Company at



an early date but not latter than 48 hours before the scheduled time of holding the AGM so as to enable the Management to keep the information ready.

under item no.7 to item no.13 is annexed hereto.

- Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- 3.
   The relative Explanatory Statement pursuant to Sec 173(2) of the
   5.
   Shareholders are requested to kindly bring their copies of Annual Report to material facts in respect of the business

 Information required to be furnished under the listing agreement Brief particulars of Directors who are proposed to be appointed/re-appointed are given below.

| 1. Name Mr. Ram Kumar |               | Mr. Ram Kumar  |
|-----------------------|---------------|--|
|                       | Age           | 54 Years   |
|                       | Qualification | Post Graduate in Science   |
|                       | Expertise     | Mr. Ram Kumar is one of the distinguished software<br>professionals of the Country having rich experience<br>of the IT industry for over two decades. Mr. Kumar is<br>a member of various professional bodies and has<br>presented papers at various national and<br>international seminars. He is well equipped with the<br>latest and emerging global technologies of IT world,<br>covering a wide gamut of software activities like<br>software development, software re-engineering,<br>system integration, internet/intranet solutions. |

Director of the Company since 1st April, 1995

| Ather. | Directorship: |  |
|--------|---------------|--|
| ULIIBI | DROLLUISIND.  |  |

2.

| Name of the Company                                       | Posit, Held  |  |
|---|--|--|
| Nil   | Nil  |  |
| Name  | Padma Bhushan Sh. G.L. Tandon  |  |
| Age   | 72 years   |  |
| Qualification   | Graduate from Indian School of Mines   |  |
| Expertise   | Being former Chairman of the Coal India<br>Limited, Mr. Tandon has vast experience in<br>Geological Investigation, planning and<br>Management. |  |
| Director of the Company since 11 <sup>th</sup> July, 2000 |  |  |
| Other Directorship  |  |  |

**Position held** Name of the Company Tansing Consultancy Pvt. Ltd. Director V.B.C. Industries Ltd. Director R.R.C.I. Ltd. Director Indo- Gulf Industries Ltd. Director Ban Capital India Ltd. Director Nu-Wave Pharmaceuticals Ltd. Director Indian Charge Chrome Ltd. Director

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| Utkal Coal Ltd. | Director                                 |
|-----------------|--|
| Name            | Mr. S.L. Gupta                           |
| Age             | 65 γears                                 |
| Qualification   | B.A, IL.B                                |
| Expertise       | Mr. S.L. Gupta, being the founder/ promo |

Mr. S.L. Gupta, being the founder/ promoter of the Company is one of the few entrepreneurs who pioneered Computer education in the Country. Mr. Gupta has authored a number of books and participated in Number of National and International Conferences. Mr. Gupta is also member of Committee on Information Super Highway set up by IIT, New Delhi. Mr. S.L. Gupta has wide experience in the field of Law, Marketing including Software Projects, management and HR Functions.

**Position held** 

Mr. R.L. Gupta

Director

Director

Director

Director

Director

66 years

B.A, L.L.B

Director of the Company since 23<sup>rd</sup> August, 1994.

# **Other Directorship**

# Name of the Company

IEC Leasing and Capital Management Ltd. IEC SAF Infotech Ltd. IEC Info Telecommunication (India) Ltd. Three Icon Tech Solutions Ltd. IEC Infotech SDN. BHD.

4. Name

3.

Age

Qualification

Expertise

Mr. R.L. Gupta, being the founder Director of the Company has played the key role in the growth of the Company. Being in legal profession he has vast experience in legal matters and corporate affairs. He has also vast experience in the field of general administration, management and planning and strategy.

Director of the Company since 23<sup>rd</sup> August, 1994.

# **Other Directorship**

Name of the Company

IEC Leasing and Capital Management Ltd. IEC Info Telecommunication (India) Ltd. Vocational Education Foundation

5. Name

Age Qualification **Expertise**  Position held

Director Director President

#### Mr. C.V. Jain

39 years

B.com (Hons), AICWA, ACS Mr. C.V. Jain, being associate member of Institute of Company Secretaries of India and Institute of Cost and Works Accountants of India has vast experience

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in Finance and Secretarial Departments. He has also wide exposures in the field of general administration. Having worked as Financial Analyst with a Nationalized Bank, Mr. Jain has very rich experience in the field of corporate finances/project finances. During his tenure as Company Secretary Mr. C.V. Jain, was instrumental in setting up various subsidiary Companies both in India and abroad. Under his dynamic leadership the company is set to achieve tremendous success in the coming years.

Director of the Company since 28th December, 2001

|    | Other Directorship   |  |
|----|----------------------|--|
|    | Name of the Company  | Position held  |
|    | IEC Infotech SDN BHD | Director   |
| 6. | Name                 | Mr. Mukesh Gupta   |
|    | Age                  | 26 years   |
|    | Qualification        | Bachelor of Arts   |
|    | Expertise            | Mr. Mukesh Gupta before occupying the position of<br>Director of the Company has served various<br>positions lately as being the Chief Operating Officer.<br>Under his dedicated service, hard work and vast<br>experience in the general administration, the<br>Company has shown tremendous growth. Mr.<br>Mukesh Gupta is looking after the entire business |

Director of the Company since 29th April, 2002

# Other Directorship

# Name of the Company

Three Icon Tech Solutions Ltd. IEC Infotech SDN BHD

# 7. Name

Age

Qualification

Expertise

Director Director **Mr. R.C. Nangia** 67 years BA, L.L.B Mr. R.C. Nangia, being a First class Law Graduate from Punjab University, Chandigarh has served various positions including, Special Metropolitan

operations of the Company.

Mr. R.C. Nangia, being a First class Law Graduate from Punjab University, Chandigarh has served various positions including, Special Metropolitan Magistrate, Assistant Registrar, Deputy Registrar and Joint Registrar in Delhi High Court. Mr. Nangia has wide experience in Company Law, Civil Law, Family Law, Testamentary Law, Property Law, Arbitration Law, Banking Matters, Debts Recovery Matters, Commercial Transactions etc.

Position held

,

Director of the Company since 7<sup>th</sup> March, 2002.

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# Other Directorship

- The register of members and share transfer books of the company will remain closed from Monday, the 23rd September 2002 to Wednesday the 25th September 2002 (both days inclusive).
- 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.

# Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

# Item No. 7

Mr. C.V. Jain was appointed as an additional Director of the company with effect from 28<sup>th</sup> December, 2001 and vacates his office at the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the company. A notice in writing under Section 257 of the said Act has been received from a member proposing the candidature of Mr. C.V. Jain for the office of Director.

# Item No. 8

The Board of Directors in their meeting held on 28<sup>th</sup> December, 2001 appointed Mr. C.V. Jain as an additional Director and thereafter the Whole time Director of the Company and subsequently in their meeting held on 6<sup>th</sup> April, 2002 appointed him as Managing Director of the Company w.e.f 8<sup>th</sup> April, 2002. The terms and conditions including remuneration payable to Mr. C.V. Jain are set out in the agreements entered into by the Company with them, which inter alia, contain the following terms and conditions:

- 1. The appointment of Mr. C.V. Jain as the Managing Director of the company has been approved by the Board of Directors in their meeting held on 06.04.2002.
- Mr. C.V. Jain shall have substantial powers of the management of the company as provided in the Companies Act, 1956. He shall also perform such other functions as may be entrusted to him by the Board of Directors of the company from time to time. All powers

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# NIL

conferred upon Mr. C.V. Jain as the Managing Director are subject to supervision, direction and control of the Board of Directors of the company.

- 3. Mr. C.V. Jain will be the incharge of the maintenance of accounts, financial and secretarial affairs of the company and shall be responsible for the day-to-day management of the affairs of the company. He shall ensure that the provisions of the Companies Act and that of other Statutes and Regulations as applicable to the company are duly complied with on behalf of the company.
- 4. This Agreement shall be valid for a period of five years w.e.f. 08.04.2002, subject to renewal by the Board every year. The Board of Directors of the company shall have the sole discretion to terminate this appointment and determine this Agreement, at any time prior to the date of its expiry, without assigning any reasons. The decision by the Board of Directors of the company in this regard shall be final and binding upon Mr. C.V. Jain.
- 5. Mr. C.V. Jain shall be entitled to a salary of Rs.35,000/- p.m. w.e.f. 8<sup>th</sup> April, 2002 in the salary scale of Rs.35,000 5,000 55,000/-. Besides this, Mr. C.V. Jain shall also be entitled to a payment not exceeding Rs.10,500/- p.m. towards meeting expenses for car and a driver, house rent, medical expenses and use of telephone at residence.
- The aggregate of the remuneration and prerequisites payable to Mr. C.V. Jain shall not, at any time, exceed 5% of the net profits of the company, as laid down in Sub-Section (3) of Section 309 of the Companies Act.
- Mr. C.V. Jain will be entitled to such remuneration as may be recommended by the Remuneration Committee of the Board as minimum remuneration in the event of loss or inadequacy of profits in any year during his tenure as Managing Director."
- 8. Mr. C.V. Jain will continue as the Company Secretary of the company



and shall be the compliance officer under the provisions of the Companies Act and the SEBI Guidelines and other applicable Acts or Rules. However, he ahs agreed not to draw any salary as the Company Secretary, as he will draw salary as the Managing Director of the company.

Note: Mr. C.V. Jain has resigned from the Post of Company Secretary with effect from  $30^{th}$  April, 2002. Mr. Vinod Raina has taken over as Company Secretary w.e.f  $1^{st}$  May, 2002. He has been designated as the compliance officer under the provisions of the Companies Act and the SEBI Guidelines and other applicable Acts or Rules.

Note: The remuneration of Mr. C.V. Jain has been approved by the Remuneration Committee. The Resolution is recommended for the approval of Members.

None of the Directors is interested except Mr. C.V. Jain.

# Item No. 9

Mr. Mukesh Gupta was appointed as an additional Director of the company with effect from 29<sup>th</sup> April, 2002 and vacates his office at the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the company. A notice in writing under Section 257 of the said Act has been received from a member proposing the candidature of Mr. Mukesh Gupta for the office of Director liable to retire by rotation.

#### Item No. 10

Mr. Mukesh Gupta was appointed as Additional Director of the Company by the Board of Directors in their meeting held on  $29^{th}$  April, 2002 and subsequently was appointed as Wholetime director of the Company w.e.f.  $16^{th}$  May, 2002. The terms and conditions including remuneration payable to Mr. Mukesh Gupta are set out in the draft of the agreements to be entered into by the Company with them, which inter alia, contain the following terms and conditions:

 Mr. Mukesh Gupta will carry out such duties and exercise such powers as are assigned to him by the Board of Directors of the company. He shall also perform such other functions as may be entrusted to him by the Board of Directors of the company from time to time.

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- 2. This Agreement shall be valid for a period of five years w.e.f. 16.05.2002. The Board of Directors of the company shall have the sole discretion to terminate his appointment and determine this Agreement, at any time prior to the date of its expiry, without assigning any reasons. The decision by the Board of Directors of the company in this regard shall be final and binding upon Mr. Mukesh Gupta.
- Mr. Mukesh Gupta will be entitled to a salary of Rs. 15,000/- p.m. w.e.f. 16<sup>th</sup> May, 2002 in the salary scale of Rs.15,000- 3000- 27,000. Besides this, Mr. Mukesh Gupta shall also be entitled to a payment not exceeding Rs.5,000/- p.m. towards meeting expenses for car and a driver, house rent, medical expenses and use of telephone at his residence.
- 4. The aggregate of the remuneration and perquisites payable to Mr. Mukesh Gupta shall not, at any time, exceed 5% of the net profits of the company, as laid down in Sub-Section (3) of Section 309 of the Companies Act.
- In case of inadequate profits or loss to the Company, Mr. Mukesh Gupta will be entitled to the same remuneration as determined by the remuneration committee of the Company.

Now the Company has received a representation from one of the shareholders for the appointment of Mr. Mukesh Gupta as Director liable to retire by rotation under Section 257 of the Companies Act.

The Resolution is recommended for the approval of Members. None of the Directors of the Company is concerned or interacted in the Bocolution

concerned or interested in the Resolution except Mr. Mukesh Gupta.

# Item No. 11

Mr. R.C. Nangia was appointed as an additional Director of the company with effect from 13<sup>th</sup> March, 2002 and vacates his office at the ensuing Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the company. A notice in writing under Section 257 of the said Act has been received from a member



proposing the candidature of Mr. R.C. Nangia for the office of Director liable to retire by rotation.

None of the Directors of the Company other than Mr. R.C. Nangia is interested in this resolution.

# Item No. 12

As you may be aware that the Companies Act, 1956 has introduced a new Section 111A, which is applicable for the Public Companies and deals with the free transferability of shares. Therefore your Directors want to insert the said clause in the Articles of Association. Accordingly, the abovesaid resolution is placed before the members for the approval.

# Item No. 13

The Articles of Association of the Company provides for a maximum sitting fee of Rs.

Place: New Delhi Date: 23.08.2002 1000/- per Director per meeting of the Board of Directors and the Committee thereof. Since this sitting fee was fixed at the time of incorporation and does not justify in the present circumstances, your Directors felt the need for the enhancement in the present fee structure. Central Government has also liberalized the sitting fee provisions and has given a free hand to the Companies to fix the sitting fee of its Directors upto the maximum of Rs. 5000/per Director per meeting of the Board of Directors and the Committee thereof. Therefore your Directors propose to make the alteration in the Articles of Association of the Company to increase the sitting fee upto the limit as provided under the Companies Act, 1956. Hence, the abovesaid resolution is put for your approval.

None of the Directors is interested in resolution.

By Order of the Board For IEC Softwares Ltd.

Vinod Kumar Raina Company Secretary

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# CHAIRMAN'S MESSAGE

#### Dear Shareholders,

While welcoming you to the Annual General Meeting of the Company today, I hold high hopes for your continued co-operation in all matters concerning the company, especially to see that the company maintains a steady growth over the years.

As you must be aware, the IT industry had been facing a very difficult time because of the impacts of global slow down, from which the industry is yet to recover and regain its lost glory. Despite all the adversities faced by the company, I can assure you that we have taken all possible steps to see that the company ensures a sound economic foundation not only to survive the onslaught of slow down, but to face the challenges of the future with full confidence.

#### OUR GOAL

Our goal to sustain the company's growth even during the difficult period of global slow down has been strategic, while keeping an eye on higher targets all the time. In every sphere of its activities in the field of Software Development, IT training and Consultancy for projects, the company had to face stiff competition to gain its market share.

Coming to the overall performance, I must stress that the growth rate has been slow and the revenue generation was lower compared to the previous years. The company's basic revenue generation segments have been IT training, software development projects and Franchisee operations, has been adversely hit the current IT recession.

# AIMING HIGH

#### IT EDUCATION PROJECTS.

On the domestic front, as you all know, the company's major achievements have been in the large and prestigious government sponsored IT education projects for students of Schools and Colleges in the States of Madhya Pradesh, Uttar Pradesh, Rajasthan,

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Chhattisgarh and Delhi, which are presently in the process of implementation.

What is most significant is that the project implementation has been one of the major revenue earning segments, and IEC. as a leading IT education provider in the country. has been extending a massive support to the respective State Governments for IT education in Schools and Colleges by providing comprehensive infrastructure like Hardware, Software, Teaching Faculty and Study material for the students. The IT training courses offered were as per the government norms

In Madhya Pradesh, the Company secured the biggest contract of Rs.250 crore, which was scheduled to cover 300 colleges and over 6000 schools all over the State This has been a 'TURN KEY' project spread over a period of 3 years. In the first phase, the company successfully completed implementation of IT training at over 125 colleges and 500 schools. In the 2<sup>nd</sup> phase, the Government of Madhya Pradesh allotted another 165 Colleges. when the Government recently Besides launched "Gyanodaya Project" for providing IT education for students all over the State at most affordable cost, the company was allotted another 300 lead schools to provide IT Education. The process of takeover of these schools from the Bhoj University is in progress. The company is now in the 2nd phase of the contract to implement the entire project. .

In Uttaranchal State, the company is in tie up with the Kumaon University for providing IT training.

