

Quarterly Compliance Report on Corporate Governance

Name of the Company: LEE & NEE SOFTWARES (EXPORTS) LTD.
Quarterly ending on: 30.09.2011

Particulars	Clause of Listing Agreement	Compliance status (Yes/No)	Remarks
1. BOARD OF DIRECTORS	49 I	Yes	
(A) Composition of Board	49(IA)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	49 (ID)	Yes	
II AUDIT COMMITTEE	49 (II)	Yes	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49(IID)	Yes	
(E) Review of Information by Audit Committee	49(IIE)	Yes	
III SUBSIDIARY COMPANIES	49(III)	N.A.	No Subsidiary company
IV DISCLOSURES	49(IV)	Yes	
(A) Basis of related party transactions	49 (IVA)	Yes	
(B) Board Disclosures	49 (IVB)	Yes	
(c) Proceeds from public issues, rights issues, preferential issues etc	49 (IVC)	N.A.	No Public Issue
(D) Remuneration of Directors	49 (IVD)	Yes	
(E) Management	49 (IVE)	Yes	
(F) Shareholders	49 (IVF)	Yes	
(V) Report on Corporate Governance	49 (V)	Yes	

Note:

- 1) The Details under each head shall be provided to incorporate all the information required as per the provisions of the clause 49 of the Listing Agreement.
- 2) In the column No.3 compliance or non-compliance may be indicated by Yes/No. For Example, if the Board has been composed in accordance with the clause 49 I of the Listing Agreement, "Yes" may be indicated.
- 3) In the remarks column , reasons for non-compliance may be indicated, For example, incase of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column-will be complied with at the AGM. Similarly, in respect of matters which can be complied with only where the situation arises for example, "Report on Corporate Governance" is to be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.

Lee & Nee Softwares (Export) Ltd

Anita Kople
Director

LEE & NEE SOFTWARES (EXPORTS) LIMITED
CORPORATE GOVERNANCE

FOR THE QUARTER ENDED 30th September, 2011

1. BOARD OF DIRECTORS:

(A) Composition of Board as on 30.09.2011

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	2	2	Yes	NIL
Mr. Sagarmal Gupta	Promoter Director	2	2	Yes	1
Mrs. Arpita Gupta	Independent Director	2	2	Yes	1

(B) Non executive Directors compensation & disclosures

Name of Directors	Sitting fees	Consultancy fees	Total
1. Mr. S.M.Gupta	NIL	-	NIL
2. Mrs. Arpita 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 this quarter 30th September, 2011

(c) Other provisions as to Board and Committees

The Board held 2 meetings in this quarter as on 30th July, 2011 and 24th August'2011. The agenda paper was circulated well in advance of this 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 hold 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.linsel.com.

All Board members and senior management personal have affirmed their compliance with the Code.

LEE & NEE SOFTWARES (EXPORTS) LTD

Arpita Gupta
Director

II. 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 II (C) 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. Mr. S.M. Gupta - F.C.A Independent, Non-Executive – Member
2. Mrs. Arpita Gupta - A.C.A Independent, Non-Executive – Member

(B) Meeting of Audit Committee

The Committee has met 2 quarterly meetings as on 30.07.2011 and 24.08.2011, the minute of the meeting of the Audit Committee is reviewed and noted by the Board. 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 meeting of the committee is given below.

Name of Member	Category	Position	No of Meeting held	No of Meeting attended
1. Mrs. Arpita Gupta	Independent	Chairman	2	2
2. Mr. S.M Gupta	Independent	Member	2	2

(C) Powers of Audit Committee 49 (II C)

The Power 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.

) Role of Audit Committee

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending 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 quarter financial statement before submission to the Board for approval, with particular reference to:
 - Matters required to be 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 judgment by management

Arpita Gupta (Expert) Ltd

Arpita Gupta

Director

- Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosures 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 the 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 system 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 weakness 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.

III SUBSIDIARY COMPANIES

The Company did not have any subsidiary company.

IV. DISCLOSURES

There are no materially significant related party transactions i.e. transactions material in nature, 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.

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Director
Director

(B) Board Disclosures:-

Disclosure of Accounting Treatment – In the preparation of financial statement, 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 procedures 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 this quarter.

