

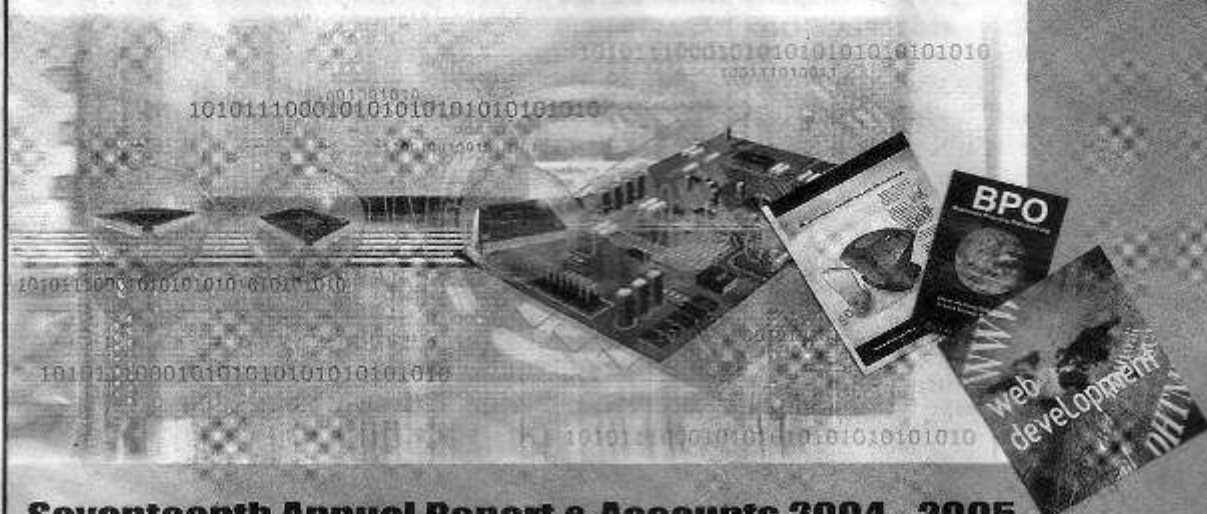


# LNSEL

LEE & NEE SOFTWARES (EXPORTS) LIMITED

# BPO

Pioneering Indian IT Towards World's Excellence.....



**Seventeenth Annual Report & Accounts 2004 - 2005**



## Lee & Nee Softwares (Exports) Ltd.

**BOARD OF DIRECTOR :** V. K. GOYAL (SINCE RESIGNED w.e.f. 29.04.04)  
S. M. GUPTA  
RAJESH AGARWAL — Chairman  
PARESH AGARWAL  
AJAY KUMAR AGARWAL — Executive Director

**AUDITORS :** PATANJALI & CO.  
CHARTERED ACCOUNTANTS

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

**REGISTERED OFFICE  
AND SOFTWARE  
DEVELOPMENT CENTRE :** SOFTWARE TECHNOLOGY PARK  
SALT LAKE ELECTRONICS COMPLEX  
BLOCK 'GP', SECTOR - V  
SDF BUILDING, 4TH FLOOR  
BIDHANNAGAR, KOLKATA - 700 091

**OTHER SOFTWARE  
DEVELOPMENT CENTRES :** SOFTWARE TECHNOLOGY PARK  
BHUBANESHWAR  
ROURKELA

BIZZYLAND BLDG. R. NO. 416  
4TH FLOOR, KUMTHEKAR ROAD  
776/A, SADASHIV PETH  
PUNE - 411 030



## Lee & Nee Softwares (Exports) Ltd.

### NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of Lee & Nee Softwares (Exports) Limited will be held at the Registered Office of the Company at Saltlake Electronics Complex, Block GP, Sector-V, SDF Building, 4th Floor, Bidhannagar, Kolkata-700 091 on Thursday the 29th day of September, 2005 at 11 A.M. for the transaction of the following business.

#### ORDINARY BUSINESS :

1. To consider and adopt the Accounts of the Company for the Financial year ended 31st March, 2005 and the Balance Sheet as on that date with the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. S. M. Gupta who retire by rotation and being eligible offer himself for re-election.
3. To appoint Auditors and fix their remuneration.