In **Rajasthan**, IEC has been awarded contract by the Government to provide IT training in 56 colleges in this State

In Chhattisgarh, IEC's activities cover IT education for 80 Colleges.

In NCT-Deihi, the company is providing IT education under CEP at over 65 Schools/



### CORPORATE TRAINING

IEC's foray into Corporate Training covers a wide range of prestigious organizations, which includes Bureau of Indian Standards (BIS), NCPUL (under the Ministry of HRD, Govt of India, Municipal Corporation of Delhi, DGBR (Ministry of Defence), Rallways, Indian Farmers Fertilizer Co-Operative Co. (IFFCO), and Grih Kalyan Kendra (under the Ministry of Personnel, Public Grievances & Pensions, Góvt of India), where IEC has been providing IT training for a large number of Government employees and their family members, including the general public under certain specified Schemes, country wide.

### "IEC-SARAL" - COMPUTER EDUCATIO N PROGRAM FOR THE MASSES.

As a pioneer of IT revolution in the country for over two decades, IEC launched **IEC-SARAL program**, which aims at bringing IT education to the masses at most affordable cost. The program affords unique opportunities for the entire family from Kids to seniors to acquire computer education and becoming computer savvy for rewarding careers in the future. **IEC'S "E-LEADER PROGRAM"** 

**IEC'S "E-Leader Programme"** is another well-designed program for students and professionals to acquire career oriented and specialised training to ensure rewarding career opportunities. As part of its major thrust on IT education, the company has always upgraded its course curriculums keeping an eye over the global trend with the latest and advanced technologies to provide IT training at par with international standards. The course curriculum under this programme covers courses on Networking, e-Commerce, B2B, B2C, Visual Basic, C & C++. JAVA, Web Designing & Development, which are aimed at enhancing the scope of career opportunities across the globe with strategic winning edge.

# FRANCHISEE OPERATION

IEC's Franchise Network is one of the largest in the country, where several thousand students get IT education at most affordable cost and the company ensures world class IT education to enable students to secure rewarding career opportunities every year. Franchisee operation is another substantial revenue earning sector of the Company's countrywide network.

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# EXCELLENCE THROUGH PRODUCTS AND SERVICES

As a major IT solutions provider, IEC role has been to explore new and newer markets with quality products and services all through. In the field of Software Development, Software re-engineering, Application Software, Systems Integration, Web Designing & Development and IT enabled services, IEC's dedicated team of highly seasoned professionals have always kept pace with the latest and advanced technologies, upgrading its infrastructure with the rest of the world to provide total IT solutions, quality services and expertise on consultancy for all offshore and on-site projects across the world.

Strategically set to offer total solutions, the company has been leveraging its rich expertise in the field of software solutions and services, covering a host of reputed clients from Manufacturing industries, Financial Sector, Banking, Hospitality and Education. ERP, Software Re-engineering, Application Software, Web/Internet based solutions and Portal Development have been the core areas of services.

# IEC- ACROSS THE GLOBE

IEC's foray into overseas countries upholds its major thrust to spread its wings across the globe. With tie-ups with some of the leading IT organizations in USA, UK, and Malaysia, its efforts have been to broaden activities in different fields for which it holds rich expertise. The tie-ups were meant to leverage its expertise with the latest and advanced technologies available in overseas countries.

In tie-up with UGOSOFT Inc of USA, the company has put a major thrust in exploring new business opportunities in the hi-tech areas of on-site consultancy for ERP, E-Commerce, Software re-engineering and Data digitalization for various clients in USA.

In Malaysia, the company's wholly owned subsidiary., IEC Infotech Sdn Bhd has been in tle-up with some of the leading organizations like Sunway Collage to offer high end IT training. The company in tie up with the Malaysian Graduate School of Management offered its expertise in the field of Information Management System, besides exploring new business opportunities. The company is also in the process of finalizing MOU with some of the leading organizations for offering Consultancy for offshore and on-site projects in the field of



Software development, Application software and IT enabled services

Of. greater significance is the fact that the company is trying hard to explore new business opportunities in far away countries like Russia, Mauritius, Oman, China and the Republic of Ghana, for which negotiations are well on the way., especially in the field of software development, IT training and consultancy.

## RESEARCH & DEVELOPMENT

As part of its major thrust to keep pace with the Research & Development, the company has made strategic changes through reorganization of its Software Development infrastructure. A highly dedicated team of professionals have been put on the project development to offer total IT solutions and consultancy for all projects in various sectors of Education, Banking, Financial, Health Care and Hospital Management for which the company hopes to make a major breakthrough in the near future.

# CORPORATE GOVERNANCE

Corporate Governance is the buzzword for modern Business Management and Human Resource Development, aimed at bringing more transparency in work environment and empowering people to achieve better results and performance through cost effective economic measures and higher productivity. Keeping pace with the modern systems and latest and advanced technologies, the company has introduced Corporate Governance in the organization as part of its major thrust to reposition its brand image.

I feel happy to inform every one that with the Corporate Governance in practice, we will achieve every success in the near future.

As a follow up measure of the new system, the following Committees were constituted

(1) Audit Committee – The Audit Committee set up by the company is unique in its features to go into the depth of the company's working. The committee reviews the audit procedures, techniques and compliance of statutory regulations. It regularly interacts with the Company's Statutory Auditors, The committee is comprised of three members.

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# (2) Share Transfer Committee -

This is another committee which needs special mention to uphold the Company's sincere efforts to safeguard investor's and shareholders interest. The committee is comprised of four members.

# (3) Investors' Grievance Committee-

The company formed the Investors' Grievance Committee on 16<sup>th</sup> June 2002. This committee is to ensure proper and timely redressel of all grievances of the Investors and attending to their queries. The committee also ensures that share transfers were effected well within the time frame specified for this, besides remittance against Dividends were effected within the time limit as per the Companies Act, 1956. The Committee also ensures that all notices for share holders were sent in time.

## (4) Remuneration Committee-

The Board of Directors formed a Remuneration Committee to determine the company's specific packages of remuneration for the Executive Directors including their pension rights and other compensation payable to them.

# FINANCIAL HIGHLIGHTS

I am happy to mention that despite many adversities and the impacts of slow down still taking its toll all round, the company has withstood the pressures of survival in the most strategic way.

On the overall performance, it reveals that the revenue generation came mainly from three segments viz, IT training, Projects and Franchisee operations.

The profits for the year were down at Rs. 1.35 crore against Rs. 3.55 crore of the previous year; which upholds the company's strenuous efforts to recover from the onslaught of global slow down and stiff competition for recovery.

I am thankful to all shareholders, investors and staff members whose unstinted support will go a long way to ensure the company's fast recovery to attain its lost glory in the near future.



# **Directors' Report**

# DIRECTORS REPORT

Your Directors are pleased to present the Eighth Annual Report on the business and operations of your company and Statement of Accounts of your company for the Financial Year ending 31<sup>st</sup> March 2002.

| FINANCIAL RESULTS                               |            | (Rs. in lacs) |
|---|------------|---------------|
|   | Year ended | Year ended    |
|   | 2002       | 2001          |
| Income from Operations                          | 1706.17    | 2221.43       |
| Other income                                    | 13.04      | 22.84         |
| Total Expenditure                               | 1156.27    | 1637.82       |
| Interest  | 124.41     | 68.91         |
| Gross Profit after Interest                     |            |               |
| But before Depreciation & Tax                   | 438.53     | 537.54        |
| Depreciation                                    | 206.70     | 148.78        |
| Provision for Taxation                          | 18.00      | 34.00         |
| Payment/Provision of Income Tax of earlier year |            | (5.57)        |
| Deferred Tax                                    | 78.67      |               |
| Profit  | 135.16     | 349,19        |
| Profit b/f                                      | 99.98      | 50.80         |
| Profit available for appropriation              | 235.14     | 399.99        |

# RESERVES

This year reserves of the company stood at Rs 1972.40 Lacs in comparison to Rs 2054.75 Lacs of the last year, a decrease of 4% from the last year.

# FINANCIAL PERFORMANCE

The year witnessed economic slowdown in major markets across the globe, India was not an exception. The IT sector suffered most due to slowdown in US markets, which was the India's main business partner. India IT Industry depends heavily on the US markets. The year ended with war like situation on Border and political uncertainties in the country. All these factors led to the lower growth rate and poor performance in general and IT Sector in particular. Amidst all those factors your Company has shown profits due to our core competencies and cost effective methods. The turnover of the Company fell from Rs. 2244.27 lacs to Rs. 1719.21 lacs. The net profit of the company fell from Rs. 354.76 lacs in the year ended March 2001 to Rs. 135.16 lacs in the year ended March, 2002, showing an decline of over 61.90%. The net worth of the Company has decreased from Rs. 2754.75 lacs to Rs. 2672.40 lacs.

DIVIDEND

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Your Directors do not recommend any dividend on the equity shares. The cash accruals of your Company are being ploughed back for the ongoing projects projects, which will definitely yield healthy returns in future.

# HUMAN RESOURCE DEVELOPMENT

The key resource of your Company is its employees. Your Company has been able to create a favourable environment that encourages innovation and dedication. Your Company has put in place a very effective recruitment and human resource management process, which enable it to attract and retain high caliber talented employees. The entry-level professionals are provided with extensive training in all departments to extract the best from them.

Amidst all these factors your Company has been continuously enjoying harmonious relations and full support from its employees with the help of whom it is able to stride towards path of success. The Board places on record its appreciation of the services rendered by the employees at all levels.

### ISSUE OF SHARE WARRANTS

Your Company has issued 25,00,000 fully convertible share warrants amounting to Rs. 4.5 Crores convertible into fully paid equity shares of Rs. 10/- each at a premium of Rs. 8/- per share. In this regard the Company has received



Rs. 1.80 per warrant being 10% of the total consideration. These warrants will be converted into equity shares within the period of 18 months from their date of issue i.e. 21.12.2001.

#### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Article of Association of company, Padma Bhushan Sh. G.L. Tandon and Mr. Ram Kumar, retire by rotation this year and being eligible, offer themselves for re-appointment.

Keeping with its commitment to implement Corporate Governance in sincerity, the Board of Directors had made some changes in the composition of Board. Mr. R.L. Gupta, Managing Director, Mr. S.L. Gupta and Mr. Navin Gupta, Whole Time Directors has resigned from their respective positions. However, they have consented to guide the organisation by remaining on the Board as Non-Executive Directors.

Mr. C.V. Jain was appointed as an additional Director on the Board and was subsequently made Wholetime Director. He was then elevated to the post of Managing Director of your Company. Prior to his appointment as a Director, he was Vice President (Finance) and Company Secretary of the Company. During the year Mr. R.C. Nangia and Mr. Mukesh Gupta were also inducted on the Board. Mr. Mukesh Gupta was later appointed as Wholetime Director. Prior to this Mr. R.C. Nangia was associated with the Company for a long time as legal consultant and Mr. Mukesh Gupta was Chief Operating Officer of the Company. He also has the long association with the Company.

During the year Mr. R.K. Gulati, Mr. Shiv Kumar and Mr. J.R. Priani had also sought pre-mature resignation from the Directorship of the Company due to pre-occupancy.

During the year, we lost one of our most experienced and eldest members of the Board, Mr. R.N. Aggarwal. Mr. R.N. Aggarwal was inducted in the Board in year 1996 and since then he was serving the Company by providing valuable suggestions in all spheres such as administration and human resources.

SUBSIDIARY COMPANIES

During the year your Company has taken over a running concern viz M/s IEC School of Art and Fashion, which holds majority of shares in M/s IEC Leasing and Capital Management Ltd., New Delhi. By virtue of this M/s IEC Leasing and

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Capital Management Ltd. has become a subsidiary of your Company. M/s IEC Leasing and Capital Management Ltd. is engaged in the leasing business.

M/s IEC Infotech SDN BHD, Malaysia, a wholly owned subsidiary of your Company is currently engaged in providing IT Training in Malaysia. The Financial Report of the Company is attached in the Report.

#### INVESTMENTS

During the year the Company had invested MYR 60,000/- (Malaysian Ringget) in its Wholly Owned Subsidiary in Malaysia by way of equity shares. The Company has also taken over M/s IEC School of Art and Fashion alongwith all its assets and liabilities.

REGISTRAR AND SHARE TRANSFER AGENTS

Your Company has shifted its Registrars and Share Transfer Agents from M/s In-house Share Registry to M/s Alankit Assignments Limited, 205-208, Anarkali Complex, Jhandewalan Ext., New Delhi- 110055. Ph. No. 3610220-24, Fax. 3552001, with effect from 7<sup>th</sup> August, 2002.

Members are requested to send their correspondence regarding transfer of shares, Demat of shares and other queries to new Registrar and Share Transfer Agents.

# AUDITORS

M/s Nath and Hari, Chartered Accountants, who retire at the ensuing Annual General Meeting and being eligible, offer themselves for the reappointment.

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

Particulars of employees as required under 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, as amended, are not given, as none of the employees qualifies for such disclosure.

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 2002, as against projections provided in the letter of offer in December 1999 in preferential issue in respect of 16,36,600 equity shares, is stated as below.



# **PROJECTION VERSUS PERFORMANCE**

| S. N | o. Particulars       | Actual<br>Performance<br>(Rs. in Lacs) | Projection<br>as per Prospectus<br>(Rs. in Lacs) |
|------|----------------------|--|--|
| 1.   | Total Income         | 1719.21                                | 7500.00  |
| 2.   | Net Profit After Tax | 135.16                                 | 1775.00  |
| 3.   | Equity Capital       | 700.00                                 | 700.00   |
| 4.   | Reserves & Surplus   | 1972.40                                | 2808.00  |
| 5.   | Net Worth            | 2672.40                                | 5148.00  |
| 6.   | EPS (Rs.)            | 1.93                                   | 25.35  |
| 7.   | Book Value (Rs.)     | 38.18                                  | 73.54  |
| 8.   | Cash Accruais        | 571.92                                 | 2320.00  |
| 9.   | Cash EPS (Rs.)       | 8.17                                   | 33.14  |

The variation in the projection vis-à-vis the actual is due to the general slowdown in the IT Industry.

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

The Company being engaged in Software Training, Development & Consultancy, therefore no disclosure relating to conservation of energy and technological absorption is reported.

#### Foreign Exchange Earning & Outgo

### The details of the earning and outgo of the foreign exchange is given below.

| Earning   |  |
|---|--|
| Outgo<br>Investment in Wholly Owned Subsidiary in Malaysia<br>Travelling and other Expenses |  |

Director's Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956

The Financial Statements for the year ended 31st March 2002 are in full conformity with the requirements of the Accepted Accounting Principles and Accounting Standards as prescribed by the Institute of Chartered Accountants of India.

The Directors of IEC Softwares Limited accept the responsibility for the integrity and objectivity of these financial statements as reflected through the consistent application of the Accounting Policies.

The Directors believe that the financial statements are prepared on going concern basis and judgments and estimates are made to

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present the true and fair view of the results of the operation for the year and the state of affairs of the business as on 31st March, 2002.

Nil

(in Rs.) 765048.00 672717.90

The internal auditors have conducted periodic internal audit to ensure that the company is maintaining adequate accounting records for preventing and detecting fraud and other irregularities.

M/s Nath & Hari, Chartered Accountants, the statutory auditors of the Company have audited the financial statements. The Company has also set up Audit Committee, which meets periodically to review the financial issues, accounting policies and procedures.

# PUBLIC DEPOSITS



The company has not invited or accepted public deposits during the year.

# **GROUP CONCERNS**

IEC SAF Infotech Ltd. IEC Info Telecommunications (India) Ltd.

# LISTING OF SHARES

The names & addresses of stock exchanges

- Mere shares of your company are listed are: The Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi-110002
- The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Tower, 25<sup>th</sup> Floor, Dalal Street, Mumbai-400001 .

Place: New Delhi Date: 23.08.2002

The Jaipur Stock Exchange Ltd, JLN Marg, Malviya Nagar, Jaipur-302017

The Listing fee for the year 2001-2002 has been paid on time to all the Stock Exchanges.

