



**Lee & Nee**  
Softwares (Exports) Ltd.



**SAP**

Partner

TM

*SOFTWARE & ERP*

**SOFTWARE & ERP**

**ORACLE®**

TWENTY FOURTH

**24**

ANNUAL

REPORT & ACCOUNTS

2011-2012



**BOARD OF DIRECTORS** : AJAY KUMAR AGARWAL – *Executive Director*  
S. M. GUPTA – *Promoter Director*  
ARPITA GUPTA – *Independent Director*

**AUDITORS** : JAIN SONU & ASSOCIATES  
*CHARTERED ACCOUNTANTS*

**BANKERS** : ICICI BANK LTD.  
UNITED COMMERCIAL BANK  
UNION BANK OF INDIA  
INDIAN OVERSEAS BANK  
INDUSING BANK LTD.  
ABN AMRO BANK N.V.  
ORIENTAL BANK OF COMMERCE  
ALLAHABAD BANK

**REGISTERED OFFICE** : 14B, CAMAC STREET, 2ND FLOOR  
KOLKATA - 700 017

**SOFTWARE DEVELOPMENT CENTRE** : SOFTWARE TECHNOLOGY PARK  
SALT LAKE ELECTRONICS COMPLEX  
BLOCK 'GP', SECTOR - V  
BIDHANNAGAR, KOLKATA - 700 091

**REGISTRAR & SHARE  
TRANSFER AGENTS** : MAHESHWARI DATAMATICS PVT. LTD.  
6, MANGO LANE, 2ND FLOOR  
KOLKATA - 700 001



## NOTICE

**NOTICE** is hereby given that the 24th Annual General Meeting of Lee & Nee Softwares (Exports) Limited will be held at Shishir Mitra Hall, 3rd Floor, Webel Bhavan, Block EP & GP, Sector-V, Saltlake, Kolkata -700001 on Saturday the 29th September, 2012 at 11 A.M. for the transaction of the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account of the company for the Financial Year ended 31st March, 2012 and the Balances Sheet as on that date with the report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Ajay Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board  
For LEE & NEE SOFTWARES (EXPORTS) LTD.

Sd/-

Place : Kolkata

Date : 1st September, 2012

(Ajay Agrawal)

*Executive Director*

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring the Admission Slip duly filled in and handover the same at the entrance to the venue of the meeting.
3. Members who hold shares in dematerialized form are requested to bring their Depository Account Number (Client ID and DP ID no.) for easier identification and recording of the attendance at the meeting.
4. Members are requested to bring their copies of the Report and Accounts at the Meeting.
5. Members are requested to notify any change in their address and their e-mail id immediately to the Registrar and Share Transfer Agents at the below mentioned address mentioning your name and folio no. to M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.
6. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate to the Company, the ledger folios of such accounts to enable the Company to consolidate all such shareholding into one account.
7. Shareholders are requested to send all transfer documents to the Registrar & Share Transfer Agents of the Company by Registered Post to ensure safe delivery of documents.
8. The Register of Members and Share Transfer Book of the Company will remain closed from 22.09.2012 to 29.09.2012 ( both days inclusive).



9. a) Shareholders desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.  
b) Quote registered folio number or client ID in all correspondence.
10. Consequent upon the introduction of Section 109A of the Companies Act, 1956 Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B to the Registrar & Share Transfer Agents.  
M/s. Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, Kolkata-700001.
11. As per SEBI's directive, w.e.f June 26,2000 all investor can offer delivery of Company's shares in dematerialized form only. 53951622 number of Company's shares (96.73%) have been dematerialized as on 31.03.2012.  
Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity.  
The company's ISIN No. INE791B01014.
12. Send all share transfer lodgment (physical mode) correspondences to the Registrar and Shares Transfer Agent of the company.
13. Member are informed in case of joint holders attending the meeting: only such joint holder who is higher in the order of the names will be entitled to vote.
14. Corporate members are requested to forward a certified copy of the Board resolution authorizing the representative to attend and vote at the Meeting.
15. The Ministry of Corporate Affairs has taken a " Green Initiative in the Corporate Governance " by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized holdings with their respective Depository Participants. Members who hold shares in physical form are requested to forward the required details (e-mail id) to the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd.
16. Brief particulars of Ajay Agarwal, retiring director by rotation, seeking re-appointment.  
Ajay Agarwal, a honours graduate from Calcutta University, has vast experience in business since his adulthood, and he is actively engaged in the business management.



## DIRECTORS' REPORT

To,  
The Shareholders

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

### Working and Financial Results

Total Income during the year was Rs. 29,273,055.80 as compared to Rs. 28,781,402.00 in the previous year but the profit during the year amounting to Rs. 412,485.86 as against profit of Rs. 3,086,206.65 in previous year.

The net impact of the above has resulted in decrease in profit during the year compared to the earlier year due to extra ordinary item of profit on compensation on cancellation of agreement in previous year, loss on sale of shares and depreciation on leasehold premises during the year.

The Financial Highlights are given below :

Particulars	Figures for the Current Year (₹)	Figures for the Previous Year (₹)
Balance Brought Forward from the Last Year	(26,017,367.74)	(29,103,574.39)
Profit/(Loss) Before Depreciation and Taxation	<u>5,638,369.58</u>	<u>4,571,639.65</u>
	(20,378,998.16)	(24,531,934.74)
Less : Depreciation	(5,132,003.44)	(1485433.00)
Less : Taxation	<u>(93,880.28)</u>	<u>—</u>
Loss	<u><u>(25,604,881.88)</u></u>	<u><u>(26,017,367.74)</u></u>

### Dividend

No dividend is recommended in view of the accumulated losses during the year apart from meeting the contingent liabilities.

### Future Prospects

**Your Company have strengthened its roots in ERP ( Enterprise Resource Planning)**– The organization plans to implement the expertise of Oracle Solaris & Linux Development track which has been uniquely designed by application developers. The developers use their expertise to create Oracle Solaris & Oracle Linux applications, thus your company stress on unique application development.

Here is a list of what your Company plan for the coming years:

- ✓ Your Company is now focused on successfully expanding ERP business across Eastern India.
- ✓ Rapidly increase the sale of SAP Business One, the Business Management Software for Small & Medium Enterprises. In order to do so, your Company is working on adding new channel partners.
- ✓ Your Company is constantly trying to build relationships with eminent overseas clients to excel in the field of software and web development. It shall approach marketing houses abroad and act as choicest development partners in India.



- ✓ Your Company is also planning to conquer the domestic market by releasing software products for Education, Healthcare and Finance Industry.
- ✓ Endeavors are being made for strategic alliances with staffing Companies in U.S.A.
- ✓ Your Company has entered into a new area of business and needs more time to establish and spread its wings.
- ✓ Your Company has discontinued trading in shares of renowned information technology companies from 1st October 2011.

The Organization is constantly striving to achieve high value contracts to enhance focus and aims at improving its operating margins. There is a constant effort that is being made for bringing in worthy and new projects. Your Company is committed to handle new roles and responsibilities and is open to accept new challenges on a global basis by virtue of its strengthened business model. In addition, there are continuous efforts at improving efficiencies and delivering excellence in project execution.

#### **Deposits**

The Company has not accepted any deposit from the Public.

#### **Directors**

Your Director Mr. Ajay Agarwal retires at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

#### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibilities statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.
- iii) the Directors have 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) the annual accounts have been prepared on a going concern basis.

#### **Auditors**

Your Auditors M/s Jain Sonu & Associates, Chartered Accountants also retire at the Annual General Meeting, are eligible for the re-appointment. The Auditor has furnished the certificate under Section 224(1) (B) of the Companies Act, 1956 of their eligibility.

#### **Auditors' Observations**

As regards observations made by the Auditors, the relevant notes in the financial statement are self explanatory.

#### **Cash Flow**

In accordance with the requirement of Clause 32 of the Listing Agreement with the Stock Exchanges, a cash flow statement duly verified by your Auditors together with the certificate is annexed hereto.



# Lee & Nee

Softwares (Exports) Ltd.

## Corporate Governance

Your Company has complied with the requirements of Corporate Governance pursuant to clause 49 of Listing Agreement with the Stock Exchanges and a report to that effect is enclosed herewith.

## Dematerialization of Equity Shares

Your Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) for dealing in Equity Shares of the Company in dematerialized form. Your Company has been allotted (ISIN No. INE 791B01014). The shareholders may send their share certificates through their depository participants for having the shares in electronic form.

## Other Information

None of the employees were in receipt of remuneration exceeding limits prescribed u/s. 217(2A) of the Companies Act, 1956 and the Rules made there under.

As required u/s.217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, Your Directors Report as follows :-

- A. Conservation of Energy : Not Applicable
- B. Technology Absorption : Your Company is developing its capabilities in I. T. Enabled Services and Medical Transcription as well as a ERP vending, Implementation, supporting and training services.  
An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.
- C. (a) Foreign Exchange Earning : Rs. 7838115.16 (previous year Rs. 5256395.84)  
(b) Foreign Exchange Outgoing : Rs. Nil (previous year Rs. 326447.44) on account of communication exp., business procurement fees and ASP/VOIP charges.

## Acknowledgments

Your Directors place on record their appreciation for the help and co-operation received by them from ICICI Bank Ltd., UCO Bank, Allahabad Bank, Indian Overseas Bank, Union Bank of India, Indusind Bank, Oriental Bank of Commerce, State Government of West Bengal and Orissa and Department of Electronics & Department of Telecommunication under Ministry of Information & Technology Government of India, specially Software Technology Parks of India.

Your Directors also place on record their appreciation for the dedicated services rendered by the employees of your Company at all levels.

On behalf of the Board of Directors  
For LEE & NEE SOFTWARES (EXPORTS) LTD.

Place : Kolkata  
Dated : 1st September, 2012

**Ajay Agarwal**  
Director

**Arpita Gupta**  
Director



**ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT**

**REPORT ON CORPORATE GOVERNANCE**

**INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

a) De-listing :

No application for delisting the Company's securities has been made to any of the Stock Exchange.

b) Suspension in Trading :

Trading in the Company's Securities was not suspended.

c) Listing Fees :

The listing fees payable as on 31.03.2012 to the various Stock Exchanges aggregating to Rs. 138206/- has been paid.