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

(D) Remuneration of Directors:

The Company has Remuneration Committee comprising of two Directors. The composition of the Committee is as follows:

Name of the members	Position	No. of Meeting Held	No. of Meeting Attended
1. Mr. Ajay Kr. Agarwal	Executive Director	2	2
2. Me. S. M. Gupta	Promoter Director	2	2

(E) Management

Management Discussion and Analysis Report:

Industry Structure and Developments:

The contribution of IT & BPO Sector in India's economy is much higher than its export achievement of the brand equity in foreign markets that has raised India's economy profile abroad. The BPO industry today boosts over turnover of \$12 billion and employs 23, 00,000 staffs. The NASSCOM-Mckinsey 2009 report states that the combine IT & BPO industry workforce is increasing by 26% annually. Despite of global meltdown India is still the leader in the world of IT & BPO.

As the Indian ER & D services off shoring industry is ingraining deeply within the customer value chain, it is becoming increasingly critical to augment its existing capabilities to engage in end-to-end product development initiatives in both traditional verticals and emerging verticals. Globally offshorable revenues of these above eleven verticals are expected to reach between USD 90-100 billion out of which India would garner a 40% share by 2020 equivalent to USD 40-45 billion from the current share of USD 7.9 billion.

Signature
S.M. Gupta
Director

BPO Business:

The Indian domestic market has undergone a transformation over the past decade- rising from the periphery to emerge as a viable, 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 is considered as a significant BPO destinations. This industry creates lot of job opportunities for youth and brings overall growth for the country.

Future of Indian BPO:

Total of IT BPO industry to reach USD 71.7 billion accounting for 5.8% of India,s GDP; software & services revenue aggregated to about USD 60 billion.

Software and services export revenues estimated to grow over 16-17% to reach USD 47 billion.

Direct employment expected to reach nearly 2.23 million, an addition of 2,26,000 employees while indirect job estimation at 8 million

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 this increasing activities of global MNC's is making difficult for employee retention for Indian Companies.

On the financial front wage inflation of 15% 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.

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 oppurtunities.

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

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 widw 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.

Growth:

According to Nasscom-Mckinsey study, the IT-enabled services sector was due to employ 1.1 million people and earn \$1 billion by 2008. That was soon revised to \$24 billion. The rapid growth is throwing up winners and the losers who did nearly everything right and are now set to take on a larger share of the BPO pie even as they gear to meet competition from the world's largest BPO corporations which are eyeing India. About 8-10 Indian start-ups are set to clock \$100 million in revenues in the next 18-14 months, purely on the strength of their current contracts.

While the effects of the economic crisis were expected to linger in the near term future, the Indian IT-BPO industry displayed resilience and tenacity in countering the unpredictable conditions and reiterating the viability of India's fundamental value proposition. Consequently, India managed to retain its leadership position in the global sourcing market.

At the same time, NASSCOM survey showed that substantial growth would take place over the next two years enabling the industry to get past the USD 60 billion export target in FY2011. Export revenues touched USD 47.3 billion in FY2009, accounting for 66 per cent of the total IT-BPO industry revenues.

Segment-wise or Product-wise performance:

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 due to lack of working in optimum capacity due to heavy manpower attrition and no 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 of Medical transcription, Animation, Call Center and 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 lately started dealing in shares of renowned information technology companies and as a strategy of diversification and turn around scheme of the company it plans for entering into realty sector, dealing in shares and securities and also in media sector, subject to approval of shareholders and other approvals under Companies Act 1956 & other laws.

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

Number of old employees was reduced in view of the low production and of course new skilled manpower was introduced for Medical Transcription and Call Center and ERP implementation and their is a smooth operational relations with the employees of the Company. The company has outsourced the work to the

Software (Export) Ltd.
Directo

professional consultants. The Company has attempted lately to develop the required skilled human resource for the future prospective projects in 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 BPO and other industry players have started to 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 under the new name of LENSEL JOBSONLINE and hopeful of success.

The Indian BPO industry is at an interesting juncture of its history. After recording mind boggling growth of nearly 37% you 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, 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.

Intelnet 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.

MEANS OF COMMUNICATION

(A).The quarterly Results of the Company are sent to the Stock Exchanges immediately after they are 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 Business Standard.

The results are also placed at website of the Company, www.lnsel.com soft copies of the financial results are also mailed to corp.relations@bseindia.com

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

(D) SHAREHOLDERS : GRIEVANCE COMMITTEE:

All the information's regarding the Company and its working are regularly uploaded in the Companies Website viz. www.lnsel.com

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

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 30th September, 2011.

Mrs. Arpita Gupta has been designated as the Compliance Officer to overseas 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.

Arpita Gupta
Director

IV. 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 Auditors.

SHRINATH SWAMY
Director
Directo