# APPRECIATION

Your Directors wish to extend their thanks and appreciation to all the employees of company at all levels, shareholders, business associates of the company for their commitment, dedication, hard work and their respective contribution for the company's success during the year under review.

for and on behalf of the board S.L. Gupta Chairman

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# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **Industry Structure and Development**

Against the backdrop of towering glory of the Indian Software industry just a year back which registered a high growth rate and the backlash of global slow down coinciding it, the infrastructure handling has come as the most important business problem to be tackled during the current phase of volatile situation in the IT Industry That means more pressure, higher stakes and greater need to control cost by all means to help fast recovery of the industry.

The Indian IT industry, though it did well beyond its expectation during the last fiscal, the process of recovery from the impacts of slow down still looks months away.

So far IEC is concerned, the overall performance suffered substantially to bring down the revenue earnings compared to the previous year. The main revenue earning segments being IT training, Projects and Franchisee Operations faced negative growth in the sense that the training industry attracted lesser percentage of students, though the Projects segment did better and Franchisee operations faced undue gressure from the impacts of slow down.

Despite the many adversities, the company had taken strategic measures to sustain a steady growth through active participation in various government sponsored IT Education Projects and other consultancy services, including vigorous follow up of its Corporate Training programmes with various organizations in the Government, Public Sector and Private Sector, details of which have been given earlier. However, the company looks forward to achieve better performance through the on-going projects and those in the pipeline in the near future.

#### Opportunities and Threats

As per Survey Reports of NASSCOM and IDC, the growth potential is substantial, but market trend being volatile all over the world, the recovery process of the IT industry still remains illusive. However, IEC as a leading software company, is well on the way to build a sound foundation for growth through strategic changes in its organizational infrastructure. To take care of the new opportunities, the company has laid major emphasis on outsourcing business from the global market, besides participating in large scale IT education projects in the domestic market.

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# Segment wise and product wise performance

The revenue earning segments being IT training, Projects and Franchisee operations were geared up to sustain the growth through strategic planning, cost effective measures and greater involvement with new business opportunities, participation in outsourcing and expanding its activities in the field of Health care, Education and IT enabled services, Segment wise and product wise performances are indicated in the financial reports appended hereto.

# Outlook

The outlook for the future looks quite hopeful with new business opportunities unfolding in various sectors of Government, public limited and private sector, for which IEC is confident to achieve a better market share in the coming months with the gradual recovery of the IT industry as a whole.

#### **Risks and concerns**

The company has taken adequate preventive and precautionary measures to overcome all negative factors responsible for down trend to ensure steady growth.

#### Internal Control System and its adequacy

As part of its major thrust to implement Corporate Governance in the organization, the company has already constituted Committees like Audit Committee, Share Transfer Committee, Investor's Grievance Committee and Remuneration Committee. The company hopes that with more transparency through effective working of these committees, the overall performance of the company will be enhanced to maintain a fair growth during the next fiscal. Internal control Systems have been tightened with Internal Audit committees, besides holding regular meetings with Departmental Heads to monitor progress or problems and sorting them out. Co-ordination Committees have been in process for implementation of proper internal controls with an eye on cost-effective measures throughout the organization.

## **Discussion on financial performance**

As already detailed in the financial highlights the revenue generation of the company were lower compared to the earlier year, because of the



various adverse factors and the impacts of slow down still taking the toll.

Material Development in Human Resources/Industrial Relations.

With the installation of Corporate Governance, the company has implemented various

measures to provide more scope for development of human resources, thereby allowing the employees better opportunities to achieve higher performance and efficiency in their respective assignments and employment.

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# **REPORT ON CORPORATE GOVERNANCE**

# Company's Philosophy about the Corporate Governance

Corporate Governance is the buzzword today as the entire corporate sector unanimously acknowledges that corporate governance shall be indispensable for an effective and efficient capital market. In the dynamic corporate environment the common investor finds it difficult to monitor his investments and therefore great responsibility is placed on the Board of Directors.

Your Company has a firm belief that Code of Corporate Governance provides the structure by which rights and responsibilities are monitored and distributed among different members of the Company. It also provides the transparency in the working and management of the Company, which will help to restore back the faith of the shareholders.

# **Board of Directors – Composition**

Your Board consists of a proper mix of executive and non- executive Directors. Your Board comprises of nine Directors, out of which seven are non- executive. No member of the Board is member in more than 10 Committees and Chairman of more than five committees. The details are given here under:

| Name                   | Category of<br>Director | No. of<br>outside<br>Directorship<br>(\$) | No. of<br>membership<br>in other<br>committees * | No. of<br>Chairmanship in<br>other Committees* |
|------------------------|-------------------------|---|--|--|
| Mr. S.L. Gupta         | Non- Executive          | 04  | 02   | 01   |
| Mr. C.V. Jain          | Managing<br>Director    | 01  | 00   | Nil  |
| Mr. R.L. Gupta         | Non- Executive          | 02  | 01   | Nil  |
| Mr. Navin Gupta        | Non-Executive           | 03  | 01   | Nil  |
| Mr. G.L. Tandon        | Non-Executive           | 08  | 03   | 01   |
| Brig. S.V.S. Chowdhary | Non-Executive           | 03  | 02   | Nil  |
| Mr. Mukesh Gupta       | Executive<br>Director   | 02  | 00   | Nil  |
| Mr. Ram Kumar          | Non- Executive          | 00  | 03   | 03   |
| Mr. R.C. Nangia        | Non- Executive          | 00  | 03   | Nil  |

\* Committees include Audit Committee, Remuneration Committee, Investors' Grievances Committee and Share Transfer Committee.

Board Meeting held during the year

Since the last financial year your Board met twenty one times (as against 4 as statutory requirement). The gap between the two meetings was not more than three months. The details of the Board Meeting are given below:

| Name            | No. of Board meeting<br>attended | Attendance at the last AGM | Remarks   |
|-----------------|----------------------------------|----------------------------|---|
| Mr. S.L. Gupta  | 18                               | Yes                        |   |
| Mr. R.L. Gupta  | 20                               | Yes                        |   |
| Mr. C.V. Jain   | 06                               | Yes                        | Appointed as<br>Director on<br>28.12.2001.<br>Attended AGM as<br>Company<br>Secretary |
| Mr. G.L. Tandon | 10                               | No                         |   |

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| Mr. Mukesh Gupta       | 00 | No  | Appointed as<br>Director on<br>29.4.2002     |
|------------------------|----|-----|--|
| Mr. Navin Gupta        | 20 | Yes |  |
| Brig. S.V.S. Chowdhary | 16 | Yes |  |
| Mr. Ram Kumar          | 16 | Yes |  |
| Mr. R.C. Nangia        | 00 | No  | Appointed as<br>Director on 7.3.02           |
| Mr. Shiv Kumar         | 10 | No  | Resigned from<br>Directorship on<br>4.5.02   |
| Mr. J.R. Priạni        | 09 | No  | Resigned from<br>Directorship on<br>7.3.02   |
| Mr. R.N. Aggarwal      | 07 | No  | Passed away on 28.1.02                       |
| Mr. R.K. Gulati        | 00 | No  | Resigned from<br>Directorship on<br>11.09.01 |

Note: The Meetings of the Board of Directors were held during the year on 26.04.2001, 30.04.2001,11.06.2001, 16.01.2001, 27.07.2001, 10.08.2001, 22.08.2001, 11.09.2001, 25.10.2001, 30.10.2001, 21.11.2001, 11.12.2001, 18.12.2001, 21.12.12001, 28.12.2001, 29.12.2001, 15.01.2001, 30.01.2002, 8.02.2002, 27.02.2002, 07.03.2002.

#### Audit Committee

The Company has constituted the Audit Committee on 27<sup>th</sup> March 2001. The terms of the reference of the audit committee is to review the entire working with the Management and the auditors:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of external auditor, fixation of audit fee and also approval for payment for any other services
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on;
- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Qualifications in draft audit report.

- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transaction with promoters, management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

The audit committee comprise of three nonexecutive Independent Directors. The chairman of the audit Committee Mr. Ram Kumar is an expert in Finance and Accounts. The other members of the audit committee are Brig. S.V.S. Chowdhary and Mr. R.C. Nangia. The details of the meetings attended by the committee are given below:

| Name                    | No. of <b>audit</b><br>commi <b>ttees meetings</b><br>heid | No. of audit<br>committee<br>meetings<br>Attended | Remarks       |
|-------------------------|--|---|---------------|
| Mr. Ram Kumar, Chairman | 05   | 05  |               |
| Brig. S.V.S. Chowdhary  | 05   | 05  |               |
| Mr. R.N. Aggarwal       | 05   | 03  | Ceased as the |

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|                 |    |    | member due<br>to death on<br>28 <sup>th</sup> January,<br>2002 |
|-----------------|----|----|--|
| Mr. R.C. Nangia | 05 | 00 | Co-opted as<br>member on<br>7 <sup>th</sup> March,<br>2002.    |

## **The Remuneration Committee**

The Board of Directors has formed a remuneration committee on 30.04.2002 to determine the remuneration package for the Executive Directors including their pension rights and any compensation. The Committee consists of three independent Directors with Mr. Ram Kumar as Chairman and Mr. R.C. Nangia and Brig. S.V.S. Chowdhary as other two members. The Committee met on 6<sup>th</sup> April, 2002 and 5<sup>th</sup>

May, 2002 to determine the remuneration of the Executive Directors. All the members attended these meetings.

The remuneration paid to the executive Directors including Managing Director and sitting fees to non- executive Directors for the year 2001-2002 is given here under:

| Name of the Director   | Remuneration<br>including Incentives<br>etc. (Rs) | Sitting fee for<br>meeting of Board<br>of Directors of<br>Committee<br>thereof | Remarks   |
|------------------------|---|--|---|
| Mr. S.L. Gupta         | 380000  | 6250   | Become Non-<br>Executive Directors<br>w.ef. 1.1.02  |
| Mr. R.L. Gupta         | 378000  | 4000   | Become Non-<br>Executive Directors<br>w.ef. 1.1.02  |
| Mr. Navin Gupta        | 380000  | 6000   | Become Non-<br>Executive Directors<br>w.ef. 1.1.02  |
| Mr. C.V. Jain          | 136500  |  | Appointed as<br>Wholetime Director on<br>28.12.2001 |
| Mr. Mukesh Gupta       |   |  | Appointed as Executive<br>Director on 16.5.02       |
| Mr. G.L. Tandon        | _   | 5250   | 1   |
| Brig. S.V.S. Chowdhary |   | 11000  |   |
| Mr. Ram Kumar          |   | 12750  |   |
| Mr. Shiv Kumar         |   | 5500   |   |
| Mr. J.R. Priani        | •   | 4500   |   |
| Mr. R.C. Nangia        |   |  |   |
| Mr. R.N. Aggarwal      |   | 5000   |   |

The sitting fee till January, 2002 for attending each meeting of Board and the committee thereof was  $Rs_{\rm S}$  500/- and w.e.f February, 2002 it was increased to Rs. 750/- .

Share Transfer Committee

The Share Transfer Committee of the Company, which was formed in year 1996 consists of Mr. S.L. Gupta is the Chairman of the Committee

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and Mr. Navin Gupta, Mr. Vinod Raina and Mr. Rajesh Patney as other members of the Committee. The Committee approves and monitors transfers, transmission, splits, consolidation of shares, re-issue of duplicate share certificates and other allied matters. The



Company attended to most of the investor grievances/correspondence within a period of ten days from the date of receipt of the same, except in cases, which are in constrain by dispute or have legal impediments.

#### Investors' Grievances Committee

The Company formed the Investors' Grievances Committee on 16<sup>th</sup> June 2001 to look into the following matters:

- To look into the investors grievances and redressel thereof.
- To see that investors queries are replied within the specified time limit from the date of receipt of such query and no investor grievance is kept pending for a period more than the time specified except in case which are constrained by dispute or legal impediments.
- To see that the shares are transferred within the specified time limit from the date of lodgment of the transfer.
- To see that shares are transferred without any hindrances except in the case of material defect in the share transfer deed.
- To see that dividend, if any, declared by the members/board are remitted to the shareholders within the time limit as provided in the Companies Act, 1956.

- To see that unpaid and unclaimed dividend are transferred to the unpaid dividend account within the period specified in the Companies Act, 1956.
- To register the change of address, transposition of name, dematerialization request, loss of share certificate, issue of duplicate share certificate and any other kind of investor grievances.
- To see that all the kind of notices, details to be furnished to shareholders and any other information as asked by the shareholder are furnished within appropriate time limit.
- To see that the statutory books are kept open for the inspection of shareholders as provided in the Companies Act, 1956 and extracts, copies thereof furnished within specified time limit in accordance with the provisions of Act.

The Committee consists of four members viz. Mr. Ram Kumar (Non-executive Director) as its Chairman and Mr. S.L. Gupta, Mr. R.L. Gupta and Mr. R.C. Nangia as its members. Mr. Vinod Raina, Company Secretary is the Compliance Officer of the Committee. The Company attended to most of the investor grievances/correspondence within a period of ten days from the date of receipt of the same, except in cases, which are disputed or have legal impediments.

Details of Complaints received and readdressed during the year 2001-2002 are here below:

| Particulars                       | Complaints | Complaints | Pending    |
|-----------------------------------|------------|------------|------------|
|                                   | Received   | Redressed  | Complaints |
| Demat of share                    | 10         | 10         | Nil        |
| Non Receipt of Share Certificates | 11         | 11         | Nil        |
| Others                            | 12         | 12         | Nil        |
| Total                             | 33         | 33         | Nil        |

## General Body Meeting

The last three Annual General Meetings of the Company were held as mentioned here below:-

| Year      | Date of AGM | Venue  | Time       |
|-----------|-------------|--|------------|
| 1998-99   | 27.09.1999  | Shah Auditorium, 2, Raj Niwas Marg,<br>Delhi- 110054 | 10.00 a.m. |
| 1999-2000 | 25.09.2000  | Shah Auditorium, 2, Raj Niwas Marg,<br>Delhi- 110054 | 10.00 a.m. |

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matter

last three years on-any

Means of Communication

relating to the capital market.

The quarterly results of the Company are taken

on record by the Board of Directors within one

month of the close of the relevant quarter and same published in the Performa prescribed by

the Stock Exchange in Statesman or The Pioneer (English)/Rashtriya Sahara or Veer Arjun

(Hindi). The results are forthwith sent to all the

Stock exchanges where the Shares of the Company are listed. The results are also discussed in the meeting of the Audit Committee

before being adopted by the Board of Directors. The results alongwith the official press

releases are placed on the website of the

The management discussion and analysis report

Company i.e. www.jecsoftwares.com

form part of the annual report.

| 2000-2001 | 24.09.2001 | Shah Auditorium, 2, Raj Niwas Marg,<br>Delhi- 110054 | 10.00 a.m. |
|-----------|------------|--|------------|

In addition to above an Extra Ordinary General Meeting of the members of the Company was held on 22.03.2000 at 10.00 a.m. at Shah Auditorium, 2, Raj Niwas Marg, Delhi- 110054.

# No special resolution requiring voting by postal ballot is being proposed at the ensuing AGM.

# **Disclosure:**

- a) The Company has not entered into any transactions of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.
- b) The company has neither been penalized, nor have any strictures been imposed by the Stock Exchange, SEBI or any statutory authority, during the

#### General Share Holder Information

### Annual General Meeting

Date & Time : Saturday, 28th September 2002 at 9.30 a.m.

Venue : Shah Auditorium, 2, Raj Niwas Marg, New Delhi- 110 054.

### Financial Calendar (tentative)

| Financial Reporting for the 1 <sup>st</sup> quarter ende      | d J <b>une 30, 2002</b>  | 30 <sup>th</sup> July, 2002 (Actual) |
|---|--|--------------------------------------|
| Financial Reporting for the 2 <sup>nd</sup> quarter ende      | ed Sept. 30, 2002  | Last week of October, 2002           |
| Financial Reporting for the 3rd quarter ende                  | d Dec. 31, 2002  | Last week of January, 2003           |
| Financial Reporting for the 4 <sup>th</sup> quarter ende      | d March 31, 2003   | Last week of April, 2003             |
| Annual General Meeting for the financial ye<br>March 31, 2003 | ar ending  | September, 2003                      |
| Date of Book Closure  | 23rd Sept. 2002 to 25th  | Sept. 2002 (both inclusive)          |
| Listing on Stock Exchange :                                   | The Stock Exchange, Mur<br>Exchange Association Ltd<br>Exchange Ltd. |                                      |
| Stock Code  | The Stock Exchange, Mur<br>Delhi Stock Exchange                      |                                      |

The Jaipur Stock Exchange Ltd.