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

Sd/-  
(Rajesh Agarwal)  
Chairman

Place : Kolkata

Date : The 29th day of August, 2005

#### 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 their copies of the Report and Accounts at the Meeting.
3. Members are requested to notify any change in their address immediately to the Registrar and Share Transfer Agents at the below mentioned address.
4. 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 share holding into one account.
5. 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.
6. The Register of Members and Share Transfer Book of the Company will remain closed from 22.09.2005 to 29.09.2005 (both days inclusive).
7. 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.
8. 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, 2nd Floor, Kolkata - 700 001
9. As per SEBI's directive, w.e.f. June 26, 2000, all investors can offer delivery of Company's shares in dematerialized form only. 23799723 number of Company's shares (89.33%) have been dematerialized as on 31.03.2005.

Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity.

The Company's ISIN No. is INE791D01014



## Lee & Nee Softwares (Exports) Ltd.

### DIRECTORS' REPORT

To,  
The Shareholders

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

#### Working and Financial Results

Total Income during the year was Rs. 1,18,26,818/- as compared to Rs. 1,33,36,541/- in the previous year.

The net impact of the above, has resulted in loss during the year compared to the earlier year due to Call Centre Project which is yet to be stabilised and suffering from several contingencies and industry hazards.

The Financial Highlights are given below :

	Figures for the Current year Rs.	Figures for the Previous year Rs.
Balance Brought Forward from the Last Year	(1,79,30,720.07)	(2,09,33,139.63)
Profit / (Loss) Before Depreciation	(53,21,569.89)	32,28,849.76
	(2,42,55,290.76)	(1,77,04,289.87)
Add : Depreciation	(2,07,461.23)	(2,26,430.20)
Profit/Loss	Rs. (2,44,62,750.99)	Rs. (1,79,30,720.07)

#### Dividend

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

#### Future Prospects

BPO (Business Process Outsourcing) – The Company is targetting ITES based services, both voice & non-voice based projects from several organisations in USA, UK & Australia.

The Call Centre operation of Company is going on and is in the process of getting stabilised but will take time to gain economies of scale.

#### Expansion

The Company has commenced operation of a Call Centre at 'BBSR' and another BPO unit at 'Pune' keeping an eye to develop and tap the B.P.O. segment in E-accounting and animation project, which will optimise the project cost and reduce the losses.

#### Out Look

The Company apart from software services, has established its reputation in the market as an Information Technology Enabled Service provider (ITES) specially in Medical Transcription as well as International Call Centre.

The proposed expansion would further consolidate the position of the Company. This would have a better margin of profitability and would result in higher growth of the Company.

Your Directors are glad to report that the adverse factors stand substantially, abated so far in the current year. Accordingly your directors are confident of achieving better results in the year 2005-06.

#### Fixed Deposits

The Company has not accepted any deposit from the Public.

#### Directors

Your Director Mr. S. M. Gupta retire at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

#### Directors' Responsibility Statement

Your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- that 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 loss of the Company for that year.



## Lee & Nee Softwares (Exports) Ltd.

- (iii) that 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 safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors have prepared the annual accounts on a going concern basis.
- (v) that none of the Directors is disqualified as on 31.03.2005 from being appointed as a Director of the Company under section 274(1)(g) of the Act.

### Auditors

Your Auditors Patanjali & Company, Chartered Accountants also retire at the Annual General Meeting and are eligible for re-appointment.

### Auditors' Observations

As regards observations made by the Auditors, the relevant notes in Schedule 'C' 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.

### 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 (India) Ltd. (CDSL) for dealing in Equity Shares of the Company in dematerialized form. Your Company has been allotted (ISIN No. INE 701B01014). 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 thereunder.