**CORPORATE GOVERNANCE**

(Pursuant to Clause 51 of the Listing Agreement entered into with the Stock Exchanges)

1. The Company is committed to the best practice in the area of Corporate Governance. The Company believes that proper corporate governance facilitates effective management and control of business. This in turn, enables the Company to deliver the best results to all its shareholders. The objective can be summarized as :

- To enhance shareholders value.
- To protect interest of shareholders.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and to achieve excellence at all levels.

**The Company is committed to :**

- Ensure that the Company's Board of Directors meets regularly, provides effective leadership, exercises control over management and monitors executive performance.
- Establish a framework of strategic control and continuously review its efficacy.
- Establish clearly documented and transparent management process for policy development, implementation and review, decision-making, monitoring, controlling and reporting.
- Provide free access to the Board, to all relevant information, advice, resources as are necessary to enable it to carry out its role effectively.
- Ensure that a senior executive is made responsible to the Board to ensure compliance with all applicable statutes, regulations and other procedures, policies as laid down by Board and report deviation, if any, to the Board.





## 2. BOARD OF DIRECTORS :

### (A) Composition of Board as on 31.03.2012

The Board of Directors comprises of three Directors. The Composition is as under:

Name of the Director	Position	No. of Meeting held	No. of Meeting attended	Whether Attended last AGM	No. of other directorship
Mr. Ajay Agarwal	Executive Director	5	5	Yes	Nil
Mr. Sagarmal Gupta	Promoter Director	5	5	Yes	1
Mrs. Arpita Gupta	Independent Director	5	5	Yes	1

Five Meetings of the Board of Directors were held during the year ended on 31st March, 2012. These were held on: 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012.

### (B) Non-executive Directors' compensation & disclosures

Name of the Director	Sitting fees	Consultancy Fees	Total
1. Mrs. Arpita Gupta	Nil	–	Nil
2. Mr. Sagarmal Gupta	Nil	–	Nil

1. Sitting Fees constitute fees paid to Non-executive directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transaction with the Non-Executive Directors during the year 2011-2012.

### Notes on retirement of the director by rotation and reappointment

Mr. Ajay Agarwal retires by rotation and being eligible seeks re- appointment and his brief resume is mention below :

Ajay Agarwal, a honours graduate from Calcutta University, has vast experience in business since his adulthood, and he is actively engaged in the business management.

### (C) Other provisions as to Board and Committees –

The Board held five meetings during the year 2011-2012, 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012. The agenda paper was circulated well in advance of each meeting and all the relevant information as required by clause 49 of the Listing Agreement was made available to the Board of Directors.

No Director holds membership of more than 10 committees of Boards nor is any Director, chairman of more than 5 Committees of Boards.

### (D) Code of Conduct –

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company [www.Insel.com](http://www.Insel.com)

All Board members and senior management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the Directors of the Company.



### 3. AUDIT COMMITTEE :

#### (A) Qualified & Independent Audit Committee –

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 (IIC) and (D) of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. The Audit Committee comprises of two directors as under:

1. Mrs. Arpita Gupta – A.C.A. Independent, Non-Executive – Chairman
2. Mr. Sagarmal Gupta – F.C.A. Independent, Non-Executive – Member.

#### (B) Meeting of Audit Committee-

The Committee has met 5 times in the financial year ended 31st March 2012. They were held on 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012. The minutes of the meeting of the Audit Committee is reviewed and noted by the Board. The Composition of the Committee and the attendance at the meetings of the Committee is given below.

Name of the Director	Category	Position	No. of Meeting held	No. of Meeting attended
Mrs. Arpita Gupta	Independent	Chairman	5	5
Mr. Sagarmal Gupta	Independent	Member	5	5

#### (C) Powers of Audit Committee 49 (IIC) –

The Powers of the Audit Committee of the Company include the following –

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### (D) Role of Audit Committee –

The functions of the Audit Committee of the Company include the following –

- Overview 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 to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies act, 1956.



- Changes, if any, in accounting policies and practices and reasons of the same.
  - Major accounting entries involving estimates based on the exercise of judgement by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly, half yearly and yearly financial statement before submission to the Board for approval.
  - Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
  - Reviewing an adequacy of internal audit function, if any including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with the internal auditors any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussion with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any areas of concern.

#### **(E) Review of information by Audit Committee –**

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor.

#### **4. SUBSIDIARY COMPANIES :**

The Company does not have any subsidiary company.

#### **5. DISCLOSURES :**

There are no materially significant related party transactions i.e. transactions material in nature, same and except mentioned in the Notes of accounts, with its promoters, the Directors or the Management or their relatives etc. having potential conflict with the interests of the Company.



**(A) Basis of related party transactions :**

The details of all transactions with related parties are placed before the Audit Committee on quarterly basis.

**(B) Board Disclosures :**

Disclosures of Accounting Treatment – In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

Disclosures on Risk Management – The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. A Risk Management Committee consisting of Director and senior executives of the Company has been formed to periodically review these procedures to ensure that executive management controls risk through means of a properly defined framework. The company has framed the risk assessment and minimization procedure which will be periodically reviewed by the Board.

**(C) Proceeds from public issues, rights issues, preferential issues etc. :**

The Company did not raise any money through any issue during the year 2011-2012.

The Company has complied with all rules and regulations prescribed by the Stock Exchanges, SEBI or any Statutory Authority relating to the Capital Markets during the last three years. No penalties structures have been imposed by them on the Company.

**(D) Remunerations of Directors :**

The Company has a remuneration committee comprising of two Directors. The composition of the committee is as follows –

Name of the Director	Position	No. of Meeting held	No. of Meeting attended
Mr. Ajay Kumar Agarwal	Executive Director	5	5
Mr. S. M. Gupta	Promoter Director	5	5

**(E) Management**

**Management Discussion and Analysis Report :**

**ERP :**

ERP software, once considered a necessary commodity in the IT infrastructure—is now viewed as a strategic asset for organizations that want to remain competitive by quickly adapting to change and accelerating business performance. ERP helps to control data and facilitates the necessary contacts to acquire the same.

**Oracle Solaris and Linux Development :**

The Company plan is to use the expertise of Oracle Solaris and Linux Development track which is designed for application developers who are porting or creating applications for Oracle Solaris and Oracle Linux. The Company will train the developers as to how to develop, multithread, compile, and tune the native C/C++ and FORTRAN applications. Use the Oracle Solaris Studio tool chain—parallelizing compilers, code-level and will use memory debuggers, performance and thread analysis tools, optimized math libraries, and support for the latest parallelizing industry standards - to master multicore SPARC and x86 systems from Oracle.



### Service-Oriented Architecture (SOA) :

The Company plan is to serve the Oracle by using the service-oriented architecture (SOA), from basics to a deep dive into best practices for developers and architects. The global companies have implemented SOA in the real world and have used SOA to create a truly flexible, adaptable IT infrastructure.

### SAP :

SAP is a major enterprise software company with a long history of different software solutions. SAP R3 is an enterprise resource planning (ERP) solution introduced by SAP in the early 1990s targeting large organizations R3 was a breakthrough solution for SAP at the time because it ran on many platforms and operating systems.

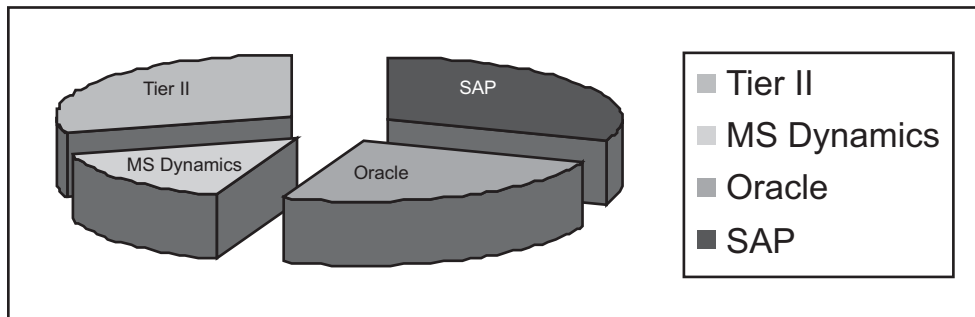
### Coverage :

R3 covered typical ERP functions. Financials, operations, human resources, sales and distribution functionality enabled R3 to cover a broader solution set than most of its competitors. This combination of breadth and depth soon gave R3 the status of one of the top 2-3 solutions in the ERP software market.

### Future of SAP :

There is a strong demand for SAP software that translates into a robust environment for SAP consultants to design, configure, build and support SAP applications.

### ORACLE - ERP



According to the chart above, SAP is still top leader with 31% market share. However, based on AMR Research, SAP market share was 47%, Oracle 25% and Microsoft was only 3%.

### Comparison : ERP Solution Satisfaction :-

	SAP	Oracle	Microsoft	Tier II
Benefits Factor	72.2%	58.0%	68.0%	68.6%
Executive Satisfaction	76.4%	75.9%	65.4%	67.7%
Employee Satisfaction	73.6%	60.3%	76.9%	76.5%

### BPO Business :

The Indian domestic market has undergone a transformation over the past decade- rising from the periphery to emerge as a reliable, high potential support unity for the country's IT-BPO sector.



**BPO destinations :**

India, Malaysia, Vietnam, Singapore, Philippines, Latin America, Eastern Europe, South Africa and recently Egypt are considered as significant BPO destinations.