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Demat ISIN Numbers in NSDL & CDSL

INE 172B01017

# Market Price Data

The details of the High/ Low price of the shares of the Company (At BSE) during the year 2001-2002 alongwith the total traded volumes is given hereunder.

| Month      | High  | Date       | Low   | Date       | No. of Shares Traded<br>(Appox.) |
|------------|-------|------------|-------|------------|----------------------------------|
| April 2001 | 25,90 | 19.4.2001  | 15.25 | 16.04.2001 | 66447                            |
| May 2001   | 19.70 | 8.5.2001   | 15.00 | 22.5.2001  | 180403                           |
| June 2001  | 17.35 | 14.6.2001  | 12.65 | 27.6.2001  | 68011                            |
| July 2001  | 15.15 | 2.7.2001   | 7.10  | 26.07.2001 | 153094                           |
| Aug 2001   | 11.60 | 6.8,2001   | 7.30  | 2.8.2001   | 60810                            |
| Sep 2001   | 9.25  | 5.9.2001   | 6.6   | 27.9.2001  | 146431                           |
| Oct 2001   | 9.75  | 29.10.2001 | 4.5   | 12.10.2001 | 778240                           |
| Nov 2001   | 16.8  | 27.11.2001 | 7.5   | 2.11.2001  | 296290                           |
| Dec 2001   | 16.5  | 6.12.2001  | 9.25  | 21.12.2001 | 207773                           |
| Jan 2002   | 13.95 | 1.1.2002   | 8.25  | 29.1.2002  | 62316                            |
| Feb 2002   | 11.85 | 6.2.2002   | 9.55  | 25.2.2002  | 44080                            |
| Mar 2002   | 10.4  | 4.3.2002   | 8.55  | 1.3.2002   | 56111                            |

Registrar and Transfer Agents

M/s Alankit Assignments Limited are our Registrar and Share Transfer Agent. The address of our Registrar and Share Transfer agent is: M/s Alankit Assignments Ltd. 205-208, Anarkali Complex, Jhandewalan Ext. New Delhi- 110055 Phone No. 3610220-24

# Share transfer System

To expedite the compliance, authority has been delegated to the share transfer committee of the Board. The shares are transferred within 10 days of lodgment and share certificates are dispatched within two weeks from the date of receipt.

In compliance with the Listing Agreement, after every six months, the share transfer system is audited by a Practicing Company Secretary and a certificate to that effect is issued by him.

Distribution of Shareholding as on 30.06.2002

SHARE HOLDING PATERN AS ON 30.06.2002

| NO. OF SHARES | % AGE                                |
|---------------|--------------------------------------|
| 599800        | 8.57                                 |
| 347388        | 4.96                                 |
| 252950        | 3.61                                 |
| 488030        | 6.97                                 |
| 5311832       | 75.89                                |
|               | 599800<br>347388<br>252950<br>488030 |

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25

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# SHARE HOLDERS DISTRIBUTION AS ON 30.6.2002

| NO. OF SHARES  | NO. OF<br>SHAREHOLDERS | VALUE OF SHARE<br>HELD (IN LAKHS) | Percentage of<br>Shareholders | Percentage of<br>value of<br>Shares |
|----------------|------------------------|-----------------------------------|-------------------------------|-------------------------------------|
| 1-100          | 437                    | 4 40.04                           | 4 53.28                       | 5.72                                |
| 101-200        | 149                    | 9 29.5                            | 5 18.26                       | 4.22                                |
| 201-500        | 141                    | 0 55.27                           | 7 17.17                       | 7.90                                |
| 501-1000       | 57                     | 6 46.13                           | 3 7.02                        | 6.59                                |
| 1001-10000     | 31                     | 8 79.12                           | 2 3.87                        | 11.31                               |
| 10001-20000    |                        | 5 7.29                            | 0.06                          | 1.04                                |
| 20001-50000    | 1                      | 0 29.62                           | 2 0.12                        | 4.23                                |
| 50001-100000   |                        | 4 26.30                           | 0.05                          | 3.75                                |
| 100001 & ABOVE | 1                      | 4 386.68                          | 3 0.17                        | 55.24                               |
| Total          | 821                    | 0 700.00                          | 100.00                        | 100.00                              |

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**Dematerialisation of Shares** 

The company's shares are compulsorily traded in dematerialised form w.e.f May 6, 2000. Details of Shares of the company on 30.06.2002 in physical form and Demat form are as follows: -

# DETAILS OF SHARES DEMATED AS ON 30.06.2002

| Particular       | No. of Shareholders | Percentage | No. of Share | Percentage        |
|------------------|---------------------|------------|--------------|-------------------|
| In Demat Form    | 6217                | 75.72      | 4937949      | 70.5 <del>4</del> |
| In Physical Form | 1 <b>993</b>        | 24.28      | 2062051      | 29.46             |
| Total            | 8210                | 100        | 700000       | 100               |



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# **Outstanding GDR/ADRs/Warrants** or any convertible instrument, conversion date and likely impact on equity.

5

The Company has issued 25,00,000 fully convertible share warrants to the promoters, their relatives and other associates at the face value of Rs. 10/- each and premium of Rs. 8/-

per warrant on 21<sup>st</sup> December, 2001. The Company has received 10% of the total consideration and the balance will be received by the Company within the period of 18 months upon that the warrants will be converted into fully paid equity shares.

The shareholding pattern of the Company will look as under after the conversion of the share warrants into fully paid equity shares.

# SHARE HOLDING PATERN (After conversion of 25 lac warrants)

| PARTICULARS      | No. of Shares as on date | Percentage | Percentage |       |
|------------------|--------------------------|------------|------------|-------|
| NRI & OCB        | 599800                   | 8.58       | 599800     | 6.31  |
| MUTUAL FUNDS     | 347388                   | 4.96       | 347388     | 3.66  |
| BODIES CORPORATE | 488030                   | 6.97       | 488030     | 5.14  |
| PROMOTERS        | 3121049                  | 44.58      | 5121049    | 53.91 |
| OTHERS           | 2443733                  | 34.91      | 2943733    | 30.99 |
| Total            | , 7000000                | 100        | 9500000    | 100   |

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# AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of IEC Softwares Ltd

We have examined the compliance of conditions of Corporate Governance by IEC Sofwares Ltd. for the year ended on 31<sup>st</sup> March 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor's grievances received during the year ended 31st March, 2002, no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Delhi

For NATH & HARI Chartered Accountants

Date : 23rd August 2002

Kailash Hari Partner

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29

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# AUDITORS' REPORT

#### To The Members of IEC Softwares Limited

1)We have audited the attached Balance Sheet of IEC Softwares Limited as at 31<sup>st</sup> March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provide a reasonable basis for our opinion.

2) As required by the Manufacturing and Others Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4 A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order, to the extent applicable to the Company.

3) Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

- (a) We have obtained all the information and explanations, 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
- (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 & Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply

Place: Delhi Date:- 23<sup>rd</sup> August ,2002

IEC Softwares Ltd. www.iecsoftwares.com with the Accounting Standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.

- (e) Based on the representations made by Directors of the Company and the information and explanations given to us, none of the directors of the Company are, prima facie, as at 31<sup>st</sup> march 2002, disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956.
- (f) Reference is made to Accounting policy no.1(a) in schedule 21 regarding change in the method of accounting of revenues received from tuition activity from cash basis to accrual basis.
- (g) Reference is made to Accounting policy no.1(e) in schedule 21 regarding change in the method of accounting of leave encashment from cash basis to accrual basis.
- (h) In our opinion and to the best of our information and according to the explanations given to us, the said account subject to:

(i) Note No: 4 of Schedule 21 regarding nonregistration of title deeds in respect of certain premises.

(ii) Note No. 9(b) of Schedule 21 regarding the appointment and remuneration to the Whole Time Director which is subject to the shareholder's approval.

We report that without considering item no h (i) and h(ii) mentioned above, the effect of which could not be determined, and read, together 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 in conformity with the accounting principles generally accepted in India.

- In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002 and :
   II. In the case of the Profit & Loss
- II. In the case of the Profit & Loss Account, of the profit for the year ended on that date.

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner



# ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 2 of our report of even date on the accounts of IEC Softwares Limited for the year ended  $31^{st}$  March, 2002)

- The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. As explained to us, the management has physically verified a major portion of the fixed assets during the year. We are informed that no material discrepancies with respect to book records were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
- 2. None of the fixed assets have been revalued during the year.
- 3. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of sub-section 6 of section 370 of the Companies Act, 1956, provisions of section 370 are not applicable to a Company on or after 31<sup>st</sup> October, 1998.
- 4. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section 6 of section 370 of the Companies Act, 1955, provisions of section 370 are not applicable to a Company on or after 31<sup>st</sup> October, 1998.
- In respect of loans and advances in the nature of loans given by the Company, parties are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.
- 6. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedure commensurate with the size of the Company and nature of its business with regards to purchase of components, plant and machinery, equipments and similar assets and also for sale of goods.
- 7. According to the information and explanation given to us, there were no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements required to be entered in the register

Place: Delhi Pate:- 23rd'August ,2002 maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50000/- or more in respect of each party.

- The Company has not accepted any deposit from the public to which the provision of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
- The nature of Company's activities are such that there is no generation of scrap or production of by-products.
- In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
- 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.
- According to the records of the Company, provident funds and employees' pension funds have not been regularly deposited during the year with the appropriate authorities.
- 13. According to the records of the Company, there were no undisputed amount payable in respect to Wealth tax, Sales tax, Custom duty which were outstanding as at 31<sup>st</sup> March, 2002 for a period of more than six months from the dates they became payable except income tax amounting to Rs.994691/-.
- amounting to Rs.994691/-.
  14. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligations which have been charged to Profit and Loss Account.
- The Company is not a Sick Industrial Company within the meaning of Clause (o) of Subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 16. In respect of services rendered:

   a) The nature of services rendered is such that it does not involve consumption of material.
  - b) As explained to us and considering the nature of services rendered, allocation of man-hour utilized to relative jobs is not considered necessary by the management.

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

IEC Softwares Ltd.

# BALANCE SHEET AS AT 31st MARCH'2002

| SCHE   | DULE |              | AS AT<br>31st MARCH'20<br>(RS.) | 02                                    | AS AT<br>31st MARCH'2001<br>(RS.)      |
|--|------|--------------|---------------------------------|---------------------------------------|--|
| SOURCES OF FUNDS                             |      |              |                                 |                                       |  |
| Shareholders Fund                            |      |              |                                 | · · · · · · · · · · · · · · · · · · · | ·····                                  |
| Share Capital                                | 1    | 70000000.00  |                                 | 7000000.00                            |  |
| Reserves & Surplus                           | 2    | 197240299.13 | 267240299.13                    | 205474881.25                          | 275474881.25                           |
| Loan Funds                                   |      |              |                                 |                                       |  |
| Secured Loans                                | 3    | 59039866.29  |                                 | 54241397.81                           |  |
| Unsecured Loans                              | 4    | 20079729.36  | 79119595.65                     | 21105690.66                           | 75347088.47                            |
| Deffered Tax Liability                       |      |              | 29616918.00                     |                                       |  |
| TOTAL (RS.)                                  |      |              | 375976812.78                    |                                       | 350821969.72                           |
| APPLICATION OF FUNDS                         |      |              |                                 | •                                     |  |
| Fixed Assets                                 | 5    |              |                                 |                                       |  |
| Gross Block                                  |      | 215122252.22 |                                 | 165968962.33                          |  |
| Less:-Depreciation                           |      | 46658070.21  |                                 | 26250154.96                           |  |
| Net Block                                    |      | 168464182.01 | [                               | 139718807.37                          |  |
| Capital Work in Progress                     |      | 22112582.00  | 190576764.01                    | 19837100.00                           | 159555907.37                           |
| Investment                                   | 6    |              | 2500024.90                      |                                       | 500024.90                              |
| Current Assets, Loans & Advances             | 3    |              | ť l                             |                                       |  |
| Sundry Debtors                               | 7    | 138346455.95 |                                 | 124566803.25                          |  |
| Cash & Bank Balances                         | 8    | 24335153.89  |                                 | 47205562.86                           |  |
| Other Current Assets                         | 9    | 354759.00    |                                 | 118224.00                             |  |
| Loans & Advances                             | 10   | 36627434.66  |                                 | 39008433.60                           |  |
|  |      | 199663803.50 | [                               | 210899023.71                          |  |
| Less:-Current Liabilities & Provisi          |      |              |                                 |                                       |  |
| Current Liabilities                          | 11   | 20393074.00  |                                 | 24528249.61                           |  |
| Provisions                                   | 12   | 3375390.00   |                                 | 4233770.00                            |  |
|  |      | 23768464.00  | -                               | 28762019.61                           |  |
| Net Current Assets                           |      |              | 175895339.50                    |                                       | 182137004.10                           |
| Miscellaneous Expenditure                    | 13   |              | 7004684.37                      |                                       | 8629033.35                             |
|  |      | -            | 375976812.78                    | -                                     | 350821969.72                           |
| Accounting Policies and Notes<br>on Accounts | 21   |              |                                 |                                       | ······································ |

As per our report of even date

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

Place:- Delhi. Date:- 23rd August'2002 For and on Behalf of the Board

C.V.Jain (Managing Director)

Mukesh Gupta (Director)

Vinod Kumar Raina (Company Secretary)

Aman Saluja (D.G.M.Accounts)
# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH'2002

|   | SCHEDULE     | CURRENT YEAR<br>AMOUNT<br>(RS.)        | PREVIOUS YEAR<br>AMOUNT<br>(RS.) |
|---|--------------|--|----------------------------------|
| INCOME                                      |              | ······································ |                                  |
| Income from Operation                       | 14           | 170617168.48                           | 222143440.26                     |
| Other Income                                | 15           | 1303945.40                             | 2283642.29                       |
| TOTAL (RS.)                                 |              | 171921113.88                           | 224427082.55                     |
| EXPENDITURE                                 |              |  |                                  |
| Development, Production & Execution         | 16           | 58202878.14                            | 82723644.23                      |
| Personnel Expenses                          | 17           | 23472899.50                            | 36505783.35                      |
| Administrative & Other Expenses             | 18           | 32327128.84                            | 42927703.91                      |
| Interest & Finance Charges                  | 19           | 12441110.06                            | 6890952.09                       |
| Depreciation                                | 5            | 20670412.48                            | 14878285.53                      |
| Miscellaneous Expenditure Written Off       | 20           | 1624348.98                             | 1624348.98                       |
|   |              | 148738778.00                           | 185550718.09                     |
| Profit before tax                           |              | 23182335.88                            | 38876364.46                      |
| Provision for Tax                           |              | 1800000.00                             | 3400000.00                       |
| Less:-Deffered Tax                          |              | 7866533.00                             | 0.00                             |
| Profit after Tax                            |              | 13515802.88                            | 35476364.46                      |
| Less:-Payment/Provision of Income Tax of e  | arlier years | 0.00                                   | (5571 <b>57.00</b> )             |
| Add: Balance brought forward                |              | 9998881.25                             | 5079673.79                       |
| Surplus available for appropriation         |              | 23514684.13                            | 39998881.25                      |
| APPROPRIATIONS                              |              |  |                                  |
| General Reserve                             |              | 10000000.00                            | 3000000.00                       |
| Balance carried to Balance Sheet            |              | 13514684.13                            | 9998881.25                       |
|   |              | 23514684.13                            | 39998881.25                      |
| Basic and diluted earning per share(in Rs.) |              | 1.93                                   | 5.07                             |
| Accounting Policies and Notes on Accourt    | its 21       |  |                                  |
| s per our report of even date               |              | For and on Rehalf of the R             |                                  |

As per our report of even date

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

Place:- Delhi. Date:- 23rd August'2002 For and on Behalf of the Board

C.V.Jain (Managing Director)

Mukesh Gupta (Director)

Vinod Kumar Raina (Company Secretary)

Aman Saluja (D.G.M.Accounts)