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 Call Center.  
An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.
- C. (a) Foreign Exchange Earning : Rs. 87,26,246.69 (Including sale of other 100% EOU units)  
(b) Foreign Exchange Outgo : Rs. 49,68,311.38 on account of hosting and domain registration, business procurement fees and ASP 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 : The 29th day of August, 2005

Sd/-  
(RAJESH AGARWAL)  
Chairman



**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 Exchanges.
- b) **Suspension In Trading :**  
Trading in the Company's Securities was not suspended.
- c) **Listing Fees :**  
The listing fees payable as on 31.03.2005 to the various Stock Exchanges aggregating to Rs. 96,750/- 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 share holders. 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 processes for policy development, implementation and review, decision-making, monitoring, control 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 :**

**2.1 Composition**

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

<b>Name of the Director</b>	<b>Position</b>
Mr. Ajay Agarwal (Appointed on 29.4.2004)	Executive Director
Mr. Parash Agarwal	Non Executive Director
Mr. Rajesh Agarwal	Non Executive Director
Mr. Sagarmal Gupta	Promoter Director

**2.2 Meeting and attendance record of each Director**

- (i) 6 Meetings of the Board of Directors were held during the year ended on 31st March, 2005.

These were held on :

1. 29th day of April, 2004
2. 31st day of July, 2004
3. 23rd day of August, 2004
4. 30th day of October, 2004
5. 25th day of January, 2005
6. 19th day of February, 2005



## Lee & Nee Softwares (Exports) Ltd.

(ii) The attendance record of the Directors at the Board meetings during the year ended on 31st March, 2005 and the last Annual General Meeting (AGM) is as under :

NAME OF THE DIRECTOR	ATTENDANCE AT BOARD MEETINGS	ATTENDANCE AT LAST A G M
Mr. Ajay Agarwal	6	Yes
Mr. S. M. Gupta	6	Yes
Mr. Rajesh Agarwal	6	Yes
Mr. Paresh Agarwal	2	Yes

### 1.1 Other Directorships

The details of other Directorships and Committee Chairmanships and Memberships held by the Directors of the Company are given below :

NAME OF THE DIRECTOR	NO. OF OTHER DIRECTORSHIP	BOARD CHAIRMAN	COMMITTEE MEMBER	OTHER COMMITTEE
Mr. Ajay Agarwal	—	—	Investors' Grievance Committee, Remuneration Committee	—
Mr. Sagarmal Gupta	2	—	Investors' Grievance Committee, Remuneration Committee	—
Mr. Paresh Agarwal	—	—	Audit Committee, Chairman	—
Mr. Rajesh Agarwal	2	—	Audit Committee	—

### 1.2 Remuneration of Directors

The details of remuneration paid to the wholetime Director of the Company are given below :

N I L

### 1.3 Re-appointment of Directors

The brief particulars of the Director of the Company, retiring by rotation and proposed to be re-appointed at the ensuing Annual General Meeting are as under :

**Sri Sagarmal Gupta**, aged 55 years, is a Chartered Accountant and widely experienced and is long associated and actively engaged with your Company.

### 1.4 Committees

Only three committees, namely, Audit Committee, Investors' Grievance Committee and Remuneration committee are constituted.

## 2. AUDIT COMMITTEE

(i) The Audit Committee was constituted on 31.01.2002. The Committee comprises of two member viz Mr. Rajesh Agarwal & Mr. Paresh Agarwal.

All the members of the Audit committee are independent and non-executive Directors. They possess adequate knowledge of accounts, audit, finance etc. Mr. Paresh Agarwal is the Chairman of the audit Committee.

(ii) During the year Three Audit Committee meetings were held and all the three meetings were attended by both Mr. Paresh agarwal and Mr. Rajesh Agarwal.

The role and powers of the Audit Committee are as laid down under the relevant clauses of the Listing Agreement and Section 292 (A) of the Companies Act, 1956.

## 3. SHAREHOLDERS AND INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders and Investors' Grievance Committee was constituted on 31.01.2002 to look into the redressal of investors' complaints.

Miss Leena Gupta is designated as the Compliance Officer who at present is overseeing the investors' grievances. As on 31st July, 2005 there were no Complaints pending to reply. There were no share transfers pending for registration as on today beyond 30 days of receipt of such transfer.



## Lee & Nee Software (Exports) Ltd.

Five Meetings of the Investors Grievance Committee were held during the year ended 31st March, 2005.

NAME OF THE DIRECTOR	MEETINGS HELD	ATTENDANCE
1. Mr. S. M. Gupta	5	5
2. Mr. Ajay Kumar Agarwal	5	5

#### 4. REMUNERATION COMMITTEE :

Six Meetings of the Remuneration Committee were held during the year ended 31st March, 2005.