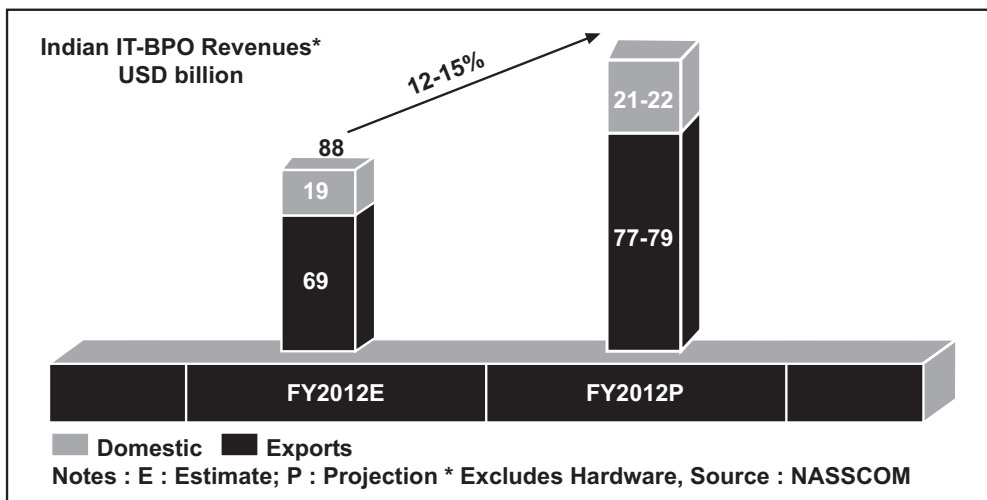
**Future of Indian BPO :**

Domestic IT-BPO revenue (excluding hardware) is expected to grow at almost 17 per cent to reach Rs 918 billion in FY2012. Global GDP, after growing by 2.7 per cent in 2011, is expected to grow 2.5 per cent in 2012. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are key drivers for increased technology adoption in India

IT services is the fastest growing segment in the Indian domestic market, growing by 18 per cent to reach Rs 589 billion, driven by increasing adoption from all customer segments – government, enterprise, consumers and SMBs

The domestic software products segment is set to grow to Rs 180 billion in FY2012, a growth of ~13 per cent over FY2011. This segment is being driven by the need to replace legacy systems and technology advancements around cloud, mobility, etc.

Direct employment within the domestic IT-BPO sector is expected to grow by 7 per cent over FY2011 to cross 600,000 employees with the industry creating immense job opportunities in Tier II and Tier III cities.



**Risks & Concerns for Indian IT Industry :**

Though demand conditions have been optimistic, the Indian IT sector is exposed to certain risks which may hinder growth rate. An appreciating Rupee, slowdown in US economy, shortage of skilled manpower, limitations in domestic infrastructure and competition from other global players. Services provided at a low cost by China, Philippines and Vietnam are threat to Indian companies. The employment and growth has reduced to 16%. Apart from these increasing activities of global MNC's is making difficult for employee retention for Indian Companies.

On the financial front considerable wage increase can reduce the top line as well as the bottom line of the



companies. Shortage of experienced and skilled call center professionals is another concern for the industry. In voice based operations infrastructural support as to Zero break down is another continguous factor which affects revenue.

At present there are a number of challenges that are facing the information technology industry of India. One of the major challenges for the Indian information technology industry was to keep maintaining its excellent performance standards.

The experts are however of the opinion that there are certain things that need to be done in order to make sure that India can maintain its status as one of the leading information technology destinations of the world. The first step that needs to be taken is to create an environment for innovation that could be carried for a long time.

The improvement however, also needs to be qualitative rather than just being quantitative. The skill level of the information technology professionals is one area that needs improvement and presents a considerable amount of challenge before the Indian information technology industry.

The Indian information technology industry also needs to co-ordinate with the academic circles as well as other industries in India for better performance and improved productivity. The experts are of the opinion that the business process outsourcing service providers in India need to change their operations to a way that is more oriented to the knowledge process outsourcing. One of the most important crises facing the Indian information technology industry concerns the human resources aspect. The problems with outsourcing in countries like the United States of America are posing problems for the Indian information technology industry as well.

### **Opportunities and Threats :**

NASSCOM & Mc Kinsey & company conducted a comprehensive study to develop a perspective on the potential of the RIM industry. This report, the rising remote Infrastructure management opportunity: Establishing India's Leadership details the potential of the remote infrastructure in management.

Services providers are expected to enhance focus to domestic market to derisk business & tap into the local growth opportunities.

Lock & Working age population in the developed economies & a significant long term cost, arbitrage indicates India's sustained cost competitiveness.

There are a large number of multinational IT enterprises operating in India in sectors such as:- Integrated chip design, system software, communication software, R & D centres, Technology support sector, captive support sector, BPO sector etc reaping the cost and quality advantages.

India has already established its brand equity in the global IT market. Indian IT software & services firms offer software product/packages, a wide spectrum of IT service, including system management & maintenance, consultancy services, system integration, chip design, E-Governance, E-Commerce, IT enabled services covering banking/financial/insurance sector & off shore development on various platform Oracle, SAP, sage & also ERP implementation and having sold their licenses of the software they are looking for implementation partners to serve the client.

For many years now, engineering services have been a strong focus area for both Indian players and captives. But, as recession-struck companies feel the pressures on budgets and innovation capabilities,



engineering research and development, has come to bear a more strategic role for long-term development and growth.

The recessionary pressures have also aligned the innovation supply base more towards the emerging nations like India and China. There are questions around the size of the opportunity, newer verticals, and opening up the domestic window. Managing innovation costs are relevant, but more importantly, India has to take a leadership role in driving innovation as clients are scouting for partners for the entire product development cycle. Also, with China's manufacturing process, Indian players need an in-depth insight of opportunities and threats to cover ground.

To outline a long-term growth perspective on the sector and pave the way forward for the Stakeholders, NASSCOM have undertaken a comprehensive study. The findings of the report address critical questions related to the sector including:

- Opportunities in the engineering services space
- Role of emerging markets
- Strengths of India beyond costs to become a preferred destination
- Identifying the newer verticals in the offering Understanding competition
- Imperatives and actions required to corner a larger global pie

**Growth :**

IT-BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services. The industry has helped India transform from a rural and agriculture-based economy to a knowledge based economy.

Software body Nasscom remains confident about its projection for 16-18 per cent growth of the Indian IT industry in FY'12 despite the economic uncertainty in the US and European markets.

**Segment-wise or Product-wise performance :**

In view of the identical geographical location and the same product, i.e. ITES, there is hardly any need for separate segmental reporting.

**Outlook :**

Despite the unprecedented economic downturn the industry will witness sustainable growth. The global technology related spending is expected to grow from 2010 onwards led by growth in the outsourcing adaption.

**Internal Control System and their adequacy :**

The Company has an Internal Control and Audit System Commensurate with its size and nature of its business.





## **Discussion on financial performance with respect to operational performance :**

The company has made profit during the year but the profit is not enough due to lack of working in optimum capacity due to heavy manpower attrition and non availability of appropriate manpower who can maintain the standards and quality of delivery. The Company also tried for new manpower development but it is taking time. Certain laws introduced by the Federal Govt. in USA against outsourcing of Govt. jobs to India and after the vanishing of the charm of e-commerce in world economy, the Company's performance has been severely affected and the Company has no option but to identify new avenues of software services. The Company has commenced HR services additionally apart from last year's activities including other non-voice based KPO services and ERP implementation services but the results have not been derived to the extent desired. The Company is hopeful for better results. The Company has discontinued dealing in shares of renowned information technology companies from 1st October' 2011 due to losses but has continued investment in shares on long term basis.

## **Material Development in Human Resources/Industrial Relation Front, including No. of people employed :**

Number of employees has become double in view of the low production and ofcourse new skilled manpower was introduced for ERP implementation and there is a smooth operational relation with the employees of the Company. The Company has attempted lately to develop the required skilled human resource for the future prospective projects in ERP/KPO in good hope. The Company has taken up International Staffing as a business activity and new avenue for revenue which has strengthen its manpower in domestic and international market. West Bengal has come up strongly as IT HUB and many other industry players have started likely to start their operations. Manpower of professionals in IT/ITES has crossed 50,000 in Kolkata and is expected to cross 2, 00,000 in next three years. Staffing has become a part of this industry in domestic and international market. To bridge the gap, the Company has targeted to explore market of manpower development, manpower resourcing, developing and delivering and hopeful of success.

The Indian BPO industry is at an interesting juncture of its history. After recording mind boggling growth of nearly 37% job for the Last six years, the sector is faced with a dynamic and volatile global scenario which is throwing up significant challenges. The manpower situation is undergoing a major change in IT/BPO. The Company deals with the slowing global economy. The dynamic market place is also pushing HR within companies to evolve a new and more important role for itself.

Intelenet is an equal opportunity; employer has always believed in and supported equal opportunity for all the professionals at the work place. We believe that monitoring is the best way to motivate and encourage women to reach their full potential and help them through the challenges of balancing a demanding career and a family.

## **(F) SHAREHOLDERS : GRIEVANCE COMMITTEE :**

All the information's regarding the Company and its working are regularly uploaded in the Company's Website viz. [www.insel.com](http://www.insel.com)

For the quick redressal of the shareholders and the investor's grievances, investor's grievance committee has been formed. The members of the Investors Grievance Committee are –



<b>Name of the Members</b>		<b>Position</b>
Mr. Ajay Kr. Agarwal	–	Executive Director
Mr. S.M. Gupta	–	Member

The total number of complaints received and replied to the satisfaction of shareholders. There were no complaints pending as on 31st March, 2012.

Mrs. Arpita Gupta has been designated as the Compliance Officer to look after the investor's grievances and the matters relating to share transfer.

M/s. Maheshwari Datamatics Pvt. Ltd. has been appointed as the Company's transfer agent to expedite the process of share transfer both physical and demat segment.

#### **6. CORPORATE GOVERNANCE :**

All the regulations of Corporate Governance have been duly complied with.

The Company has been regularly complying with the Corporate Governance regulations as certified by the Companies Auditor.

#### **7. General Body Meetings :**

The details of the Annual General Meeting Held in last 3 years are as under :

<b>Annual General Meeting</b>	<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
21st Annual General Meeting	Saturday	19/09/2009	11 A.M	Shishir Mitra Hall
22nd Annual General Meeting	Saturday	25/09/2010	11 A.M	Shishir Mitra Hall
23rd Annual General Meeting	Saturday	24/09/2011	11 A.M	Shishir Mitra Hall

#### **8. MEANS OF COMMUNICATION :**

(A) The quarterly financial results of the Company are sent to the Stock Exchange immediately after being approved by the Board of Directors and communicated to the investors through publication in news papers in English and vernacular languages.