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33



# IEC SOFTWARES LTD. SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH'2002

|   | AS AT<br>31st MARCH'2002<br>(RS.) | AS AT<br>31st MARCH'2001<br>(RS.) |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE '1'  | <u></u>                           |                                   |
| SHARE CAPITAL   |                                   |                                   |
| Authorised  |                                   |                                   |
| 2,00,00,000 Equity Shares of Rs.10/- each   | 20000000.00                       | 20000000.00                       |
| Issued subscribed & Paid up   |                                   |                                   |
| 70,00,000 Equity Shares of Rs 10/- each fully paid  | 7000000.00                        | 70000000.00                       |
|   | 7000000.00                        | 7000000.00                        |
| SCHEDULE '2"  |                                   |                                   |
| RESERVES & SURPLUS  |                                   |                                   |
| Capital Reserve   | 782000.00                         | 782000.00                         |
| Share Premium   | 140994000.00                      | 140994000.00                      |
| General Reserve   |                                   |                                   |
| As per last Balance Sheet 53700000.00   |                                   |                                   |
| Add: Transfer from Profit & Loss Account 10000000.00  |                                   |                                   |
| 63700000.00   |                                   |                                   |
| Less:-Net Deffered Tax Liability at the   | AADADBAE OD                       | 5270000 00                        |
| Beginning of the year (Refer Note No.12 of 21750385.00<br>Schedule-21)  | 41949615.00                       | 53700000.00                       |
| Profit & Loss Account   | 13514684.13                       | 9998881.25                        |
|   | 197240299.13                      | 205474881.25                      |
| SCHEDULE '3'  | 1012-10200.10                     | 200114001.20                      |
| SECURED LOANS   |                                   |                                   |
| From Bank:-   |                                   |                                   |
| Short Term Loan   | 32891461.00                       | 39984658.00                       |
| Term Loan (Hyp.of Computers)  | 16807960.43                       | 9527362.00                        |
| Working Capital Loan (Hyp.of Book Debts.)   | 8458377.12                        | 3660063.12                        |
| From Others   | İ                                 |                                   |
| American Express Bank Ltd (Hyp.of Vehicles)   | 278633.28                         |                                   |
| Citicorp Maruti Finance Ltd (Hyp of Vehicles)   | 21468.00                          |                                   |
| Citi Bank (Hyp of Vehicles)<br>Standard Chartered .Bank Car Loan (Hyp. Of vehicles)   | 194550.00<br>251050.08            |                                   |
| ABN Amro Bank (Hyp of Vehicles)   | 136366.38                         |                                   |
|   | 59039866.29                       |                                   |
| Note:-<br>1) Term loan from bank is secured by a first charge by way of hypothication of all the o<br>and other parts installed at various centres of NCPUL |                                   |                                   |
| 2) Working capital facilities from the bank are secured by way of hypothication of Bool   | k Debts and floating charge on o  | ther                              |
| current assets of the company and collaterally secured with equitable mortgage of all   | fixed assets of the company.      |                                   |
| 3) The Term Loan and working capital facilities are further secured by personal guarnt  | ees of Sh.S.L.Gupta, Sh.R.L.Gu    | pta                               |
| and Sh.Naveon Gupta, the directors of the company.  |                                   |                                   |
| 4) Term loan repayable within a year Rs.5565192/- excluding old overdues (Pr.Year R   | •                                 |                                   |
| 5) Short Term Loan from Global Trust Bank is secured against Collateral security of si  | • • •                             |                                   |
| and their relatives and personal guarantee of Sh.S.L.Gupta,Sh.R.L.Gupta and Sh.Nav  |                                   |                                   |
| 6) Loan from American Expres Bank, Citicorp Maruti finance Ltd, CitiBank, Standard Ch<br>by Hypothication of cars financed by them.                         | anereu Dank anu ABN Amro Ba       | 11K 15 50CU100                    |
| SCHEDULE '4'  |                                   |                                   |
| Unsecured Loans   |                                   |                                   |
| From Others   | 15579729.36                       | 21105690.66                       |
| Fully Convertible Share Warrants  | 4500000.00                        |                                   |
| (Refer Note No.10 of Schedule-21)   |                                   |                                   |
|   | 20079729.36                       | 21105690.66                       |

# SCHEDULE '5'

### FIXED ASSETS

| DESCRIPTION                | DESCRIPTION       | GROSS       | BLOCK      |                     | Τ                  | DEPRECIATION    |                         |                     | NETE                | LOCK               |
|----------------------------|-------------------|-------------|------------|---------------------|--------------------|-----------------|-------------------------|---------------------|---------------------|--------------------|
|                            | As at<br>1-4-2001 | Addition    | Deduction  | As at<br>31.03.2002 | Up to<br>31-3-2001 | For the<br>Year | Deduction<br>Adjustment | Up to<br>31.03.2002 | As at<br>31.03.2002 | As at<br>31-3-2001 |
| Goodwill                   | 1000000.00        | 0.00        |            | 1000000.00          | 0.00               | 0.00            |                         | 0.00                | 1000000.00          | 1000000.00         |
| LandLeasehold              | 2548810.00        | 0.00        |            | 2548810.00          | 0.00               | 0.00            |                         | 0.00                | 2548810.00          | 2548810.00         |
| Building                   | 32330000.00       | 0.00        |            | 32330000.00         | 1389124.31         | 526979.00       |                         | 1916103.31          | 30413896.69         | 30940875.69        |
| Plant & Machinery          | 100525825.60      | 45316162.77 | 770134.00  | 145071854.37        | 21668048.31        | 18051198.60     | 145702.18               | 39573544.73         | 105498309.64        | 78857777.29        |
| Office Equipment           | 4835680.00        | 513982.74   |            | 5349662.74          | 329095.24          | 242152.71       |                         | 571247.95           | 4778414.79          | 4506584.76         |
| Furniture & Fixtures       | 20314294.23       | 3790601.38  |            | 24104895.61         | 2036993.98         | 1409938.29      |                         | 3446932.27          | 20657963.34         | 18277300.25        |
| Vehicles                   | 4414352.50        | 571658.00   | 268981.00  | 4717029.50          | 826893.12          | 440143.88       | 116795.05               | 1150241.95          | 3566787.55          | 3587459.38         |
| TOTAL                      | 165968962.33      | 50192404.89 | 1039115.00 | 215122252.22        | 26250154.96        | 20670412.48     | 262497.23               | 46658070.21         | 168464182.01        | 139718807.37       |
| Capital Work in Progress   | <b>)</b>          |             |            |                     |                    |                 |                         |                     | 22112582.00         | 19837100.00        |
| (Including Capital advance | 13/               |             |            |                     |                    |                 |                         | -                   | 190576764.01        | 159555907.37       |
| PreviousYear               | 102135598.08      | 71248903.25 | 7415539.00 | 165968962.33        | 12676713.32        | 14878285.53     | 1304843.89              | 26250154.96         | 159555807.37        | 92258884,76        |

35

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|   | AS AT<br>31st MARCH'2002<br>(RS.) | AS AT<br>31st MARCH'2001<br>(RS.) |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE '6'  |                                   |                                   |
| INVESTMENTS   |                                   |                                   |
| (Non-Trade and long Term) at Cost                                       |                                   | ļ                                 |
| Unquoted (Fully paid up Equity Shares )                                 |                                   |                                   |
| in Subsidiary Companies   |                                   |                                   |
| 2,50,000 Equity Shares of Rs.10/- each of IEC leasing & Capital Mgt Ltd | 2500000.00                        | 500000.00                         |
| 2 Shares of Malaysian Ringetts one each(Rs.value12.45/-per Ringett)     | 2300000.00                        | 500000.00                         |
| of IEC Infotech SDN. BHD  | 24.90                             | 24.90                             |
|   |                                   |                                   |
| SCHEDULE '7'  | 2500024.90                        | 500024.90                         |
| SUNDRY DEBTORS  |                                   |                                   |
| (Unsecured & Considered Good)   |                                   |                                   |
| Debt outstanding for a period exceeding six months                      | 81199921.75                       | 35079205.25                       |
|   |                                   |                                   |
| Other Debts.  | 57146534.20                       | 89487598.00                       |
|   | 138346455.95                      | 124566803.25                      |
| SCHEDULE '8'  |                                   |                                   |
| CASH & BANK BALANCES  |                                   | 1                                 |
| Cash in Hand  | 2189083.66                        | 833248.38                         |
| Balance with Scheduled Banks  | 2100000.00                        | 000240.00                         |
| on Current Account  | 17507542.23                       | 35497314.48                       |
| (Including Cheques in hand of Rs.17372446.06-Previous year 22569756/-)  | 11001042.20                       | 00-07074.40                       |
| Fixed Deposit(including Margin Money of Rs.44,63,528/-Previous year     | 4638528.00                        | 10875000.00                       |
|   | 24335153.89                       |                                   |
| Rs.37,00,000/-  | 24333153.09                       | 4720302.00                        |
|   |                                   |                                   |
| SCHEDULE '9'  |                                   |                                   |
| OTHER CURRENT ASSETS  |                                   |                                   |
| Interest accrued on deposits  | 354759.00                         | 118224.00                         |
|   |                                   |                                   |
|   | 354759.00                         | 118224.00                         |
|   |                                   |                                   |
| SCHEDULE '10'   |                                   |                                   |
| LOANS & ADVANCES  |                                   |                                   |
| (Unsecured & Considered Good)   |                                   |                                   |
| Short term loans to others  | 4669492.00                        | 4025425.00                        |
| Advance recoverable on cash or kind                                     |                                   |                                   |
| or for value to be received   | 25775534.72                       | 26112845.08                       |
| Security & Deposits with others   | 4413309.38                        |                                   |
| Advance Income Tax & TDS  | 1769098.56                        |                                   |
|   | 36627434.66                       |                                   |
| SCHEDULE '11'   |                                   |                                   |
|   |                                   |                                   |
| CURRENT LIABILITIES   |                                   |                                   |
| Sundry Creditors  | A 44                              |                                   |
| 1) Due to Small Scale Industrial Undertaking                            | 0.00                              |                                   |
| 2) Others   | 8922792.75                        |                                   |
| Other Liabilities   | 11235734.25                       |                                   |
| Income Received in Advance  | 140301.00                         |                                   |
| Unpaid Dividend.  | 94246.00                          |                                   |
|   | 20393074.00                       | 24528249.61                       |



|   | AS AT<br>31st MARCH'2002<br>(RS.) | AS AT<br>31st MARCH'2001<br>(RS.) |
|---|-----------------------------------|-----------------------------------|
| SCHEDULE '12'                               |                                   |                                   |
| PROVISIONS                                  |                                   |                                   |
| For Taxation                                | 1800000.00                        | 3400000.00                        |
| For Retirement Benefits                     | 1575390.00                        | 833770.00                         |
|   | 3375390.00                        | 4233770.00                        |
| SCHEDULE '13'                               |                                   |                                   |
| MISCELLANEOUS EXPENDITURE                   | }                                 |                                   |
| (To the extent not written off or adjusted) |                                   |                                   |
| Preliminary Expenses                        | 59063.00                          | 78750.00                          |
| Share issue Expenses                        | 3647288.37                        | 4233950.35                        |
| Deferred Revenue Expenditure                | 3298333.00                        | 4316333.00                        |
| · · · · · · · · · · · · · · · · · · ·       | 7004684.37                        | 8629033.35                        |

# SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH'2002

|                                     | CURRENT YEAR | PREVIOUS YEAR |
|-------------------------------------|--------------|---------------|
| SCHEDULE '14'                       |              |               |
| INCOME FROM OPERATION               |              |               |
| Franchise Royalty                   | 55837219.48  | 75044801.06   |
| Learning Sulutions Business         | 107883114.00 | 95509428.75   |
| Software Solutions Business         | 6896835.00   | 51589210.45   |
|                                     | 170617168.48 | 222143440.26  |
| SCHEDULE '15'                       |              |               |
| OTHER INCOME                        |              |               |
| Interest                            | 1174546.00   | 2192900.29    |
| Miscellaneous Income                | 129399.40    | 90742.00      |
|                                     | 1303945.40   | 2283642.29    |
| SCHEDULE '16'                       |              |               |
| DEVELOPMENT, PRODUCTION & EXECUTION |              |               |
| Consultancy Charges                 | 3440990.00   | 4644703.00    |
| Courseware & manuals                | 9997515.00   | 4484963.00    |
| Course Execution Charges            | 9606896.00   | 5353780.87    |
| Software Production Charges.        | 4879170.00   | 13697498.00   |
| Franchise Expenses                  | 30278307.14  | 54542699.36   |
|                                     | 58202878.14  | 82723644.23   |

| IEC SOFTWARES                                | CURRENT YEAR |                  |
|--|--------------|------------------|
|  | AMOUNT(RS.)  | AMOUNT(RS.)      |
| SCHEDULE '17'                                |              |                  |
| PERSONNEL EXPENSES                           |              |                  |
| Salaries, Bonus. Gratuity & allowances       | 21167241.00  | 33052928.00      |
| Contribution to Providend Fund & Others Fund | 1283657.00   | 978284.00        |
| Welfare Expenses                             | 1022001.50   | <u>: 38571.3</u> |
|  | 23472899.50  | 35269783.35      |
| SCHEDULE '18'                                | i            |                  |
| ADMINISTRATIVE & OTHER EXPENSES              | 1            | τ                |
| Rent,Rates & Taxes                           | 1683282.00   | 1671741.90       |
| Insurance                                    | 198047.00    | 206066.70        |
| Advertisement & Publicity                    | 7227460.00   | 9706639.50       |
| Vehicle Maintenance                          | 1658150.00   | 1823510.70       |
| Printing & Stationery                        | 3791111.20   | 4606960.17       |
| Postage & Telephone                          | 2253297.20   | 2546260.64       |
| Legal & Professional                         | 1115789.00   | 3755249.55       |
| Repair & Maintenance-Plant & Machinery.      | 1541488.00   | 3231047.50       |
| Repair & Maintenance-Building                | 1311872.00   | 2059691.04       |
| Repair & Maintenance-Others                  | 367412.00    | 261441.5         |
| Water & Electricity                          | 834570.38    | 728684.58        |
| Directors Remuneration                       | 1274500.00   | 1236000.00       |
| Directors sitting Fee                        | 60250.00     | 47500.00         |
| Travelling & Conveyance                      | 4603432.90   | 6575393.20       |
| Auditors' Remuneration                       | 165000.00    | 148500.00        |
| Miscellaneous Expenses                       | 3304895.29   | 2703194.35       |
| Conference & Seminar                         | 51630.00     | 542857.42        |
| Sanitation Watch & Ward                      | 482710.00    | 611833.00        |
| Income Tax paid                              | 269643.00    | 16437.00         |
| •  | 129117.77    | 1484695.11       |
| Loss on Sale of Fixed Assets                 | 3471.10      |                  |
| Loss on Sale of Foreign Currency             |              | 0.00             |
| Commission & Brokerage                       | 0.00         | 20000.00         |
|  |              | 44163703.91      |
| SCHEDULE '19'                                | 1            |                  |
| INTEREST & FINANCE CHARGES                   | }            |                  |
| Interest on Term Loan                        | 7468532.43   | 1715610.00       |
| Interest on Working Capital                  | 1153815.00   | 1409154.00       |
| Interest on others                           | 3121154.71   | 2906724.09       |
| Bank Charges                                 | 697607.92    | 859464.00        |
|  | 12441110.06  | 6890952.09       |
| SCHEDULE '20'                                |              |                  |
| MISCELLANEOUS EXPENDITURE WRITTEN OFF        | 1            |                  |
| Preliminary Expenses                         | 19687.00     | 19687.00         |
| Public Issue expenses                        | 586661.98    | 586661.98        |
| Deferred Revenue Expenditure                 | 1018000.00   | 1018000.00       |
|  | 1624348.98   | 1624348.98       |

38

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#### SCHEDULE '21'

#### NOTES TO THE ACCOUNTS

- 1. Significant Accounting Policies
- (a) System of Accounting:

As a consistent practice, the Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The revenue in respect of sale of courseware is recognized on delivery of materials. The revenue from tuition activity is recognized over the period of the course programe. In respect of software and consultancy activities, the revenue arises and is recognized on dispatch/delivery of the concerned goods/services. The revenue received from tuition activity was being accounted for on cash basis till the previous year. The method of accounting of revenue received from tuition activity has been changed from cash basis to accrual basis .Had the same system of accounting been used, the profit of the year would have been higher by Rs.123758/-

- (b) Fixed assets:
- Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes and incidental expenses related to such acquisition or construction.
- 2. Goodwill is stated at cost. No amount has been written off against the same.
- (c) Depreciation:
- Depreciation on fixed assets is provided on the straight line method at the rates and in the manner laid down in schedule XIV to the Companies Act, 1956.
- Depreciation has been provided on pro-rata basis in respect of addition to/deletion from the fixed assets with reference to the date of addition/deletion of the assets.
- (d) Investment:

Long term investments are stated at cost of acquisition less write downs in certr.in cases wherever considered necessary.