NAME OF THE DIRECTOR	MEETINGS HELD	ATTENDANCE
1. Mr. Ajay Kumar Agarwal	6	6
2. Mr. S. M. Gupta	6	6

#### 5. GENERAL BODY MEETINGS :

The details of Annual General Meeting held in last 3 years are as under –

Annual General Meeting	Day	Date	Time	Venue
14th Annual General Meeting	Friday	27.09.2002	11.00 A.M.	Regd. Office
15th Annual General Meeting	Wednesday	24.09.2003	11.00 A.M.	Regd. Office
16th Annual General Meeting	Saturday	25.09.2004	11.00 A.M.	Regd. Office

#### 6. DISCLOSURES :

- During the year, there were no transactions of material nature with the Directors or management or relatives that had potential conflict with the interest of the Company.
- There were no instances of non-compliance on any matter related to Capital Market during the last 3 years.

#### 7. MEANS OF COMMUNICATION :

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after being approved by the Board. These are widely published in newspaper namely Financial Express.

These results are simultaneously posted on the website of the Company at <http://www.insel.com>. The official press releases are also available on the website. Pursuant to SEBI circular no. SMD/Polices/CIR/13/02 dt. 20.6.2002 & SMD Policy/CIR/17/02 dt. 3.7.2002 relating to electronic data information filing and retrieval (EDIFAR) the Company is electronically filing specific documents/statements on the EDIFAR Website viz [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

**Industry Structure and Developments :** Software service segment is estimated to register a growth of 14.8% to reach Rs. 154 billion (USD 2.78 billions in 2002-03). BPO boom has arrived in West Bengal. Every now and then new players are coming and FDI Investment in Bengal is also forseen. Govt's positive approach and infrastructural development has attracted the Software Giants to come to West Bengal and industry is rising high.

The market share and no. of players in the Indian industry has increased. West Bengal has become 4th on the software map of India and the BPO units are finding place in Bengal.

India is in the good books of American Corporates as a destination for outsourcing and is highly beneficial and cost effective to US Companies irrespective of anti outsourcing bills being introduced in various states of the USA. UK and Australian vendors are also making room in Kolkata Call Centre Market.

**Opportunities and threats :** IT enabled services especially BPO (Business Process Outsourcing) is the new opportunity to the Software Industry but the threats are reliability of the project, performance, meeting customer requirements and getting payment. Hence players in the industry are reluctant to enter into it. More over recent studies by Garner reveals that the threat of merger and acquisition by Giants and fraud in Big Call Centres have reduced the branding of Indian BPO by 30% but efforts by NASSCOM as to data security and proposed amendment in the I.T. Act, 2000 will handle the situation in the best interest of the industry.

**Segment-wise or Product-wise performance :** In view of the identical geographical location and the same product, i.e. IT enabled services hardly there is a need for separate segmental reporting.

**Outlook :** In view of the bright future prospect of the I.T. enabled services, the Company has taken new license as Phase II of the Company, at both the places i.e. Kolkata and Bhubaneshwar. This will not deprive the Company of being at par with other existing 100% EOUs. The Company may start a HR Development process for Call



## Lee & Nee Softwares (Exports) Ltd.

Centre staffing separately, as an HR activity. The Company plans to escalate the size of Call Centre from 100 seater to 1500 seater on allotment of land from Govt. of West Bengal with an estimated investment of Rs.35 Crores. A new set up of 60 seater unit at Bhubaneswar has been started by the Company and Commercial production is expected soon.

**Risks and Concerns :** The Company is concerned with the continuity of the regular flow of work and foresees the risk of availability as well as the retention of the required qualitative man power especially keeping in view the high zonal employee turnover and competitiveness due to giant entrants in Call Centre Industry. Acute shortage of experienced Call Centre professionals is the burning question for the industry. In voice based operations infrastructural support as to zero break downs, is the another Continguous Factor which effects revenue. Sufficient profitability is still away due to non absorption of fixed overheads vis a vis the size of the operation in the Company. Break even with good profitability is foreseen in the days to come. Service delivery with quality assurance is yet to be streamlined. BPO units at Kolkata are too needy for outsourced work, the negotiation power is less and has to agree without security of payment. As such chances of bad debts can't be ruled out.