The Financial results are generally published in The Financial Express.

The results are also placed at website of the Company; [www.linsel.com](http://www.linsel.com) soft copies of the financial results are also mailed to [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

Presentations are made to Institutional Investors or Analysts on specific request.

#### **9. General Shareholder Information :**

##### **9.1 Registered Office**

14B, Camac Street, Kolkata - 700 017

##### **9.2 Address for Correspondence**

M/s Lee & Nee Softwares (Exports) Ltd.  
14B, Camac Street, Kolkata - 700 017  
Phone : 2281 6284 / 6286, Fax : 91-33-2281 6287  
e-mail : [investors@linsel.com](mailto:investors@linsel.com)

##### **9.3 Plant Location**

SDF Building, Salt lake Electronics Complex , 4th Floor , Block GP, Sector –V, Kolkata - 700 091



# Lee & Nee

Softwares (Exports) Ltd.

## 9.4 Share Transfer Agents

Pursuant to SEBI circular No. DCCC/FITTC/CIR-15/2002 dt. 27.12.2002 all the works relating to the share registry for the shares held in the electronic form (demat) are being done at one single point and for this purpose SEBI registered category 1 Registrar and Share Transfer Agent has been appointed w.e.f. 23.2.2003 whose details are given below :

Maheswari Datamatics Pvt. Ltd.  
6, Mangoe Lane, 2nd Floor  
Kolkata – 700 001  
Telephone No. 22435029/5809  
Fax no. 22484787  
E-mail – mdpl@cal.vsnl.net.in

**Demat ISIN Nos. INE791B01014**

### Investors' Complaints may be Addressed to :

Share Transfer agents at the above mentioned address and /or to the Director, Investors' Grievance Committee.  
Lee & Nee Softwares (Exports) Ltd. 14B, Camac Street, Kolkata – 700 017.

## 9.5 Annual General Meeting

Date : 29th September' 2012  
Time : 11.00 A.M.  
Venue : Shishir Mitra Hall  
Webel Bhawan, 3rd Floor, Block EP & GP  
Sector V, Saltlake,  
Kolkata – 700 091.

## 9.6 Book Closure

22nd day of September 2012 to 29th day of September, 2012.

## 9.7 Listing of Securities

Name of the Stock Exchange :  
The Bombay Stock Exchange Ltd.  
The Calcutta Stock Exchange Association Ltd.  
The Ahmedabad Stock Exchange Ltd.

## 9.8 Green Initiative for Paperless Communications

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to serve various notices / documents to its shareholders through electronic mode.

This move by the ministry is a welcome move, since it will benefit the society at large through reduction in paper consumption and contribution towards a greener environment. Additionally, it will avoid loss in postal transit and saves time, trees, energy and costs.

Pursuant to the said circular, the Company has already send the communication on 2nd of July, 2012 to all the shareholders to register their e-mail id with the Company.



In view of this, the Company proposes to send all notices and documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballot Papers, etc. to the shareholders in the electronic mode at the designated e-mail address furnished by them.

In this regard, we request shareholders who have not registered their e-mail addresses, so far to register their e-mail addresses, in respect of electronic holding with depository through their concerned depository participants and members holding shares in physical form are requested to register the same with Maheshwari Datamatics Pvt. Ltd., Registrar & Share Transfer Agents of the Company.

**9.9 (a) Distribution of Shareholding :**

The shareholding distribution of Equity Shares as of 31st March, 2012 is given below :

Sl No.	No. of Equity Shares Held	No. of Share Holders	No. of Shares	% of Shareholding
1.	1 to 500	16786	3031800	5.4359
2.	501 to 1000	1354	1164845	2.0885
3.	1001 to 2000	605	968673	1.7368
4.	2001 to 3000	169	436973	0.7835
5.	3001 to 4000	82	301362	0.5403
6.	4001 to 5000	108	518184	0.9291
7.	5001 to 10000	118	875266	1.5693
8.	10001 to Above	154	48476897	86.9167
		<b>19376</b>	<b>55774000</b>	<b>100.0000</b>

**9.9 (b) Market Price Data :**

The Details of high/low market price of the share at the Kolkata and Mumbai Stock Exchange are as under:

Month	Quotation at Bombay Stock Exchange		Quotation at Calcutta Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs)	Low (Rs.)
April 2011	23.38	14.63	23.00	15.25
May 2011	25.95	15.15	25.45	15.45
June 2011	21.75	14.15	20.90	14.15
July 2011	15.10	11.20	14.70	11.80
August 2011	15.45	9.69	14.80	10.15
September 2011	17.30	8.42	17.30	8.75
October 2011	20.70	14.30	20.25	15.00
November 2011	21.30	14.15	20.60	14.85
December 2011	17.50	13.15	17.20	13.60
January, 2012	17.00	12.75	16.20	13.05
February, 2012	13.99	9.46	13.75	9.95
March, 2012	14.95	11.41	14.35	12.10

Source: [www.bseindia.com](http://www.bseindia.com)



# Lee & Nee

Softwares (Exports) Ltd.

## 9.10. Shareholding Pattern (as on 31.03.2012)

Category	No. of Holders	No. of Shares	% of holding
PROMOTER	13	39212718	70.3064
NRI	28	55496	0.0995
FII	–	–	–
OCB	–	–	–
IFI	–	–	–
IMF	–	–	–
BANK	–	–	–
EMPLOYEES	–	–	–
BODIES CORPORATE	237	2310124	4.1418
CM	15	77061	0.1382
PUBLIC	19083	14118601	25.3140
TRUST	–	–	–
<b>Total</b>	<u>19376</u>	<u>55774000</u>	<u>100.0000</u>

## 9.11. Dematerialization of Shares :

Nearly 96.73% of Total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2012.

## 9.12. Share Transfer System:

Shares sent for transfer in physical form are registered by our Share Transfer Agents within 30 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

## 9.13. Financial Calendar 2012 – 2013

First Quarterly Results	:	July, 2012
Second Quarterly Results	:	October, 2012
Third Quarterly Results	:	January, 2013
Annual results for the year ending on 31st March, 2013	:	On or before 30th April, 2013.
Annual General Meeting for the Year ending on 31st March, 2013.	:	On or before 30th September, 2013.

On behalf of the Board of Directors  
For LEE & NEE SOFTWARES (EXPORTS) LTD.

Place : Kolkata  
Dated : 1st September, 2012

**Ajay Agarwal**  
Director

**Arpita Gupta**  
Director



**CERTIFICATE BY CEO/CFO**

We, Ajay Kumar Agarwal and S.M.Gupta, Directors of Lee & Nee Softwares (Exports) Ltd. to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Statement of Profit and Loss and all its Notes on Accounts, as well as the Cash Flow Statement, in respect of the year 2011 -2012.
2. These Statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
3. These statements together present true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards and /or applicable laws/regulations.
4. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls for financial reporting , if any, and what we have done or propose to do to rectify these deficiencies;
5. As there were no instances of fraud, that involves management or employees having a significant role in the Company's internal control systems for financial reporting, no disclosure were required to be made.
6. We have indicated to the Auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control for financial reporting and / or of accounting policies during the year.

Place : Kolkata  
Date : 1st September, 2012

**AJAY AGARWAL**  
*Executive Director*

**S.M. GUPTA**  
*Director*

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**DECLARATION OF DIRECTOR ON THE COMPANY'S CODE OF CONDUCT**

In terms of clause 49 (I)(D) (ii) of the Listing Agreement, I hereby confirm that all the Board Members & Senior Management of the Company have affirmed compliance with the respective code of conduct as applicable to them for the year ended 31st March 2012.

**S. M. GUPTA**  
*Director*



**Lee & Nee**

Softwares (Exports) Ltd.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To The Members of LEE & NEE SOFTWARES (EXPORTS) LIMITED**

We have examined the compliance of Corporate Governance by Lee & Nee Softwares (Exports) Limited for the year ended 31st March 2012 as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the 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 explanations given to us, we certify that the company has complied with the conditions on Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India, we state that the share transfer division has certified that as on 31st March 2012 there were no investor grievances remaining unattended/pending for more than 30 days.

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.

**For JAIN SONU & ASSOCIATES**

*Chartered Accountants*

Firm's Registration Number: 324386E

**SONU JAIN**

*Partner*

Membership Number: 060015

Place : Kolkata

Dated : 1st September, 2012



### AUDITORS REPORT

To,  
The Members of M/s Lee & Nee Softwares (Exports) Ltd.

We have audited the attached Balance Sheet of M/s LEE & NEE SOFTWARES (EXPORTS) LTD. as at 31st March, 2012, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those 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, evidence 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003, ('the Order') as amended issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 1 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 account have been kept by the Company as required by law so far as appears from our examination of such books.
  - c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion subject to notes on accounts, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report have been prepared in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956.
  - e) On the basis of the confirmation received from the Directors and taken on record by the Board of Directors none of the Directors is disqualified as on 31.03.2012 from being appointed a Director of the company under Section 274(1) (g) of the Companies Act 1956.
  - f) In our opinion and to the best of our information and according to explanation given to us, the said accounts read together with Company's accounting policies and notes thereon for which we have relied on managements perception, 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.
    - i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
    - ii) in the case of Statement of Profit and Loss of the profit of the Company for the year ended on that date.
    - iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

**For JAIN SONU & ASSOCIATES**  
*Chartered Accountants*  
*Firm's Registration Number : 324386E*

**SONU JAIN**  
*Partner*

Membership Number : 060015

Place : Kolkata  
Dated : 1st September, 2012





## ANNEXURE TO THE AUDITOR'S REPORT

(REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE)

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
- b) The assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- c) The Company has not disposed off any substantial part of fixed assets during the year.
- (ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on such verification between physical stocks and book records.
- (iii) The company has neither taken nor granted any loans, secured or unsecured, from or to companies, firms or persons listed in Register maintained under section 301 of the Companies Act, 1956 therefore provisions of Clause 4(iii)(a) to 4(iii)(g) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) 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 the nature of its business with regard to the purchase of inventory and fixed assets and with regard to the sale of services. The business of the Company does not involve sales of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) a) According to information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the Register maintained under that section.
- b) In our opinion and according to information and explanations given to us, the transactions made in pursuance of contracts & arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. However, on the basis of information & explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us the maintenance of cost record has not been prescribed by the Central Government under Sec.209 (i) (d) of the Companies Act, 1956 for the products of the Company.
- (ix) a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty Cess and other statutory dues applicable to it.  
  