- (e) Retirement Benefit:
  - Provision for gratuity is made, in the books of account as per the provisions of Payment of Gratuity Act, 1972 on the assumption that all the employees are entitled to gratuity at the end of the accounting year. Provision for leave encashment is provided for at the end of financial year on the basis

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of last month drawn salary of the employees.

Provision for leave encashment has been made in the books of accounts to conform to the Accounting Standard- 15. No provision for leave encashment was being made till the previous year. The arrears of leave encashment amounting to Rs.159733/- have been provided during the current year. Had the same system of accounting been used, the profit for the year would have been higher by Rs.278110/-

- (f) Foreign Exchange Transactions:
- Transaction in foreign currencies is recorded in the financial statements based on exchange rate prevailing on the date of transaction. Realized gains & losses are recognized in the Profit & Loss Account
- (g) Claims including insurance claims are accounted for on the acceptance and determination of the amounts recoverable by the concerned authorities.
- (h) Dividend: Dividend proposed, if any, by the Board of Directors as appropriation of profit is provided for in the books of account pending approval of the shareholders at the annual general meeting.
- Miscellaneous Expenditure: Preliminary, share issue and deferred revenue expenditure are being written off over a period of ten years from the date of commencement of commercial operation.
- (j) Provision for Taxation: Provision for taxation is made in respect of the taxable income of the previous year as defined in the Income Tax Act, 1961.
- (K) Borrowing Cost : Borrowing costs are charged to Profit & Loss Account, except when funds specially borrowed to acquire fixed assets till the date the subject assets are ready for intended use.
- (I) Contingent Liabilities:

No provision is made for liabilities which are considered by the management contingent in nature and the same are disclosed by way of notes to accounts. (m) General :

- 39 -



The financial statements have been prepared in accordance with historical cost convention.

2) Contingent Liabilities not provided for:

| (a) | Claims against the company not<br>Acknowledged as debt | 32110.00    | 816155.0   |
|-----|--|-------------|------------|
| (b) | Bank Guarantee   | 17348200.00 | 14269200.0 |

c) Guarantee given to Bank on behalf of trust in which directors are interested.

3)Payment against supplies from Small Scale and ancillary industrial undertaking are generally made in accordance with agreed credit terms and to the extent ascertained from available information, there was no amount overdue in this regard.

4) The Buildings purchased by the Company at M-92, Connaught Place, New Delhi, E-578, Greater Kailash-II, New Delhi and B-36,Manu Apartment, Mayur Vihar, Delhi, from the promoters, directors and their relatives in the earlier years are yet to be registered in the Company's name.

5) In view of the confirmation not having been obtained from the Sundry Debtors, Loans and

8) Auditors Remuneration (Including service tax):

Accounting policies not specifically referred to are consistent with GENE ACCEPTED ACCOUNTING PRACTICES. GENERALLY

| Current Year. | Previous Year |
|---------------|---------------|
| 32110.00      | 816155.00     |
| 17348200.00   | 14269200.00   |
| 5000000.00    | 0.00          |

Advances and Sundry Creditors, the account are subject to adjustment on receipt of confirmation of balance and/or reconciliation of accounts the impact whereof on account cannot be ascertained at this stage.

6) In the opinion of the Board of Directors, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

7) Fixed assets installed and put to use have been certified by the management and relied on by the auditor being a technical matter.

|                            | Current Year | Previous Year |
|----------------------------|--------------|---------------|
| Audit Fee                  | 1,05,000.00  | 1,05,000.00   |
| Tax Audit Fee              | 26,250.00    | 26,250.00     |
| Misc.Certification Charges | 33,750.00    | 17,250.00     |
|                            | 1,65,000.00  | 1, 48,500.00  |

9) (a) Details of remuneration and perquisites of the Managing Director, the Whole time Director and other Directors.

|   | Current Year  | Previous Year |
|---|---|---------------|
| Managerial Remuneration   | 7,76,320.00   | 7,65,600.00   |
| Contribution to Provident Fund  | 97,680.00   | 1,04,400.00   |
| Perquisites/Allowances  | 4,00,500.00   | 3,66,000.00   |
|   | 12,74,500.00  | 12,36,000.00  |
| Sitting Fee   | 60,250.00   | 47,500.00     |
| (b)The appointment and payment of free remuneration of Rs.136500/- to Sh. C.V.Jain Whole Time Director for the period | 01-01-2002 to 31-03.2002 is subject t<br>approval of the shareholder at the ensi<br>annual general meeting. |               |

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- 40 -



involved in the business of fashion

Income" issued by the Institute of

Chartered Accountants of India. Consequently the Company has recognized the cumulative net deferred tax liability as at April 1<sup>st</sup> 2001 of Rs.21750385/- as a deduction from general reserve. Deferred tax liability

for the year is Rs.7866533/- which has

been recognized in the Profit & Loss

Account , the details of which are as

under:

designing & training.
12) Deferred Tax: During the year, the Company has implemented Accounting Standard-22 "Accounting for Taxes on

- 10) During the year the company had issued 2500000 (Twenty five lakhs) fully convertible share warrants @Rs.18/- each to the promoters, their relatives and other associates. The company has received Rs.1.80 per share warrant being 10% of total consideration. The shares warrants will be converted into fully paid up equity shares of Rs.10/- each at a premium of Rs.8/- within a period of 18 months on payment of full consideration.)
- 11) During the year on1-5-2001 company has taken over the running business of a group concern proprietary firm called IEC School of Art & Fashion along with its all assets & liabilities. The firm was

| Deferred Tax Liability on account of : | As at 31.03.02 | As on 1-4-2001 |
|--|----------------|----------------|
| <b>•</b> • • • •                       | Rs.            | Rs.            |
| Depreciation                           | 29837471.00    | 21875722.00    |
| Others                                 | 197829.00      | 109419.00      |
|  |                |                |
|  | 30035300.00    | 21985141.00    |
| Less: - Deferred Tax assets on a/c of  |                |                |
| Others                                 | 418382.00      | 234756.00      |
|  |                |                |
| Net Deferred Tax Liability             | 29616918.00    | 21750385.00    |

13) Amount of borrowing cost capitalized as per Accounting Standards-16 during the year was Rs. NIL

| 14) Earning per share:  | Rs.         | Rs.         |
|---|-------------|-------------|
| Net profit for the period attributable to equity shareholders | 13515802.88 | 35476364.46 |
| Number of Equity shares                                       | 7000000     | 7000000     |
| Basic and diluted earning per share (face value of Rs.10/-)   | 1.93        | 5.07        |

15) Related party Disclosures (Persuant to Accounting Standard-18) Relationship: a) Subsidiary Companies

IEC Infotech SDN BHD

IEC Leasing & Capital Management Ltd

b) Key Management Personnel:

Mr. S.L.Gupta

Mr. R.L.Gupta

Mr. Navin Gupta

Mr. C.V.Jain

#### c) Relative of key management personnel and their enterprises where transactions have taken place

Mrs. Sharda Gupta

Mrs. Sneh Lata Gupta

Mrs. Shalini Gupta

Note:- Related party relationship is as identified by the Company and relied upon by the auditors

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- 41 -



| Nature of Transactions<br>Expenses       | Referred in 15(a) | Referred in 15(b) | Referred in<br>15(c) |
|--|-------------------|-------------------|----------------------|
| Rent                                     | 0.00              | 195000.00         | 525000.00            |
| Salaries                                 | 0.00              | 0.00              | 220800.00            |
| Directors Remuneration<br>Other Receipts | 0.00              | 1274500.00        | 0.00                 |
| Remittances                              | 366104.00         | 0.00              | 0.00                 |
| Loans & advances                         | 765048.00         | 0.00              | 0.00                 |
| Finance Investments                      | 200000.00         | 0.00              | 0.00                 |

16) Previous year's expenditure accounted for under the respective heads of accounts during the current year are Rs.169983/- (Previous year Rs.20000/-) 17) Additional information pursuant to paras 3, 4C and 4D of Part-II of the Schedule – VI of the Companies Act, 1956 is given below to the extent applicable.

Expenditure incurred in foreign currency :

| Foreign Travel<br>Investment in shares                | 5,84,977.90<br>0.00 | 8,73,194.00<br>24.80 |
|---|---------------------|----------------------|
| Advance to subsidiary<br>Earning in foreign exchange: | 7,65,048.00         | 0.00                 |
| Export of services                                    | 0.00                | 12,22,840.45         |

18) Previous year's figures have been regrouped/rearranged wherever considered necessary.

As per our report of even date

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

Place:-Delhi: Date:- 23rd August'2002

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for and on behalf of the Board

C.V. Jain (Managing Director)

Mukesh Gupta (Director)

Vinod Kumar Raina (Company Secretary)

Aman Saluja (D.G.M Accounts)

Rajesh Patney (D.G.M. Company Affairs)

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- 42



# AUDITOR'S CERTIFICATE

то,

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,2002. The statement has been 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 & Loss Account and Balance Sheet of the Company covered by our report of 23<sup>rd</sup> August'2002 to the members of the Company.

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

Place: Delhi Date: 23rd August'2002

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- 43 -

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# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2002 PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT

|           |   | CURRENT YEAR                  | PREVIOUS YEAR |
|-----------|---|-------------------------------|---------------|
|           |   | (RS.)                         | (RS.)         |
| A)        | Cash flow from Operating Activities   |                               |               |
|           | Net Profit before Tax   | 23182335.88                   | 38876364.46   |
|           | Adjustment for :  |                               |               |
|           | Depreciation  | 20670412.48                   | 14878285.53   |
|           | Miscellaneous Expenditure written off   | 1624348.98                    | 1624348.98    |
|           | Interest (Net)  | 10568956.14                   | 3838587.80    |
|           | Loss on sale of fixed assets  | 129117.77                     | 1484695.11    |
|           | Write down of investment  | 0.00                          | 1000.00       |
|           | Operating Profit before working capital changes<br>Adjustment for :   | 56175171.25                   | 60703281.88   |
|           | (Increase)/Decrease in Trade and other receivables  | (11398653.76)                 | (57349274.29  |
| ·         | Increase/(Decrease) in Trade payables   | (4987480.61)                  | 2004479.77    |
|           | Cash generated from operation   | 39789036.88                   | 5358487.36    |
|           | Interest paid   | (11743502.14)                 | (6031488.09   |
|           | Income Tax including dividend tax   | (1800000.00)                  | (3957157.00   |
| Net C     | ash used in Operating Activities  | 26245534.74                   | (4630157.73   |
| B)        | Cash Flow from Investing Activities   |                               |               |
| -         | Purchase of fixed assets  | (52467886.89)                 | (88286003.25  |
|           | Sale of fixed assets  | 647500.00                     | 4626000.00    |
|           | Interest received   | 938011.00                     | 2916020.29    |
|           | Purchase of Investments   | (2000000.00)                  | (24.90        |
| Net C     | ash used in Investing Activities  | (52882375.89)                 | (80744007.86  |
| C)        | Cash Flow From Financing Activities   |                               |               |
| -,        | Proceeds of Long Term and other borrowings  | 17392892.00                   | 73601871.00   |
|           | Repayment of Long Term and other borrowings   | (13620384.82)                 | (19466889.38  |
|           | Dividend Paid   | (6075.00)                     | (4248879.00   |
| Net C     | ash from Financing Activities   | 3766432.18                    | 49886102.62   |
| Net inc   | rease/(Decrease) in Cash and Cash Equivalents (A+B+C)   | (22870408.97)                 | (35488062.97  |
|           | nd Cash Equivalents-Opening Balance   | 47205562.86                   | 82693625.83   |
| Cash a    | nd Cash Equivalents-Closing Balance   | 24335153.89                   | 47205562.86   |
| Notes:-1) | ) Purchase of fixed assets include movements of capital work in progress(<br>beginning and end of the year. | including capital advances) I | petween the   |
|           |   |                               |               |

2) Previous year's figures have been regrouped/ reclassified wherever applicable.

For and on Behalf of the Board

C.V.Jain (Managing Director)

Mukesh Gupta (Director)

Vinod Kumar Raina (Company Secretary)

Aman Saluja (D.G.M.Accounts)

Rajesh Patney (D.G.M. Company Affairs)

Place:-Delhi. Date:-23rd August'2002



# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details





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





State Code (Refer Code List)

5 5

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

| Total Liab | ilitie | S |   |   |   |   |
|------------|--------|---|---|---|---|---|
|            | 3      | 9 | 9 | 7 | 4 | 4 |

| Total | Asse | ets |   |   |   |   |  |
|-------|------|-----|---|---|---|---|--|
|       | 3    | 9   | 9 | 7 | 4 | 4 |  |

Sources of Funds



|                 | I | Reser | ves | & Su | rplus |   |   |   |  |  |  |
|-----------------|---|-------|-----|------|-------|---|---|---|--|--|--|
|                 |   |       | 1   | 9    | 7     | 2 | 4 | 0 |  |  |  |
| Unsecured Loans |   |       |     |      |       |   |   |   |  |  |  |
|                 |   |       |     | 2    | 0     | 0 | 7 | 9 |  |  |  |

#### Application of Funds

| Net Fi | xed   | Asse | ts   |         |   |   |   |
|--------|-------|------|------|---------|---|---|---|
|        |       | 1    | 9    | 0       | 5 | 7 | 6 |
| Net Cu | irren | t As | sets | <b></b> |   |   | • |
|        |       | 1    | 7    | 5       | 8 | 9 | 5 |

| Inve | estme | ents  |      |   |   |   |   |  |
|------|-------|-------|------|---|---|---|---|--|
|      |       |       |      | 2 | 5 | 0 | 0 |  |
| Misc | . Exp | pendi | ture |   |   |   |   |  |
|      |       |       |      | 7 | 0 | 0 | 4 |  |

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

| Turn | over |   |   |   |   |   |   |
|------|------|---|---|---|---|---|---|
|      |      | 1 | 7 | 1 | 9 | 2 | 1 |



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#### ۷ Generic names of Three Principal Products/services of Company (as per monetary terms)

| Item Code | No. ( | ITC Code | ) |   |   |   |   |   |   |   |   |
|-----------|-------|----------|---|---|---|---|---|---|---|---|---|
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Item Code No. (ITC Code)

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Item Code No. (ITC Code)

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Product Description

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Company No: 507904-H

# IEC INFOTECH SDN BHD (Incorporated in Malaysia)

# CORPORATE INFORMATION

| DIRECTORS            | Rajesh Kumar<br>Navin Gupta<br>Sham Lal Gupta<br>Mukesh Gupta (Appointed on 21.5.2002)<br>Chander Veer Jain (Appointed on 21.5.2002)     |
|----------------------|--|
| SECRETARY            | Subramaniam A/L Kandasamy  |
| AUDITORS             | Nasharuddin Wong & Co.<br>Chartered Accountants<br>A-6-1, Block A<br>Megan Phileo Promenade<br>189 Jalan Tun Razak<br>50400 Kuala Lumpur |
| REGISTERED<br>OFFICE | No. 40-B, 2 <sup>nd</sup> Floor<br>Jalan Lumut, Damai Kompleks<br>50400 Kuala Lumpur   |
| BANKER               | RHB Bank Berhad  |

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Company No: 507904-H

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2002.