**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 :** Certain laws, introduced by the Federal Government in the USA against outsourcing of Government jobs to Indians 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. Of late, it started Medical Transcription, but the volume and quality was not enough to serve the equity of the Company and results are adversely affected. The Company has commenced its Call Centre activities and results are encouraging but awaited.

**Material development in Human Resources/Industrial Relation front, including No. of people employed :** Number of old employees were reduced in view of the low production and of course new skilled manpower was introduced for Medical Transcription and Call Centre and there is a smooth operational relations with the employees of the Company. The Company has outsourced the work to the professional consultants. The Company has attempted lately to develop the required skilled human resource for the future prospective projects in Call Centre in good hope.

### 8. GENERAL SHAREHOLDERS INFORMATION :

#### 8.1 Registered Office

SDF Building, Software Technology Park,  
Saltlake Electronics Complex  
4th Floor, Block GP, Sector-V,  
Bidhannagar, Kolkata - 700 091.

#### 8.2 Address for Correspondence

Same as above.

#### 8.3 Plant Location

- i) SDF Building, Saltlake Electronics Complex, 4th Floor, Block GP, Sector-V, Bidhannagar, Kolkata - 91.
- ii) Software Technology Park, Priyadarshini Market, CRP Square, Bhubaneswar-751 012, Orissa.
- iii) Hall No. 5 & 6 C/o. Software Technology Park of India, IG Park, Rourkela-769 002.
- iv) Bizzyland Bldg., R. No. 416, 4th Floor, Kuntekar Road, 776/A, Sadashiv Peth, Pune-411 030.

#### 8.4 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 physical form as well as 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 Agents has been appointed w.e.f. 23.2.2003 whose details are given below :

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor, Kolkata - 700 001

Phone : 2243 5029/5809, Fax : 2248 4787, E-mail : mdpl@cal.vsnl.net.in

**Demat ISIN Nos.      INE791B01014**



## Lee & Nee Softwares (Exports) Ltd.

### 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., SDF Building, Software Technology Park, Saltlake Electronic Complex, 4th Floor, Block GP, Sector-V, Bidhan Nagar, Kolkata-700 091.

### 8.5 Annual General Meeting :

Date : 29.09.2005

Time : 11.00 A.M.

Venue : Regd. Office

SDF Building, Saltlake Electronics Complex, 4th Floor, Block GP, Sector-V, Bidhan Nagar, Kolkata-700091.

### 8.6 Book Closure

22nd Day of September 2005 to 29th Day of September, 2005.

### 8.7 Listing of Securities

Name of the Stock Exchanges :

Bombay Stock Exchange Limited

The Calcutta Stock Exchange Association Ltd.

The Stock Exchange, Ahmedabad.

### 8.8 (a) Distribution of Shareholding :

The Shareholding distribution of equity shares as of 31st March, 2005 is given below :

Sl. No.	No. of Equity Shares held			No. of Share holders	No. of Shares	% of Shareholding
1	1	to	500	20256	3786889	14.19
2	501	to	1000	1627	1372315	5.14
3	1001	to	2000	713	1104506	4.14
4	2001	to	3000	225	576832	2.16
5	3001	to	4000	115	413744	1.55
6	4001	to	5000	90	428091	1.60
7	5001	to	10000	125	899666	3.37
8	10001	to	Above	74	18111957	67.85
				23225	26694000	100.00

### 8.8 (b) Market Price Data :

The details of high/low market price of the share at the Calcutta and Mumbai Stock Exchanges are as under :

Month	Quotation at Mumbai Stock Exchange		Quotation at Calcutta Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2004	3.25	2.17	2.50	2.50
May 2004	3.08	2.10	-	-
June 2004	2.75	1.90	1.65	1.65
July 2004	3.25	2.52	2.70	2.70
August 2004	3.00	2.25	2.70	2.70
September 2004	3.24	2.25	2.70	2.70
October 2004	3.80	2.93	2.70	2.70
November 2004	4.50	3.00	2.70	2.70
December 2004	5.75	3.10	2.75	2.75
January 2005	5.44	3.36	2.75	2.75
February 2005	7.15	3.41	2.75	2.75
March 2005	5.80	3.25	2.75	2.75