According to information and explanations given to us, no undisputed amounts payable in respect of the Service Tax, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
- b) According to information and explanation given to us, there are no dues of Service Tax, Income Tax, Sales Tax, Custom Duty and Cess which has not been deposited on account of any dispute other than disclosed in notes of accounts.



- (x) The Company has accumulated losses amounting to Rs. 25,604,881.88 as at 31st March, 2012 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has not taken any loan from financial institution or banks as such question of default in repayment of dues to a financial institutions & banks does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi/mutual benefit fund/society, therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the company in its own name.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans, therefore the provisions of Clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For JAIN SONU & ASSOCIATES**

*Chartered Accountants*

*Firm's Registration Number : 324386E*

**SONU JAIN**

*Partner*

Membership Number : 060015

Place : Kolkata

Dated : 1st September, 2012



# Lee & Nee

Softwares (Exports) Ltd.

## BALANCE SHEET AS AT 31ST MARCH, 2012

SI. No.	PARTICULARS	NOTES	AS AT	AS AT
			31.03.2012 Amount (₹)	31.03.2011 Amount (₹)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1.	<b>Shareholder's Fund</b>			
	(a) Share Capital	2	557,740,000.00	557,740,000.00
	(b) Reserves & Surplus	3	(25,594,881.88)	(26,007,367.74)
			<b>532,145,118.12</b>	<b>531,732,632.26</b>
2.	<b>Non-Current Liabilities</b>			
	(a) Other Long Term Liabilities	4	100,668,091.08	101,826,318.08
			<b>100,668,091.08</b>	<b>101,826,318.08</b>
3.	<b>Current Liabilities</b>			
	(a) Trade Payables	5	2,247,377.59	2,152,769.73
	(b) Other Current Liabilities	6	69,463.10	82,941.15
	(c) Short-term Provisions	7	93,880.28	—
			2,410,720.97	2,235,710.88
	<b>Total</b>		<b>635,223,930.17</b>	<b>635,794,661.22</b>
<b>II.</b>	<b>ASSETS</b>			
1.	<b>Non-Current Assets</b>			
	(a) Fixed Assets	8		
	i) Tangible Assets		243,849,313.21	248,757,746.24
	ii) Intangible Assets		244,063,886.73	243,979,812.85
			<b>487,913,199.94</b>	<b>492,737,559.09</b>
	(b) Non-Current Investments	9	57,113,971.97	58,607,650.71
	(c) Long Term Loans & Advances	10	64,369,980.08	71,161,312.60
	(d) Other non-current assets	11	1,798,818.86	2,306,102.86
			<b>611,195,970.85</b>	<b>624,812,625.26</b>
2.	<b>Current Assets</b>			
	(a) Current Investments	12	487,092.00	—
	(b) Inventories	13	4,510,199.76	6,321,361.98
	(c) Trade Receivables	14	651,183.87	157,837.37
	(d) Cash and Bank Balances	15	731,062.15	4,202,122.00
	(e) Short Term Loans & Advances	16	17,254,750.16	(224,180.57)
	(f) Other Current Assets	17	393,671.38	524,895.18
			<b>24,027,959.32</b>	<b>10,982,035.96</b>
	<b>Total</b>		<b>635,223,930.17</b>	<b>635,794,661.22</b>
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 37		

In terms of our separate report of even date

For **Jain Sonu & Associates**

Chartered Accountants

Firm's Registration Number: 324386E

**Sonu Jain**

Partner

Membership Number : 060015

Place : Kolkata

Dated : 1st September, 2012

For Lee & Nee Softwares (Exports) Ltd

**Ajay Agarwal**

Director

**Arpita Gupta**

Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

SI. No.	PARTICULARS	NOTES	For the Year Ended 31.03.2012 Amount (₹)	For the Year Ended 31.03.2011 Amount (₹)
<b>I.</b>	<b>INCOME</b>			
	Revenue From Operations			
	(a) Sale of Shares		17,807,054.73	16,625,298.41
	(b) <u>Sale of Software Services (ITES)</u>			
	- Exports (Current Year -163564.82 USD & Prev. Year - USD 99788.48)		7,875,045.74	5,256,395.84
	- Domestic		1,326,005.00	1,132,016.00
	Other Income	18	2,264,950.33	5,767,691.75
	<b>Total Income</b>		<b>29,273,055.80</b>	<b>28,781,402.00</b>
<b>II.</b>	<b>EXPENSES</b>			
	Purchase of Shares		17,710,565.75	18,599,111.45
	Purchase (Software Service)		911,730.03	2,035,540.19
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	19	325,859.21	(1,811,162.22)
	Employee Benefits Expense	20	1,196,927.07	1,821,665.18
	Depreciation		5,132,003.44	1,485,433.00
	Other Expenses	21	3,489,604.16	3,564,607.75
	<b>Total Expenses</b>		<b>28,766,689.66</b>	<b>25,695,195.35</b>
<b>III.</b>	<b>Profit before tax (I-II)</b>		<b>506,366.14</b>	<b>3,086,206.65</b>
<b>IV.</b>	<b>Tax expense :</b>			
	Current tax		93,880.28	-
<b>V.</b>	<b>Profit after tax (III - IV)</b>		<b>412,485.86</b>	<b>3,086,206.65</b>
<b>VI.</b>	Earning per equity share- par value of Rs 10/- per share			
	Basic & Diluted		<b>0.007</b>	<b>0.06</b>
	Significant Accounting Policies	1		
	The accompanying notes are an integral part of the financial statements	2 to 37		

In terms of our separate report of even date  
For **Jain Sonu & Associates**  
Chartered Accountants  
Firm's Registration Number: 324386E  
**Sonu Jain**  
Partner  
Membership Number : 060015  
Place : Kolkata  
Dated : 1st September, 2012

For Lee & Nee Softwares (Exports) Ltd

**Ajay Agarwal**  
Director

**Arpita Gupta**  
Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	For the year ended 31.03.2012		For the year ended 31.03.2011	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>I. CASH FLOWS</b>				
<b>1. From Operating Activities</b>				
(a) Net Profit before tax from Operating Activities		506,366		3,086,207
Adjustments:				
Depreciation and amortisation	5,132,003		1,485,433	
Loss on sale of investment	255,875		459,837	
Interest & Dividend	(555,039)		(632,517)	
Profit on Investment ( in partnership Firm)	(4,888)		(46,184)	
Sundry Balance written -off	(1,076,730)		(2,401,334)	
Assets written-off	14,622		604	
		<u>3,765,843</u>		<u>(1,134,161)</u>
Operating Profit/ Loss before working capital changes		4,272,209		1,952,046
(b) Working Capital changes:				
Accretion/ Depletion of Stock	1,811,162		(1,811,162)	
Decrease/ ( Increase) in trade receivables	(493,346)		(2,046,409)	
Decrease/ (Increase) in short-term loans & advances	(17,478,931)		165,178,414	
Decrease/ (Increase) in other current assets	131,224		(524,895)	
Increase/ ( Decrease) in Trade Payables	94,608		-	
Increase/ ( Decrease) in other current liabilities	(13,478)		-	
Increase/ ( Decrease) in provisions	93,880		-	
		<u>(15,854,881)</u>		<u>160,795,948</u>
Cash generated from Operating Activities		(11,582,672)		162,747,994
Income Taxes Paid		(93,880)		-
<b>Net Cash from Operating Activities</b>	<b>Total of (1)</b>	<u>(11,676,552)</u>		<u>162,747,994</u>
<b>2. From Investing Activities</b>				
Purchase of Fixed Aseets	(322,266)		(249,282,000)	
Purchase of Investment	(487,092)		-	
Proceeds from sale of investments	3,567		1,562,433	
Loss on sale of investment	(255,875)		(459,837)	
Decrease in other long term loans & advances	6,791,333		-	
Increase in trade payables	(1,158,227)		98,211,721	
Decrease in other non-current assets	507,284		-	
Dividend received	20,485		500	
Interest received	534,555		632,017	
Other income	1,076,730		2,401,334	
Investment in Partnership Firm	1,490,112		(12,374,563)	
Profit on Investment ( In partnership firm)	4,888		46,184	
<b>Net Cash from Investing Activiites</b>	<b>Total of (2)</b>	<u>8,205,492</u>		<u>(159,262,211)</u>
<b>3. From Financing Activities</b>				
	<b>Total of (3)</b>	<u>-</u>		<u>-</u>
<b>II. Net (decrease)/increase in Cash and Bank</b>				
Balances (I-II)	<b>Total Cash flows (1+2+3)</b>	(3,471,060)		3,485,782
Add : Cash and Bank Balances at the beginning of the period		4,202,122		716,340
<b>III. Cash and Bank Balances at the end of the period</b>		<u>731,062</u>		<u>4,202,122</u>

For Lee & Nee Softwares (Exports) Ltd.

Ajay Agarwal  
Director

Arpita Gupta  
Director

**AUDITORS REPORT**

We have certified the Cash Flow Statement of M/s. LEE & NEE SOFTWARES (EXPORTS) LIMITED, KOLKATA derived from the audited financial statements and the Books & Records maintained by the Company for the year ended 31st March 2012 and found the same in agreement therewith.

For Jain Sonu & Associates  
Chartered Accountants  
Firm's Registration Number: 324386E

Sonu Jain  
Partner

Membership Number: 060015

Place : Kolkata  
Dated : 1st September, 2012



**Notes annexed to and forming part of Balance Sheet as at 31st March, 2012 and  
Statement of Profit and Loss for the year ended 31st March, 2012**

**NOTE - 1 SIGNIFICANT ACCOUNTING POLICIES**

**1) SIGNIFICANT ACCOUNTING POLICIES**

The financial statement has been prepared under historical cost convention and as going concern concept and in accordance with the provisions of the Companies Act, 1956 and as per the accounting principles as well as guidelines prescribed by the Institute of Chartered Accountants of India.