#### PRINCIPAL ACTIVITIES

#### FINANCIAL RESULTS

Loss for the year Accumulated loss brought forward Accumulated loss carried forward

In the opinion of the Directors, the results of the operations of the Company during the financial year have not been substantially affected by any items, transactions or events of a material and unusual nature.

#### DIVIDENDS

#### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all bad debts had been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the

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The Company is principally engaged in the business of portal development, E-Commerce design and development, research and development of new products and services and commenced operations during the financial year.

There have been no significant changes in the nature of these activities during the financial year.

RM

| (116,418) |
|-----------|
| (61,110)  |
| (177,528) |
|           |

No dividend has been paid or declared by the Company since the end of the previous financial year.

#### **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year ended 31 March 2002.

amount of the provision for doubtful debts in the inancial statements of the Company inadequate to any substantial extent.

#### **CURRENT ASSETS**

Before the financial statements of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which



they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

#### VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inadequate.

#### **CONTINGENT AND OTHER LIABILITIES**

#### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

#### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any items, transactions, or events of a material and unusual occurred.

#### OTHER FINANCIAL INFORMATION

As at 31 March 2002, the Company has a capital deficiency of RM127,526 and a net current liabilities position of RM128,200. The accompanying financial statements, however, have been prepared in accordance with accounting principles applicable to a going concern. This going concern basis presumes the availability of adequate financial support from shareholders and future operations will improve and, consequently, the realisation of assets and

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

There has not arisen in the interval between the end of the financial year and the date of this report any items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made.

#### SHARE CAPITAL

The Company has not issued any new shares or debentures during the financial year ended 31 March 2002.

settlement of liabilities will occur in the normal course of business.

#### DIRECTORS

The directors who held office during the year since the date of the last report are:-

Rajesh Kumar Navin Gupta Sham Lal Gupta Mukesh Gupta (Appointed on 21.5.2002) Chander Veer Jain (Appointed on 21.5.2002)

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Company No: 507904-H

#### **DIRECTORS' INTEREST**

None of the directors in office at the end of the financial year held any shares in any related corporation during the financial year ended 31 March 2002.

#### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### AUDITORS

The auditors, Messrs. Nasharuddin Wong & Co., have expressed their willingness to continue in office.

On behalf of the Board,

MUKESH GUPTA Director

CHANDER VEER JAIN Director

Kuala Lumpur Dated:

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Company No: 507904-H

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### STATEMENT BY DIRECTORS

We, **MUKESH GUPTA** and **CHANDER VEER JAIN**, being two Directors of **IEC INFOTECH SDN BHD**, do hereby state that, in the opinion of the Directors, the accompanying balance sheet as at 31 March 2002 and the related income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company as at 31 March 2002 and of the results of its operations and the cash flows of the Company for the year then ended, and have been drawn up in accordance with applicable approved accounting standards.

On behalf of the Board,

MUKESH GUPTA Director

CHANDER VEER JAIN Director

Kuala Lumpur Dated : 22.05.2002

#### STATUTORY DECLARATION

I, RAJESH KUMAR (INDIA PASSPORT NO. T 374364), being the Director primarily responsible for the financial management of IEC INFOTECH SDN BHD, do solemnly and sincerely declare that the accompanying balance sheet of the Company as at 31 March 2002 and the related income statement, statement of changes in equity and cash flow statement of the Company for the year then ended, together with the notes thereto are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

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Subscribed and soleminly declared by the abovenamed **RAJESH KUMAR** (INDIA PASSPORT NO. T 374364) at Kuala Lumpur in Wilayah Persekutuan on

RAJESH KUMAR Director

Before me:

**Commissioner** for Oaths

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Company No: 507904-H

#### REPORT OF THE AUDITORS TO THE MEMBERS OF IEC INFOTECH SDN BHD (Incorporated in Malaysia)

We have audited the financial statements of **IEC INFOTECH SDN BHD** as at 31 March 2002. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As at 31 March 2002, the Company has a capital deficiency of RM127,526 and a net current liabilities position of RM128,200. The accompanying financial statements, however, have been prepared in accordance with

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the

NASHARUDDIN WONG & CO. (NO: AF 0981) CHARTERED ACCOUNTANTS

#### NASHARUDDIN BIN ABD. AZIZ CHARTERED ACCOUNTANT (NO: 1675/5/03(3))

Kuala Lumpur Dated: 22.05.2002

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accounting principles applicable to a going concern. This going concern basis presumes the availability of adequate financial support from shareholders and future operations will improve and, consequently, the realisation of assets and settlement of liabilities will occur in the normal course of business.

Subject to the foregoing, in our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of;
  - the state of affairs of the Company as at 31 March 2002 and of the results and the cash flows of the Company for the year then ended; and
  - the matters required by Section 169, of the Companies Act 1965 to be dealt with in the financial statements of the Company, and;

Company have been properly kept in accordance with the provisions of the Act.



# A-6-1, Block A, Megan Phileo Promenade, 189 Jalan Tun Razak,50400 Kuala Lumpur Tel: 03-2775 1100 / 1101 /002 Fax: 03-2775 1103

Nasharuddin Wong & Co. Chartered Accountants

Company No: 507904-H

### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### BALANCE SHEET AS AT 31 MARCH 2002

|   | Note   | 2002<br>RM                 | <u>2001</u><br>RM         |
|---|--------|----------------------------|---------------------------|
| PROPERTY, PLANT AND EQUIPMENT   | 3      | 674                        | 620                       |
| CURRENT ASSETS  |        |                            |                           |
| Trade receivables<br>Other receivables, deposits and prepayment<br>Cash and bank balances |        | 18,140<br>10,526<br>4,173  | 45,100<br>2,750<br>8,377  |
|   |        | 32,839                     | 56,227                    |
| CURRENT LIABILITIES   |        |                            |                           |
| Other payables and accruals<br>Amount due to directors<br>Amount due to holding company   | 4<br>5 | 59,114<br>32,837<br>69,088 | 7,496<br>12,239<br>98,220 |
|   |        | 161,039                    | 117,955                   |
| NET CURRENT LIABILITIES   |        | (128,200)                  | (61,728)                  |
|   |        | (127,526)                  | (61,108)                  |
| Financed by:-   |        |                            |                           |
| SHARE CAPITAL   | 6      | 50,002                     | 2                         |
| ACCUMULATED LOSS  |        | (177,528)                  | (61,110)                  |
|   |        | (127,526)                  | (61,108)                  |

The accompanying notes form an integral part of these financial statements.

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Company No: 507904-H

## IEC INFOTECH SDN BHD (Incorporated in Malaysia)

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

|   | Note | 01.04.2001<br>To<br><u>31.03.2002</u><br>RM | 13.03.2001<br>To<br><u>31.03.2001</u><br>RM |
|---|------|---|---|
| REVENUE<br>Direct cost  |      | 89,300<br>(18,017)                          | 117,794<br>(77,946)                         |
| GROSS PROFIT  |      | 71,283                                      | 39,848                                      |
| Administrative and operating expenses<br>Other operating expenses |      | (116,274)<br>(71,427)                       | (44,463)<br>(56,495)                        |
| LOSS BEFORE TAXATION  | 7    | (116,418)                                   | (61,110)                                    |
| Taxation  | 8    |   | <u> </u>                                    |
| LOSS FOR THE YEAR/PERIOD  |      | (116,418)                                   | (61,110)                                    |

The accompanying notes form an integral part of these financial statements.

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Company No: 507904-H

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2002

|  | Share<br>Capital | Accumulated<br>loss   | Total                           |
|--|------------------|-----------------------|---------------------------------|
|  | RM               | RM                    | RM                              |
| As at 13 <sup>th</sup> March 2000<br>(Date of Incorporation)<br>Loss for the period<br>Issue of shares | 2                | (61,110)              | 2<br>(61,110)                   |
| As at 31 <sup>st</sup> March 2001  | 2                | (61,110)              | (61,108)                        |
| As at 1 <sup>st</sup> April 2001<br>Loss for the year<br><b>Issue of shares</b>                        | 50,000           | (61,110)<br>(116,418) | (61,108)<br>(116,418)<br>50,000 |
| As at 31 <sup>st</sup> March 2002  | 50,002           | (177,528)             | (127,526)                       |

The accompanying notes form an integral part of these financial statements.

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Company No: 507904-H

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

| Note   | 01.04.2001<br>To<br><u>31.03.2002</u><br>RM | 13.03.2001<br>To<br><u>31.03.2001</u><br>RM |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES:-   |   |   |
| Cash receipts from customers<br>Cash payment for direct expenses<br>Cash payment to employees and expenses | 116,260<br>(18,017)<br>(143,715)            | 72,694<br>(77,946)<br>(96,212)              |
| Cash flows used by operating activities  | (45,472)                                    | (101,464)                                   |
| CASH FLOWS FROM INVESTING ACTIVITY:-   |   | · · · · · · · · · · · · · · · · · · ·       |
| Purchase of properties, plants and equipment   | (198)                                       | (620)                                       |
| Net cash used by investing activity  | (198)                                       | (620)                                       |
| CASH FLOWS FROM FINANCING ACTIVITIES:-   |   | <b></b>                                     |
| Issue of shares<br>Proceeds from share application monies  | 50,000                                      | 2   |
| Repayment to holding company   | (29,132)                                    | -   |
| Advance from director  | 20,598                                      | 12,239                                      |
| Net cash flows generated from financing activities   | 41,466                                      | 110,461                                     |
| Net increase /(decrease) in cash and cash 10<br>equivalents  | (4,204)                                     | 8,377                                       |
| Cash and cash equivalents brought forward  | 8,377                                       | -   |
| Cash and cash equivalents carried forward  | 4,173                                       | 8,377                                       |

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The accompanying notes form an integral part of these financial statements. Nasharuddin Wong & Co. Chartered Accountants

Company No: 507904-H

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### NOTES TO FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2002

#### 1 PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of portal development, E-Commerce design and development, research and development of new products and services and commenced operations during the financial year.

There have been no significant changes in the nature of these activities during the financial year.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

The financial statements of the Company have been prepared under historical cost convention and in compliance with the provision of the Companies Act, 1965 and applicable approved accounting standards issued by Malaysia Accounting Standards Board in all material respect.

#### (b) <u>Property, Plant and</u> Equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method in order to write off each asset over its expected useful life. The annual rates used is as follows:-

Office equipment 10%

#### (c) <u>Revenue Recognition</u>

Revenue represent income from professional services rendered less discounts and included in the income statement on a receivable basis.

#### (d) <u>Receivables</u>

Receivables are carried at anticipated realizable value. Bad receivables are written off in the year which they are identified. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the financial year end.

#### (e) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and in bank.

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## Nasharuddin Wong & Co. Chartered Accountants

Company No: 507904-H

# 3 PROPERTY, PLANT AND EQUIPMENT

2002

| ****  | Office<br>equipment<br><u>RM</u> | Total<br><u>RM</u> |
|---|----------------------------------|--------------------|
| Cost  |                                  |                    |
| As at 1 <sup>st</sup> April 2001<br>Additions           | 620<br>198                       | 620<br>198         |
| As at 31 <sup>st</sup> March 2002                       | 818                              | 818                |
| Accumulated depreciation                                |                                  |                    |
| As at 1 <sup>st</sup> April 2001<br>Charge for the year | 144                              | - 144              |
| As at 31 <sup>st</sup> March 2002                       | 144                              | 144                |
| Net book value  | 674                              | 674                |

# <u>2001</u>

| 2001                       | Office<br><u>equipment</u><br><u>RM</u> | Total<br><u>RM</u> |
|----------------------------|---|--------------------|
| Cost                       |   |                    |
| Purchase during the period | 620                                     | 620                |
| Accumulated depreciation   |   |                    |
| Charge for the period      |   |                    |
| Net book value             | 620                                     | 620                |

### AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured and interest free.

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Company No: 507904-H

#### 5 AMOUNT DUE TO HOLDING COMPANY

The amount due to a holding company is unsecured and interest free.

### 6 SHARE CAPITAL

|   | <u>2002</u><br>RM | <u>2001</u><br>RM |
|---|-------------------|-------------------|
| Authorised:-  |                   |                   |
| 100,000 ordinary shares of RM1 each   | 100,000           | 100,000           |
| Issued and fully paid:-<br>Ordinary shares of RM1 each                          |                   |                   |
| At the beginning of year/date of incorporation<br>Add: Share application monies | 2<br>50,000       | 2                 |
| At the end of year/period   | 50,002            | 2                 |

### 7 LOSS BEFORE TAXATION

Loss before taxation has been determined after charging the following:-

|                         | 01.04.2001        | 13.03.2001        |
|-------------------------|-------------------|-------------------|
|                         | То                | Το                |
|                         | <u>31.03.2002</u> | <u>31.03.2001</u> |
|                         | RM                | RM                |
| Audit fee               | 1,500             | 1,500             |
| Directors' remuneration | 36,000            | 22,500            |
| Rental of motor vehicle | 15,200            | 13,830            |
| Rental of premises      | 30,292            | 13,960            |

### 8 TAXATION

|                        | <u>2002 200</u><br>RM RI | _ |
|------------------------|--------------------------|---|
| Current year provision |                          |   |

No provision for current year taxation is determined as the Company has been granted Pioneer Status under Section 4A of the Promotion of Investment (Amendment) Act, 1997 for its qualifying MSC activities effective from  $2^{nd}$  June 2000.

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Company No: 507904-H

### 9 HOLDING COMPANY

The Directors regard IEC Software Ltd, a company incorporated in India, as the holding company.

#### 10 CASH AND CASH EOUIVALENTS

Cash and cash equivalents carried forward comprise:-

|                        | 2002<br>RM | 2001<br>RM |
|------------------------|------------|------------|
| Cash and bank balances | 4,173      | 8,377      |

### 11 NUMBER OF EMPLOYEES AND PRINCIPAL PLACE OF BUSINESS

The number of employees in the Company at the end of the financial year was 5 (2001 : 4). The principal place of business of the Company is located at Suite F4A, First Floor, 23000 Century Square, Jalan Usahawan, 63000 Cyberjaya, Selangor Darul Ehsan.

#### 12 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with this year's presentation, where necessary.

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Company No: 507904-H

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Nasharuddin Wong & Co.

#### IEC INFOTECH SDN BHD (Incorporated in Malaysia)

#### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

|   | 01.04.200<br>1<br>To<br><u>31.03.200</u><br><u>2</u><br>RM   | 13.03.2001<br>To<br><u>31.03.2001</u><br>RM  |
|---|--|--|
| REVENUE   | 89,300   | 117,7 <b>94</b>  |
| LESS: DIRECT COST   | -  |  |
| Advertising charges<br>Consultancy fees<br>Purchase of books  | 415<br>9,528<br>8,074  | 19,132<br>58,814   |
|   | 18,017   | 77,946   |
| GROSS PROFIT<br>LESS: ADMINISTRATIVE AND OPERATING EXPENSES   | 71,283   | 39,848   |
| Staff costs   | r  | ······   |
| Directors' remuneration<br>Passport and visa expenses<br>Salary and wages<br>Staff refreshment  | 36,000<br>8,142<br>71,103<br>885   | 22,500<br>2,337<br>18,800<br>826   |
|   | 116,130  | 44,463   |
| Depreciation expenses<br><u>Other operating expenses</u>  | 144  | -  |
| Accounting fees<br>Audit fees<br>Bank charges<br>Donation and gift<br>Entertainment<br>General expenses<br>Legal fees<br>Newspaper and periodical<br>Postage and courier services<br>Printing and stationery<br>Rental of motor vehicle<br>Rental of premises<br>Secretarial and filing fees<br>Stamping fees<br>Tax fees | 3,000<br>1,500<br>242<br>448<br>314<br>1,090<br>648<br>298<br>48<br>3,131<br>15,200<br>30,292<br>1,520<br>295<br>750 | 2,000<br>1,500<br>182<br>151<br>685<br>271<br>213<br>46<br>1,333<br>13,830<br>13,960<br>1,495<br>138 |
| IEC Softwares Ltd.<br>www.iecsoftwares.com  |  | 61   |



Telephone and telecommunication expenses Travelling and accommodation Water and electricity

LOSS FOR THE YEAR/PERIOD

 2,795
 3,378

 7,068
 15,900

 2,788
 1,413

 71,427
 56,495

 (116,418)
 (61,110)

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# IEC Leasing and Capital Management Limited

# **Board of Directors**

# Chairman

Mr. S.L. Gupta,

# Directors

Mr. R.L. Gupta, Director

Mr. Navin Gupta, Director

# Bankers

Indian Overseas Bank

Auditors

M/s Nath and Hari, Chartered Accountants

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#### DIRECTORS REPORT

Dear Share holders,

We are pleased to present the Fifth Annual Report on the business and operation of your Company and the Statement of Accounts of your Company for the financial year ended 31<sup>st</sup> March 2002.