## Lee & Nee Softwares (Exports) Ltd.

### 8.9 Shareholding Pattern (as on 31.03.2005)

Category	No. of Holders	No. of shares	% of holding
PROMOTER	19	14917455	55.8832
NRI	13	12014	0.0450
FII	-	-	-
OCB	-	-	-
IFI	-	-	-
IMF	-	-	-
BANK	1	1200	0.0045
EMPLOYEES	-	-	-
BODIES CORPORATE	287	540374	2.0243
PUBLIC	22905	11222957	42.0430
TRUST	-	-	-
<b>Total</b>	<b>23225</b>	<b>26694000</b>	<b>100.0000</b>

### 8.10 Dematerialisation of Shares :

Nearly 89.33% of Total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2005.

### 8.11 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.

### 8.12 Financial Calender 2005 - 2006

First quarterly results	: July, 2005
Second quarterly results	: October, 2005
Third quarterly results	: January, 2006
Annual results for the year ending on 31st March, 2006	: On or before 31st July, 2006
Annual General Meeting for the year ending on 31st March, 2006	: On or before 30th September, 2006

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

Place : Kolkata

Dated : The 29th day of August, 2005

Sd/-  
(RAJESH AGARWAL)  
Chairman



**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 (the Company) for the year ended March 31, 2005 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 of 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 Chartered Accountants of India, we state that the Share transfer division has certified that as at March 31, 2005, 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 PATANJALI & CO.**  
*Chartered Accountants*

Sd/-

Place : Kolkata

(VIRAT SHARMA)

Dated : The 27th day of August, 2005

Partner.

M. No. 61553



**ANNEXURE TO THE AUDITORS' 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. No material discrepancies have been noticed on such verification.
- c) The Company has not disposed off any substantial part of its fixed assets during the year.
- (ii) a) The inventory has been physical 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 were noticed on verification between physical stocks with the book records.
- (iii) The company has not taken/granted any loans from/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)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the informations and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the sale 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 informations and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of companies Act, 1956 have been so entered.
- b) In our opinion and according to informations and explanations give to us, the Company has entered into transaction in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of Rs. Five lakhs in respect of any party.
- (vi) The Company has not accepted any deposit 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 section 209 (i) (d) of the Companies Act, 1956 for the products of the Company.
- (ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it.
- b) According to information and explanations given to us, no undisputed amounts payable in respect of the Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty and cess were in arrears as at 31st Marh, 2005 for a period of more than six months from the date they became payable.
- c) According to information an explanation given to us, there are no dues of Sales Tax/Welth Tax/Service Tax/Income Tax/Custom Duty/cess which have not been deposited on account of any dispute other than disclosed in notes on accounts.



## Lee & Nee Softwares (Exports) Ltd.

- (x) The Company has accumulated losses amounting to Rs. 2,44,62,750.99 as at 31st March, 2005 and it has incurred cash loss in the financial year 2004-05 but has not incurred loss in the financial year 2003-04 (Rs. 1,79,30,720.07/- in previous year).
- (xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares.
- (xii) 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.
- (xiii) The Company is not dealing/trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) 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.
- (xv) The Company has not taken any term loans, therefore the provisions of Clause (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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 PATANJALI & CO.**  
*Chartered Accountants*

Place : Kolkata  
Dated : The 27th day of August, 2005

Sd/-  
(VIRAT SHARMA)  
Partner.  
M. No. 61553

**LEE & NEE SOFTWARES (EXPORTS) LTD.**  
**SDF BLDG. SOFTWARE TECHNOLOGY PARK, KOLKATA-91**  
**BALANCE SHEET AS ON 31ST MARCH, 2005**