**a) Method of Accounting :**

The Company follows the mercantile system of accounting and generally the accrual concept in preparing the accounts except dividend, Audit Fee which is recorded on cash basis.

**b) Revenue/Expenses recognition :**

Revenue and Expenses are recognized only when accrued and their collection and payment is reasonably certain. Software development income has been accounted for contractually though the payments are received progressively. Software Development Expenses and/or copy right fees are accounted for on satisfactory completion.

**c) Fixed Assets :**

All Fixed Assets are valued at cost inclusive of expenses incurred to put them in use less accumulated depreciation and impairments if any

**d) Investments:**

Non-Current Investments are stated at Cost. Provision for diminution, if any, in the value of each Non-Current Investment is made to recognize a decline other than that of a temporary nature. Current Investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

**e) Depreciation :**

Depreciation on all Fixed Assets has been provided on written down value method at the rates specified in schedule XIV to the Companies Act, 1956 on prorata basis.

**f) Valuation of Inventories :**

Softwares Packages/products are valued at cost.

**g) Foreign Currency Transaction :**

Transaction in foreign currency are normally recorded at prevailing exchange rate, at the time of the transaction. The resultant gain or loss on realization of foreign currency is recognized in Statement of Profit & Loss as exchange fluctuation.



**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012**

PARTICULARS	As at 31.03.2012 Amount (₹)	As at 31.03.2011 Amount (₹)
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
60,000,000 (previous year - 60,000,000) Equity Shares of Rs.10 each	600,000,000.00	600,000,000.00
<b>Issued, Subscribed and Paid-up</b>		
55,774,000 (previous year - 55,774,000) Equity Shares of Rs.10 each	55,774,000.00	55,774,000.00
<b>i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :</b>		
<b>Particulars</b>		
<b>Equity Shares :</b>		
<b>(a) Number of shares :</b>		
Shares outstanding at the beginning of the year	55,774,000.00	55,774,000.00
Shares outstanding at the end of the year	55,774,000.00	55,774,000.00
<b>(b) Share Capital :</b>		
Shares outstanding at the beginning of the year	55,774,000.00	55,774,000.00
Shares outstanding at the end of the year	55,774,000.00	55,774,000.00
<b>ii) Terms / Rights attached to Equity Shares :</b>		
a) The Company has only one class of Equity Shares having par value of Rs 10 each. Each share holder is eligible for one vote per share held.		
b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.		
<b>iii) Details of the shareholders holding more than 5% shares in the Company :</b>		
<b>Name of the Shareholder</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>
	<b>No. of</b>	<b>No. of</b>
	<b>% of</b>	<b>% of</b>
	<b>shares held</b>	<b>shares held</b>
	<b>holding</b>	<b>holding</b>
Sunita Gupta	8573533	8573533
	15.3719	15.3719
Neena Gupta	5137490	6350360
	9.2113	11.3859
Rajkumari Agarwal	4698208	6433994
	8.4237	11.5358
Rituraj Shares Broking Pvt. Ltd.	13484310	14407010
	24.1767	25.831
Rituraj Shares & Securities Ltd.	2261058	2789849
	4.054	5.0021
<b>iv) The Company, out of the 55774000 equity shares of Rs 10 each, during the financial year 1990-91, 800000 equity shares had called up for Rs. 0.50 paise each aggregating to Rs 400000 only allotted for consideration other than cash.</b>		
Pursuant to order of the Honorable Calcutta High Court, during the financial year 1999-2000, 5000000 equity shares of Rs. 10 each on merger of Lense Finance Ltd.		
16704000 equity shares of Rs 10 each fully paid upto three amalgamating companies during the financial year 2000-01.		
29080000 equity shares of Rs 10 each fully paid upto five amalgamating companies during the financial year 2007-08.		



**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012**

<b>PARTICULARS</b>	<b>As at 31.03.2012 Amount (₹)</b>	<b>As at 31.03.2011 Amount (₹)</b>
<b>3. RESERVES &amp; SURPLUS</b>		
<b>a. Capital Reserves</b>		
Opening Balance	10,000.00	10,000.00
Closing Balance	<u>10,000.00</u>	<u>10,000.00</u>
<b>b. Surplus</b>		
Opening Balance	(26,017,367.74)	(29,103,574.39)
Add : Net Profit/(Loss) for the current year	412485.86	3086206.65
Closing Balance	<u>(25,604,881.88)</u>	<u>(26,017,367.74)</u>
<b>Total</b>	<b><u>(25,594,881.88)</u></b>	<b><u>(26,007,367.74)</u></b>
<b>4. OTHER LONG TERM LIABILITIES</b>		
<b>Others</b>		
- Trade Advances	2,100.00	2100.00
- Others	100665991.08	101824218.08
	<u><b>100668091.08</b></u>	<u><b>101826318.08</b></u>
<b>5. TRADE PAYABLES</b>		
i) Salary Payable	115511.00	66893.00
ii) Service Provider Charges Payable	33291.00	43529.00
iii) Expenses Payable	1449292.65	1491015.73
iv) Other Payables	649282.94	551332.00
	<u><b>2247377.59</b></u>	<u><b>2152769.73</b></u>
<b>6. OTHER CURRENT LIABILITIES</b>		
i) Trade Advances	22,400.00	-
ii) Statutory Payables	47,063.10	82,941.15
	<u><b>69,463.10</b></u>	<u><b>82,941.15</b></u>
<b>7. SHORT TERM PROVISIONS</b>		
Provision for taxation	93,880.28	-
	<u><b>93,880.28</b></u>	<u><b>-</b></u>





**LEE & NEE SOFTWARES (EXPORTS) LTD.**

**NOTE 8 - FIXED ASSETS**

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2012)

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		Amount (₹)
	As at 01.04.2011	Addition during the year	Sales/Adj. during the year	As at 31.03.2012	As at 01.04.2011	During the Year	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011	
(i) <b>TANGIBLE ASSETS</b>										
Leasehold Premises	100,000,000.00	-	-	100,000,000.00	1,250,000.00	4,937,500.00	6,187,500.00	93,812,500.00	98,750,000.00	
Flat under construction	149,282,000.00	-	-	149,282,000.00	-	-	-	149,282,000.00	149,282,000.00	
<b>Plant and Equipment</b>										
Computers	2,090,117.84	165,500.00	6,798.07	2,248,819.77	1,889,755.50	80,444.16	1,970,199.66	278,620.11	200,362.34	
Others	792,343.00	35,984.00	-	828,327.00	558,710.81	34,047.95	592,758.76	235,568.24	233,632.19	
Access Control System	15,580.50	-	-	15,580.50	9,050.91	908.27	9,959.18	5,621.32	6,529.59	
Air Condition	61,907.82	-	7,823.64	54,084.18	52,474.71	727.27	53,201.98	882.20	9,433.11	
UPS	3,031.39	-	-	3,031.39	1,543.27	207.00	1,750.27	1,281.12	1,488.12	
<b>Networking Equipment</b>										
Head Sets	67,080.00	-	-	67,080.00	14,488.00	7,315.55	21,803.55	45,276.45	52,592.00	
Other Equipment	238,680.00	-	-	238,680.00	95,859.46	19,866.34	115,725.80	122,954.20	142,820.54	
Communication Equipment	627.44	-	-	627.44	627.44	-	627.44	-	-	
Office Equipment	314.74	-	-	314.74	314.74	-	314.74	-	-	
<b>Furniture &amp; Fittings</b>										
Furniture & Fixtures	401,866.56	-	-	401,866.56	322,978.21	14,278.80	337,257.01	64,609.55	78,888.35	
<b>Total of Current Year</b>	<b>252,953,549.29</b>	<b>201,484.00</b>	<b>14,621.71</b>	<b>253,140,411.58</b>	<b>4,195,803.05</b>	<b>5,095,295.32</b>	<b>9,291,098.37</b>	<b>243,849,313.21</b>	<b>248,757,746.24</b>	
<b>Total of Previous Year</b>	<b>3,366,393.44</b>	<b>249,282,000.00</b>	<b>604.15</b>	<b>252,647,789.29</b>	<b>2,740,444.05</b>	<b>1,455,359.00</b>	<b>4,195,803.05</b>	<b>248,757,746.24</b>	<b>931,709.39</b>	
(ii) <b>INTANGIBLE ASSETS</b>										
Goodwill	243,934,700.78	-	-	243,934,700.78	-	-	-	243,934,700.78	243,934,700.77	
Computer Software	758,000.00	120,782.00	-	878,782.00	712,887.93	36,708.12	749,596.05	129,185.95	45,112.07	
<b>Total of Current Year</b>	<b>244,692,700.78</b>	<b>120,782.00</b>	<b>-</b>	<b>244,813,482.78</b>	<b>712,887.93</b>	<b>36,708.12</b>	<b>749,596.05</b>	<b>244,063,886.73</b>	<b>243,979,812.84</b>	
<b>Total of Previous Year</b>	<b>244,692,700.78</b>	<b>-</b>	<b>-</b>	<b>244,692,700.78</b>	<b>682,813.93</b>	<b>30,074.00</b>	<b>712,887.93</b>	<b>243,979,812.85</b>	<b>244,009,886.84</b>	
<b>TOTAL (₹)</b>	<b>497,646,250.07</b>	<b>322,266.00</b>	<b>14,621.71</b>	<b>497,953,894.36</b>	<b>4,908,690.98</b>	<b>5,132,003.44</b>	<b>10,040,694.42</b>	<b>487,913,199.94</b>	<b>492,737,559.07</b>	
<b>TOTAL OF PREVIOUS YEAR</b>	<b>248,059,094.22</b>	<b>249,282,000.00</b>	<b>604.15</b>	<b>497,340,490.07</b>	<b>3,423,257.98</b>	<b>1,485,433.00</b>	<b>4,908,690.98</b>	<b>492,737,559.09</b>	<b>244,941,596.23</b>	