#### CORPORATE RESULTS

|  | Year ended   | Year ended  |
|--|--|---|
|  | 31.03.2002   | 31.03.2001  |
| Total income (in Rs.)  | 0.00   | 1743869.00  |
| Administrative Expenditure<br>Miscellaneous Expenditure Written off<br>Increase in Stock<br>Profit/(Loss) before Tax<br>Provision For Tax<br>Profit/Loss after Tax | 5547.00<br>1292.00<br>0.00<br>(-)6839.00<br>0.00<br>(-)6839.00 | 8832.00<br>1292.00<br>2731855.00<br>(-) 998110.00<br>00.00<br>(-) 998110.00 |

COMPANY PERFORMANCE

Since there is a general recession in the industry, the Company has not undertaken any activity during previous financial year i.e. 2001-2002

#### DIVIDEND

Your Directors do not recommend any dividend on the equity share capital.

#### DIRECTORS

Mr. R. L. Gupta who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment as Director of the Company.

#### AUDITORS

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

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

PARTICULARES OF EMPLOYES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

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

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby conformed:

- that the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March,2002, the applicable accounting standard has been followed along with proper explanation relating to material departure;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or the loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the Maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and



detecting fraud and other irregularities ;

(iv) that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March,2002 on a 'going concern' basis.

The financial statements have been audited by M/s Nath & Hari, Chartered Accountants, statutory auditors.

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

#### Conservation of Energy

The operations of your Company are not energy intensive however adequate steps has been taken to reduce energy consumption by using energy-efficient equipments.

#### **Technology** Absorption

No technology being adopted in the operation of your company therefore no such absorption of technology made.

Place: New Delhi Dated: 26.08.2002 Foreign Exchange Earning & outgo

There is no foreign Currency earning and outgo during the financial year 2001-2002

#### PUBLIC DEPOSIT

The Company has neither invited nor accepted any deposit from the public during the year under review, with in the meaning of section 58A of the Companies Act, 1956 and the Companies (Acceptance of the Deposit) rules, 1956.

#### SUBSIDIARY COMPANY

The Company does not have any subsidiary Company.

#### APPRECIATION

Your Director's wish to extend their thanks and appreciation to all the employees of Company at all levels, shareholders and business associates of the Company for their commitment, dedication, hard work and their respective contribution to the company's success during the year under review.

For and on behalf of the Board

S.L. Gupta (Chairman)

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65



#### **AUDITOR'S REPORT**

To, The Members of IEC LEASING & CAPITAL MANAGEMENT LTD.

1) We have audited the attached Balance Sheet of **M/s IEC LEASING & CAPITAL MANAGEMENT LTD.** as at 31<sup>st</sup> March,2002 and also the Profit &Loss Account for the year ended on that date annexed thereto. The financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

2) 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 enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order, to the extent applicable to the Company.

3) Further to our comments in the annexure referred to in paragraph (2) above, we report that:

- a) We have obtained all the information and explanations 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

Place: Delhi Date: 26<sup>th</sup> August ,2002.

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been kept by the Company so far as appears from our examination of the books.

- c) The Balance sheet and Profit &Loss account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub section (3 c) of Section 211 of the Companies Act, 1956.
- e) Based on the representation made by Directors of the Company and the information and explanations given to us, none of the directors of the Company are, prima facie, as at 31st March 2002, disqualified from being appointed as directors of the Company in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together 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 in conformity with the accounting principals generally accepted in India.
  - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and:
  - 2. In the case of the Profit and loss Account, of the loss for the year ended on that date.

For Nath & Hari Chartered Accountants

(Kailash Hari ) Partner



# ANNEXURE TO THE AUDITORS REPORT

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

- According the information given to us, stocks of shares have been physically verified by the management at the end of the year
- 2) The procedures of physical verification of stocks were not formalised in writing. However, based upon the information given to us with regard to instructions given by the management, in our opinion, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- 3) The discrepancies noticed on physical verification of stocks as compared to book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.
- 4) In our opinion the valuation of the aforesaid stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year
- 5) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of sub-section 6 of section 370 of the Companies Act, 1956,provisions of section 370 are not applicable to a Company on or after 31<sup>st</sup> October, 1998.
- 6) 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. In terms of sub-section 6 of section 370 of the Companies Act, 1956, provisions of section 370 are not applicable to a Company on or after 31<sup>st</sup> October,1998.
- The Company has not granted any loans or advances in the nature of interest free loans to other parties.

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- 8) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business.
- 9) According to the information and explanation given to us, there were no transaction of purchase of shares and sale of shares made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50000/- or more in respect of each party.
- 10) 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.
- The Company has no formal internal audit department as such. However, its control procedure ensure reasonable internal checking of its financial and other records.
- 12) 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.
- As per information given to us, the Company is not covered under the Provident Fund & Employees State Insurance Scheme.
- 14) According to the information and explanation given to us, no undisputed amount is payable in respect to income tax and wealth tax, which were outstanding as at 31<sup>st</sup> March, 2002 for a period of more than six months from the date on which they became payable.
- 15) According to information & explanation given to us no personal expense have been charged to revenue account other than those payable under contractual



obligations or in accordance with generally accepted business practices.

- 16) 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.
- 17) In respect of investment made by the company in shares proper record have been maintained and timely entry have been made therein. All the shares are held in the name of the Company.
- The Company has not advanced any loans on the basis of security by way of pledge of shares, debentures and other securities.

For Nath & Hari Chartered Accountants

> (Kailash Hari ) Partner

Place: Delhi Date : 26<sup>th</sup> August, 2002

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# IEC LEASING & CAPITAL MANAGEMENT LTD.

# BALANCE SHEET AS AT 31ST MARCH,2002

|   | SCHEDUL          | AS AT<br>31ST MARCH'2002<br>(RS.)  |          | AS AT<br>31ST MARCH'2001<br>(RS.)   |            |
|---|------------------|--|----------|---|------------|
| SOURCE OF FUNDS<br>Shareholders Fund<br>Share Capital   | 1                | 250  | )7000.00 |   | 2637000.00 |
| TOTAL (RS.)   |                  | 250  | 07000.00 | -   | 2637000.00 |
| APPLICATION OF FUNDS  |                  |  |          |   |            |
| Current Assets,Loans & Advances<br>Inventories<br>Cash & Bank Balances<br>Sundry Debtors<br>Loans & Advances<br>Less:-Current Liabilities & Provisions<br>Current Liabilities | 2<br>3<br>4<br>5 | 40000.00<br>1458268.90<br>0.00<br><u>80000.00</u><br>1578268.90<br><u>33100.00</u><br>33100.00 |          | 40000.00<br>16865.90<br>1733750.00<br>280000.00<br>2070615.90<br>389900.00<br>389900.00 |            |
| Net Current Assets  |                  | 154  | 45168.90 |   | 1680715.90 |
| Miscellaneous Expenditure   | 7                |  | 6460.00  |   | 7752.00    |
| Profit & Loss Account   |                  | 95   | 55371.10 | í.  | 948532.10  |
| Notes to the Accounts   | 12               | 250  | 07000.00 | •   | 2637000.00 |

As per our report of even date

For Nath & Hari Chartered Accountants

(Kailash Hari) Partner

Place:- Delhi. Date:- 26th August'2002

8/29/02

For and on Behalf of the Board

S.L.Gupta (Director)

Naveen Gupta (Director)

69

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# IEC LEASING & CAPITAL MANAGEMENT LTD. IEC PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2002

|                                       | SCHEDULE | CURRENT YEAR<br>AMOUNT<br>RS. | PREVIOUS YEAR<br>AMOUNT<br>RS. |
|---------------------------------------|----------|-------------------------------|--------------------------------|
| INCOME                                |          |                               |                                |
| Income from operation                 | 8        | 0.00                          | 1743750.00                     |
| Other Income                          | 9        | 0.00                          | 119.00                         |
| TOTAL (RS.)                           |          | 0.00                          | 1743869.00                     |
| EXPENDITURE                           |          |                               |                                |
| Administration Expenses               | 10       | 5547.00                       | 8832.00                        |
| Miscellaneous Expenditure Written Off | 11       | 1292.00                       |                                |
| Increase in stock                     |          | 0.00                          |                                |
| TOTAL (RS.)                           |          | 6839.00                       | 2741979.00                     |
| Profit/(Loss) before tax              |          | -6839.00                      | -998110.00                     |
| Provision for Tax                     | 1        | 0.00                          | 0.00                           |
| Profit/(Loss) after Tax               |          | -6839.00                      | -998110.00                     |
| Balance brought from previous year    |          | -948532.10                    | 49577.90                       |
| Balance carried to Balance Sheet      |          | -955371.10                    | -948532.10                     |
| Notes to the Accounts                 | 12       |                               |                                |
|                                       |          |                               |                                |

As per our report of even date

For Nath & Hari Chartered Accountants For and on Behalf of the Board

S.L.Gupta (Director)

(Kailash Hari) Partner

Place:- Delhi. Date:- 26th August'2002 Naveen Gupta (Director)

# IEC LEASING & CAPITAL MANAGEMENT LTD.

| AS AT<br>31ST MARCH'2002<br>(RS.)                          |            | AS AT<br>31ST MARCH'2001<br>(RS.)      |  |
|--|------------|--|--|
| SCHEDULE '1'   |            | ·                                      |  |
| SHARE CAPITAL  |            |  |  |
| Authourised  |            |  |  |
| 3,00,000 Equity Shares of Rs.10/- each                     | 300000.00  | 3000000.00                             |  |
| Issued subscribed & Paid up                                |            |  |  |
| 2,50700 Equity Shares of Rs.10/- each                      |            |  |  |
| fully paid up  | 2507000.00 | 2507000.00                             |  |
| Share Application money                                    | 0.00       | 130000.00                              |  |
|  | 2507000.00 | 2637000.00                             |  |
| SCHEDULE '2'   |            |  |  |
| INVENTORIES  |            |  |  |
| Quoted 400 Equity Shares of                                | 40000.00   | 40000.00                               |  |
| IEC SOFTWARES LTD.   |            | ······································ |  |
|  | 40000.00   | 40000.00                               |  |
| SCHEDULE '3'   |            |  |  |
| CASH & BANK BALANCES                                       |            |  |  |
| Cash & Bank Balances                                       |            |  |  |
| (including Cheques in hand for Rs.200000/- Previous year N |            | 16865.90                               |  |
|  | 1458268.90 | 16865.90                               |  |
| SCHEDULE '4'   |            |  |  |
| Sundry Debtors   |            |  |  |
| (Unsecured & Considered Good)                              | 0.00       | 1733750.00                             |  |
| (  |            |  |  |
|  | 0.00       | 1733750.00                             |  |
| SCHEDULE '5'   |            |  |  |
| LOANS & ADVANCES   |            |  |  |
| (Unsecured & Considered Good)                              |            |  |  |
| Advance receivable in Cash or in kind                      |            |  |  |
| or for value to be received                                | 80000.00   | 280000.00                              |  |
|  | 80000.00   | 280000.00                              |  |

# IEC LEASING & CAPITAL MANAGEMENT LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | AS AT<br>31ST MARCH 2002<br>(RS.)  | AS AT<br>31ST MARCH'2001<br>(RS.) |
|--|------------------------------------|-----------------------------------|
| SCHEDULE '6'   |                                    | ·····                             |
| CURRENT LIABILITIES<br>Other Liabilities   | <u>33100.00</u><br><u>33100.00</u> | 389900.00<br>389900.00            |
| SCHEDULE '7'<br>MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted) |                                    |                                   |
| Preliminary Expenses   | <u> </u>                           | <u>7752.00</u><br>7752.00         |

# SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2002

|                                       | CURRENT<br>YEAR | PREVIOUS<br>YEAR |
|---------------------------------------|-----------------|------------------|
| SCHEDULE 8'                           | ·····           |                  |
| INCOME FROM OPERATION                 | 0.00            | 1743750.00       |
|                                       | 0.00            | 1743750.00       |
| SCHEDULE '9'                          |                 |                  |
| OTHER INCOME                          |                 |                  |
| Interest on income Tax Refund         | 0.00            | 119.00           |
|                                       | 0.00            | 119.00           |
| SCHEDULE '10'                         |                 |                  |
| ADMINSTRATION EXPENSES                |                 |                  |
| Audit Fee                             | 4200.00         | 4200.00          |
| Bank Charges                          | 300.00          | 1153.00          |
| R.O.C.Filling Charges                 | 0.00            | 3030.00          |
| Printing & Stationery                 | 585.00          | 241.00           |
| Photostat & Typing                    | 347.00          | 140.00           |
| General Expenses                      | 115.00          | 68.00            |
|                                       | 5547.00         | 8832.00          |
| SCHEDULE '11'                         |                 |                  |
| MISCELLANEOUS EXPENDITURE WRITTEN OFF |                 |                  |
| Preliminary Expenses                  | 1292.00         | 1292.00          |
|                                       | 1292.00         | 1292.00          |

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#### SCHEDULE 12 NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

- a) The financial Statements have been prepared in accordance with the generally accepted accounting principles.
- b) Accrual method of accounting is followed with regard to income and expenses.
- c) No provision for gratuity has been made as Company does not have any employee.
- d) Preliminary expenses are to be written off over a period of 10 years.
- e) Stock of shares has been valued at cost.

As per our report of even date

for Nath & Hari Chartered Accountants

(Kailash Hari )

Partner

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Place : Delhi Date : 26<sup>th</sup> August, 2002

- 2. Previous years figure have been regrouped / rearranged wherever considered necessary.
- Auditor's Remuneration consists of audit fee of Rs. 4200/- (.Previous year Rs 4200/.)
- Additional information pursuant to para 3,4c & 4d of part-II of schedule-VI of the Companies Act 1956 is not given as the same is not applicable.
- Schedule No. 1 to 12 form an integral part of the accounts and have duly been authenticated.

For and on Behalf of the Board

· S.L.Gupta (Director)

Naveen Gupta (Director)

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Registered Office: 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 | he 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 Eighth Annual General Meeting of the Company to be held on Saturday the 28<sup>h</sup> September 2002 at 9.30 a.m. at Shah Auditorium, 2, Raj Niwas Marg. Delhi-110 054 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

No. of Shares held\_\_\_\_\_Regd. Folio No.\_\_\_\_



Signature(s) \_\_\_\_\_Client ID No.\_\_ (for Demat Shareholders)

Note:

1.

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

# IEC SOFTWARES LTD.

Registered Office: IEC House, M-92, Connaught Place (Opp. Super Bazar), New Delhi-110001 ATTENDANCE SLIP

I/We hereby record my/our presence at the Eighth Annual General Meeting of the company to be held on Saturday the 28<sup>h</sup> September 2002 at 9.30 a.m. at Shah Auditorium, 2 Raj Niwas Marg, Delhi-110 054 or at any adjournment thereof.

| Full Name of the Member (in block letters)      |                          |  |
|---|--------------------------|--|
| Registered Folio No.                            | Client ID No.            |  |
|   | (for Demat Shareholders) |  |
| Full Name of Proxy (in block letters)           |                          |  |
| Signature(s) of the Member or Proxy(s) present: |                          |  |
|   |                          |  |

Note: Please complete this Attendance Slip and hand it over at the entrance of the venue of the meeting for verification. Only members or their proxies with this Attendance Slip will be allowed to attend the meeting. 1.

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HEAD OFFICE: M-92, Connaught Place (Opp.Super Bazar) New Delhi-110001 Ph: 3325667, 3325938. Fax: 3353913 CORPORATE OFFICE: E-216, East of Kailash, New Delhi-110065 Tel: 6438419-22 Fax: 6438417 E-mail:info@iecsoftwares.com website: www.iecsoftwares.com