In terms of our separate report of even date

For **Jain Sonu & Associates**

Chartered Accountants

Firm's Registration Number: 324386E

**Sonu Jain**

Partner

Membership Number: 060015

For **Lee & Nee Softwares (Exports) Ltd.**

**Ajay Agarwal**

Director

**Arpita Gupta**

Director

Place : Kolkata

Dated : 1st September, 2012



**NOTE 9 - NON CURRENT INVESTMENTS**

(ANNEXED TO AN FORMING PART OF THE BALANCE SHEET AS ON 31.03.12)

**LONG TERM INVESTMENTS AT COST, UNLESS OTHERWISE SPECIFIED**

**1. QUOTED : OTHER THAN TRADE : AT COST : INVESTMENT IN EQUITY INSTRUMENTS : (FULLY PAID-UP)**

<b>PREVIOUS YEAR</b>		<b>NAME OF THE COMPANY</b>	<b>CURRENT YEAR</b>	
<b>No. of Shares</b>	<b>Amount (₹)</b>		<b>No. of Shares</b>	<b>Amount (₹)</b>
100	1,570.00	Hindustan Construction Ltd.	100	1,570.00
100	660.00	Hindustan Motor Ltd.	100	660.00
205	3,567.00	White Diamond Ltd.	0	-
85700	1,071,250.00	Crazy Infotech Ltd	85700	1,071,250.00
200	1,200.00	Century Extrusions Ltd.	200	1,200.00
65	940.53	ICICI Ltd.	65	940.53
25	2250.00	Finolex Pipe Ltd.	25	2250.00
100	100.00	R.D.B. Industries Ltd.	100	100.00
<b>86495</b>	<b>1,081,537.53</b>		<b>86290</b>	<b>1,077,970.53</b>

**2. UNQUOTED : OTHER THAN TRADE : AT COST : INVESTMENT IN EQUITY INSTRUMENTS : (FULLY PAID-UP)**

268800	1,522,400.00	Aashiana Agro India Ltd	268800	1,522,400.00
106	2,120.00	Enkay Texofood Ltd	106	2,120.00
303236	3,275,240.00	Gujrat Texspin Ltd	303236	3,275,240.00
3400	125,520.00	Harig Crankshafts Ltd ( partly paid-up)	3400	125,520.00
300	61,200.00	Krone Communication Ltd	300	61,200.00
50	1,500.00	PCS Data Products Ltd	50	1,500.00
100	515.00	Neena Consultants Ltd	100	515.00
100	8,200.00	Philips India Ltd.	100	8,200.00
41425	2,362,500.00	Shiv Leasing Ltd	41425	2,362,500.00
1000	42,950.00	Singhal Cement Ltd	1000	42,950.00
60000	600,000.00	Vora Financial Ltd	60000	600,000.00
1100	8,500.00	Visura Trading & Investment Ltd	1100	8,500.00
<b>679617</b>	<b>8,010,645.00</b>		<b>679617</b>	<b>8,010,645.00</b>
<b>766112</b>	<b>9,092,182.53</b>	<b>Total</b>	<b>765907</b>	<b>9,088,615.53</b>

Total Cost of Quoted Investments	Rs. 1077970.53	(Previous Year Rs. 1085437.53)
Total Cost of Unquoted Investments	Rs. 8010645.00	(Previous Year Rs.8010645.00)
Market Value of Quoted Investments	Rs. 89030.25	(Previous Year Rs. 5146551.70)

**3. INVESTMENT IN PARTNERSHIP FIRM**

<b>No. of Shares</b>	<b>Amount (₹)</b>	<b>No. of Shares</b>	<b>Amount (₹)</b>
	49515468.18		48,025,356.44
	<b>49515468.18</b>		<b>48,025,356.44</b>
	<b>58,607,650.71</b>	<b>GRAND TOTAL</b>	<b>57,113,971.97</b>

In terms of our separate report of even date

For **Jain Sonu & Associates**

Chartered Accountants

Firm's Registration Number: 324386E

**Sonu Jain**

Partner

Membership Number : 060015

Place : Kolkata

Dated : 1st September, 2012

For Lee & Nee Softwares (Exports) Ltd

**Ajay Agarwal**

Director

**Arpita Gupta**

Director



**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012**

PARTICULARS	As at 31.03.2012 Amount (₹)	As at 31.03.2011 Amount (₹)	
<b>10. LONG TERM LOANS &amp; ADVANCES</b>			
<b>Unsecured, considered good :</b>			
i) Advances recoverable in cash or in kind or value to be received	57,900,123.15	63,910,829.40	
ii) Security Deposits	289,891.92	355,092.92	
iii) Other Loans & Advances			
a) Loans ( Interest accrued thereon)	6,071,692.00	6,807,810.00	
b) Receivables from statutory/ government authorities	108,273.01	87,580.28	
	<b>64,369,980.08</b>	<b>71,161,312.60</b>	
<b>11. OTHER NON CURRENT ASSETS</b>			
Trade Receivables (Unsecured, considered Good)	1,798,818.86	2,306,102.86	
	<b>1,798,818.86</b>	<b>2,306,102.86</b>	
<b>12. CURRENT INVESTMENTS</b>			
(ANNEXED TO AN FORMING PART OF THE BALANCE SHEET AS ON 31.03.2012)			
Current Investments (At cost or market value whichever is lower)			
QUOTED : Other than Trade Investments			
<b>PREVIOUS YEAR</b>	<b>NAME OF COMPANY</b>	<b>CURRENT YEAR</b>	
<b>No. of Shares</b>		<b>No. of Shares</b>	<b>Amount (₹)</b>
-	- Everest Industries Ltd.	100	12,695.00
-	- ITC	1700	352,274.00
-	- Steel Authority of India Ltd.	300	28,215.00
-	- Tata Metaliks Ltd.	200	13,190.00
-	- Uco Bank	600	47,250.00
-	- William Wagor	128	5,376.00
-	- Asian Hotels Ltd.	12	2,202.00
-	- Hindalco	200	25,890.00
		<b>3240</b>	<b>487,092.00</b>
<b>13. INVENTORIES</b>			
Closing Stock of Shares		-	1,811,162.22
Finished Goods			
- SQL Server		1,123,151.76	1,123,151.76
- Software B/f		3,387,048.00	3,387,048.00
		<b>4,510,199.76</b>	<b>6,321,361.98</b>
<b>14. TRADE RECEIVABLES</b>			
<b>(Unsecured-Considered Good)</b>			
1. Outstanding for a period exceeding six months from the due date of payment		21,330.00	-
2. Other Debts		629,853.87	157,837.37
		<b>651,183.87</b>	<b>157,837.37</b>



**NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012**

<b>PARTICULARS</b>	<b>As at 31.03.2012 Amount (₹)</b>	<b>As at 31.03.2011 Amount (₹)</b>
<b>15. CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash Equivalents</b>		
a) Balance with Banks		
In Current Account	103,833.64	738,197.73
b) Cash-on-Hand	212,119.47	2,999,407.47
	<u>315,953.11</u>	<u>3,737,605.20</u>
c) Other Bank Balances		
Bank Deposits with more than 12 months maturity	415,109.04	464,516.80
	<u>731,062.15</u>	<u>4,202,122.00</u>
<b>16. SHORT TERM LOANS &amp; ADVANCES (Unsecured-Considered Good)</b>		
a) Loans and Advances to Related parties	11,284,556.63	(353,187.10)
b) Advances recoverable in cash or in kind or for value to be received	5,599,000.00	99,000.00
c) Other Loans & Advances		
Trade Advances	10,200.00	–
Balance with statutory/government authorities	101,638.53	30,006.53
Minimum Alternate Tax Credit entitlement	259,355.00	–
	<u>17,254,750.16</u>	<u>(224,180.57)</u>
<b>17. OTHER CURRENT ASSETS</b>		
Deferred Revenue Exp	393,671.38	524,895.18
	<u>393,671.38</u>	<u>524,895.18</u>



**NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED 31ST MARCH 2012**

PARTICULARS	For the year ended 31.03.2012 Amount (₹)	For the year ended 31.03.2011 Amount (₹)
<b>18. OTHER INCOME</b>		
a) Interest Income :		
- from others	523,260.00	607,810.00
- from Banks (FD)	11,294.92	24,206.99
b) Dividend Income	20,484.50	500.00
c) Net gain/loss on sale of investments		
Long Term Capital Gain on sale of shares	1,588.19	(459,837.42)
d) Other Non Operating Income		
License Fees	-	1,100,000.00
Profit from Compensation of cancellation of agreement	-	2,000,000.00
Other Income (includes share of profit of M.M. International : Rs.4888.26)	631,593.07	93,677.79
Sundry Balances written back	1,076,729.65	2,401,334.39
	<u>2,264,950.33</u>	<u>5,767,691.75</u>
<b>19. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
Opening Stock		
Stock of Shares	1,811,162.22	-
Finished goods	4,510,199.76	4,510,199.76
Work in Progress	-	-
	(1) <u>6,321,361.98</u>	<u>4,510,199.76</u>
Less : Stock of shares transferred to Investment as on 30-09-2011 at cost	(2) 1,485,303.01	-
Less : Closing Stock (At Cost)		
Stock of Shares	-	1,811,162.22
Finished Goods	4,510,199.76	4,510,199.76
Work In Progress	-	-
	(3) <u>4,510,199.76</u>	<u>6,321,361.98</u>
<b>TOTAL</b>	(1) - (2) - (3) <b>325,859.21</b>	<b>(1,811,162.22)</b>
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salary	778,656.00	1,487,727.18
Staff Welfare	175,615.07	256,670.00
Contribution to Provident Fund & Other Funds	59,692.00	64,928.00
Call centre Expenditure	-	7,400.00
Consultancy services paid	182,964.00	4,940.00
	<u>1,196,927.07</u>	<u>1,821,665.18</u>



**NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED 31ST MARCH 2012**

<b>PARTICULARS</b>	<b>For the year ended 31.03.2012 Amount (₹)</b>	<b>For the year ended 31.03.2011 Amount (₹)</b>
<b>21. OTHER EXPENSES</b>		
Power & Fuel	433,055.00	812,784.00
Rent	234,000.00	367,600.00
Repairs & Maintenance		
- Others	–	54,300.00
Rates & taxes	9,360.00	–
Advertisement & Publicity	92,824.88	24,647.00
Legal Expenses	372,600.00	369,800.00
Donation to Association	100,000.00	–
Consultancy Charges	515,100.00	316,009.40
Cost to Investment Exp	6,201.96	–
Communication Exp		
Telephone Exp.	213,870.63	48,375.31
LD Charges (Forex)	–	300,851.05
(Incl. Foreign Exchange Outgo Rs.285851.05 (\$ 6389) of previous year)		
Bank Charges & Commission	25,126.30	38,192.10
Consumables	136,947.50	28,062.00
Travelling Exp	155,812.63	–
Other Expenses	176,352.33	121,999.39
Statutory Expenses		
- Certificate of Posting	–	20,550.00
- Postage Of Postal ballot	–	226,050.00
- Postage for AGM	143,860.00	151,613.00
- Printing & Stationery AGM	180,900.00	341,960.00
- Share Transfer Fees	52,060.00	52,182.00
- Other Expenses	310,869.50	279,632.50
Auditors Remuneration		
- As Audit Fee	20,515.00	10,000.00
Short Term Capital Loss on sale of Shares	257,463.52	–
Speculation Loss on sale of Shares	15,223.01	–
Provision for dimunition in value of current invetsments	37,461.90	–
	<b>3,489,604.16</b>	<b>3,564,607.75</b>

In terms of our separate report of even date  
For **Jain Sonu & Associates**  
*Chartered Accountants*  
Firm's Registration Number: 324386E  
**Sonu Jain**  
*Partner*  
Membership Number : 060015  
Place : Kolkata  
Dated : 1st September, 2012

For Lee & Nee Softwares (Exports) Ltd

**Ajay Agarwal**  
*Director*

**Arpita Gupta**  
*Director*



# Lee & Nee

Softwares (Exports) Ltd.

22. Contingent liabilities not provided for:  
Demand for custom duty on behalf of audit objection amounting to Rs. 69,62,085/-(earlier years) is not acknowledge as debts being disputed.
23. Provision for gratuity will be accounted for in the year of payment since no obligation had been recognized.
24. The company has no outstanding dues as on 31.03.2012 payable to small-scale units.
25. There is decline in carrying amounts of the long-term investments in shares of certain Ltd Companies. However no provisions for the resultant amount of decline are made in Profit & Loss a/c as same is not ascertainable.
26. The Company operated in two segments, softwares and dealing in shares of renowned information technology companies & later discontinued the operation of dealing in shares from 1<sup>st</sup> October 2011. However, segmental reporting as per AS-17 is as under :

<u>Particulars</u>	<u>Current Year</u> (₹ in lacs)	<u>Previous Year</u> (₹ in lacs)
<b>Segment Revenue</b>		
Equity Shares	178.07	166.25
Softwares	92.01	126.16
<b>Total</b>	<b>270.08</b>	<b>292.41</b>
Less : Inter Segmental Revenue	Nil	Nil
<b>Total Segmental Income</b>	<b>270.08</b>	<b>292.41</b>
<b>Segment Results:</b>		
Profit/Loss before tax & interest		
Shares	(2.29)	(1.63)
Softwares	7.35	32.49
<b>Total</b>	<b>5.06</b>	<b>30.86</b>
Less : Interest	Nil	Nil
Less : Other Unallocable Expenditure		
Net of Unallocable Income	Nil	Nil
<b>Total Profit Before Tax</b>	<b>5.06</b>	<b>30.86</b>
<b>Capital Employed :</b>		
Shares	Nil	18.11
Softwares	6334.62	3119.94
<b>Total Capital Employed</b>	<b>6334.62</b>	<b>3138.05</b>

27. In the opinion of the Board of Directors, Trade Receivables, Loans and Advances have a value of realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and are subject to confirmations by the respective parties.
28. Current Tax and Deferred Tax Liability has not been recognized due to brought forward losses.  
Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognized as current tax in the statement of profit & loss. The credit under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which MAT credit can be carried forward for set-off against the normal tax liability.

29. Earning Per Share (EPS)

The earning per equity share computed as per the requirements of Accounting Standard-20 "Earnings per Share", is as under :

<u>Particulars</u>	<u>2011-12</u> (₹)	<u>2010-11</u> (₹)
Profit/Loss after tax	412,485.86	3,086,206.65
Profit/Loss attributable to Equity Shareholders	412,485.86	3,086,206.65
No of equity shares outstanding during the year	55774000	55774000
Nominal Value of Equity Shares (Rupees)	10	10
Basic & Diluted EPS	0.007	0.06



<u>Particulars</u>	<u>2011-12</u> (₹)	<u>2010-11</u> (₹)	
30. Employee Benefits:			
<b>Defined Contribution Plan</b>			
Contribution to Defined Contribution Plan, recognized off for the year as under:			
Contribution to Provident Fund & Employee State Insurance:			
Employer's Contribution to Provident Fund	19,892.00	31,416.00	
Employer's Contribution to Employee State Insurance	39,800.00	33,512.00	
	59,692.00	64,928.00	
31. CIF Value of Imports :	NIL	NIL	
32. Expenditure in Foreign Currency :			
Communication & Wire Charges (Previous Year including Business Development exp.& Subscription fees)	NIL	326447.44	
33. Earning in Foreign Exchange :			
Export on FOB basis	7838115.16	5256395.84	
34. Related Parties disclosures as per AS 18 which came into effect in respect of accounting period commencing on or after 01.04.2002 :			
i) <b>Name of the Key Management Personnel :</b>			
Shri S.M. Gupta                      Promoter Director			
Shri Ajay Agarwal                  Executive Director			
Smt Arpita Gupta                    Independent Director			
ii) <b>Parties related to the Key Management Personnel where they are interested as relative/partner/director in the firm/companies etc.</b>			
S.M Gupta & Company			
Raj Kumari Agarwal, Mahesh Gupta			
Neena Gupta, S.M. Gupta (HUF), Rituraj Shares & Securities Ltd.,			
Lensel Web Services Pvt. Ltd., Rituraj Shares Broking Pvt. Ltd.			
iii) <b>The Company has entered into transactions with certain parties as listed above during the year as under :</b>			
<b>Name of the Parties</b>	<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
		<b>Amount (₹)</b>	<b>Amount (₹)</b>
S. M Gupta & Co.	Consultancy Charges	360,000	360,000
Neena Gupta	Compliance Fees	10,500	42,000
Arpita Gupta	Compliance Fees	31,500	-
Rajkumari Agarwal	Rent	36,000	36,000
	Lease Agreement for short period against deposits	8,437,500	8,437,500
		(outstanding)	(outstanding)
Mahesh Gupta	Rent	36,000	36,000
	Lease Agreement for short period against deposits	8,437,500	8,437,500
		(outstanding)	(outstanding)
S. M. Gupta (HUF)	Rent	36,000	36,000
	Lease Agreement for short period against deposits	8,437,500	8,437,500
		(outstanding)	(outstanding)
Raj Associates		500,000	-
Rituraj Shares & Securities Ltd.	Rent	36,000	36,000
	Lease Agreement for short period against deposits	8,437,500	8,437,500
		(outstanding)	(outstanding)
Lensel Web Services Pvt. Ltd.	Lease Agreement for short period against deposits	52,000,000	52,000,000
		(outstanding)	(outstanding)
Rituraj Shares Broking Pvt. Ltd.	Lease Agreement for short period against deposits	14,250,000	14,250,000
		(outstanding)	(outstanding)





# Lee & Nee

Softwares (Exports) Ltd.

35. Pursuant to AS-24, the Company has discontinued / closed the operations at Bhubneshwar unit, since the license period is over.
36. The SAP Partnership fees paid by the company doesn't come under the definition of Intangible Assets defined under AS-26. So, the same is considered as deferred revenue expenditure and amortised over a period of five years as per Section 35D of the Income Tax Act 1961.
37. Comparative Figures

On applicability of revised Schedule VI from current year, the Group has reclassified previous year figures to confirm to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the Financial Statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

In terms of our separate report of even date

For **Jain Sonu & Associates**

*Chartered Accountants*

Firm's Registration Number: 324386E

**Sonu Jain**

*Partner*

Membership Number : 060015

Place : Kolkata

Dated : 1st September, 2012

For Lee & Nee Softwares (Exports) Ltd

**Ajay Agarwal**

*Director*

**Arpita Gupta**

*Director*

**LEE & NEE SOFTWARES (EXPORTS) LTD.**

OFFICE :

14B, Camac Street, 2nd Floor, Kolkata - 700 017

**PROXY FORM**

Client ID .....

DP ID .....

Regd. Folio No. ....

Mr./Mrs./Miss

I/We .....

of ..... in the district of .....

..... being a member / members of above mentioned company hereby

appoint ..... of .....

in the district ..... of .....

or failing him/her ..... of .....

in the district of ..... as my/our proxy to vote for me/us on my/our behalf at the

TWENTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on 29th September, 2012 and at any adjournment thereof.

Signed this ..... day of September, 2012.

Signature .....

Revenue  
Stamp

Notes : The proxy must be deposited at the office of the Company at 14B, Camac Street, 2nd Floor, Kolkata - 700 017, not less than 48 hours before the time of the meeting.

----- Tear Here -----

**LEE & NEE SOFTWARES (EXPORTS) LTD.**

OFFICE :

14B, Camac Street, 2nd Floor, Kolkata - 700 017

**ATTENDANCE SLIP**

Client ID .....

DP ID .....

Regd. Folio No. ....

Mr./Mrs./Miss

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company to be held at Shishir Mitra Hall, Webel Bhavan, 3rd Floor, Block EP & GP, Sector - V, Salt Lake, Kolkata - 700 091 at 11 a.m. on the 29th September, 2012.

.....  
Member's/Proxy's Name in Block Letters

.....  
Member's/Proxy's Signature

Note : Please fill this attendance slip and hand it over at the entrance of the hall. Shareholders who come to attend the meeting are requested to bring the copy of the Annual Report with them.

**BOOK POST**

*If undelivered, please return to :*



**Lee & Nee**

**Softwares (Exports) Ltd.**

14B, Camac Street  
Kolkata - 700 017