FIGURES FOR THE PREVIOUS YEAR	LIABILITIES		FIGURES FOR THE PREVIOUS YEAR		ASSETS		FIGURES FOR THE PREVIOUS YEAR	
	RS.	P.	RS.	P.	RS.	P.	RS.	P.
(RS.)								
<b>SHARE CAPITAL :</b>								
<b>AUTHORISED</b>								
600,00,000/-			600,00,000/-		FIXED ASSETS : (AT COST)			
(Prev. Year 600,00,000/-)			(Prev. Year 600,00,000/-)		(As per Schedule 'A')			
Rs. 10/- each			Rs. 10/- each					
26,69,40,000/-			26,69,40,000/-		INVESTMENTS : (AT COST)			
(Prev. Year 2,66,94,000/-)			(Prev. Year 2,66,94,000/-)		(As per Schedule 'B')			
Issued, Subscribed & paid up :			Issued, Subscribed & paid up :					
2,66,94,000/-			2,66,94,000/-		CURRENT ASSETS, LOANS & ADVANCES :			
(Prev. Year 2,66,94,000/-)			(Prev. Year 2,66,94,000/-)		<b>A. Current Assets :</b>			
2,66,94,000/-			2,66,94,000/-		Stock in Trade (As taken valued			
Rs. 10/- each			Rs. 10/- each		and certified by the management)			
2,66,94,000/-			2,66,94,000/-		Finished Goods (At Cost)			
(Prev. Year 2,66,94,000/-)			(Prev. Year 2,66,94,000/-)		Work-in-Progress (At Cost)			
2,66,94,000/-			2,66,94,000/-					
Rs. 10/- each			Rs. 10/- each		<b>Sundry Debtors :</b>			
2,66,94,000/-			2,66,94,000/-		(Unsecured - Considered Good)			
2,66,94,000/-			2,66,94,000/-		Debits outstanding (Exceeding			
Rs. 10/- each			Rs. 10/- each		Six months)			
2,66,94,000/-			2,66,94,000/-		Other Debtors			
2,66,94,000/-			2,66,94,000/-					
Rs. 10/- each			Rs. 10/- each		<b>Cash &amp; Bank Balance :</b>			
2,66,94,000/-			2,66,94,000/-		Cash in hand			
2,66,94,000/-			2,66,94,000/-		Cash at Bank (With Scheduled			
Rs. 10/- each			Rs. 10/- each		Bank in Current A/c.)			
2,66,94,000/-			2,66,94,000/-		In Fixed Deposit A/c.			
2,66,94,000/-			2,66,94,000/-		(With Scheduled Bank)			
2,66,94,000/-			2,66,94,000/-		(Including Int. Accrued)			
Rs. 10/- each			Rs. 10/- each		<b>B. Loans &amp; Advances :</b>			
2,66,94,000/-			2,66,94,000/-		Loans :			
2,66,94,000/-			2,66,94,000/-		(Unsecured - considered Good)			
Rs. 10/- each			Rs. 10/- each		(Interest accrued thereon)			
2,66,94,000/-			2,66,94,000/-		<b>Advances :</b>			
2,66,94,000/-			2,66,94,000/-		(Recoverable in cash or kind			
2,66,94,000/-			2,66,94,000/-		or for value to be received)			
Rs. 10/- each			Rs. 10/- each		Deposits			
2,66,94,000/-			2,66,94,000/-		Income tax deducted at source			
2,66,94,000/-			2,66,94,000/-		<b>MISCELLANEOUS EXPENDITURE :</b>			
Rs. 10/- each			Rs. 10/- each		(To the extent not written			
2,66,94,000/-			2,66,94,000/-		off and/or adjusted)			
2,66,94,000/-			2,66,94,000/-		Preliminary Expenses			
Rs. 10/- each			Rs. 10/- each		Share Issue Expenses			
2,66,94,000/-			2,66,94,000/-		<b>PROFIT &amp; LOSS ACCOUNT</b>			
2,66,94,000/-			2,66,94,000/-		As per Annexed A/c.			
2,66,94,000/-			2,66,94,000/-					
Rs. 10/- each			Rs. 10/- each					
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2,66,94,000/-			2,66,94,000/-					
Rs. 10/- each			Rs. 10/- each					

SDF BLDG. SOFTWARE TECHNOLOGY PARK, KOLKATA-91  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

<p><b>Schedule A to C annexed to and forming part of the Balance Sheet</b></p> <p><b>In terms of our separate report of even date</b></p> <p><b>For PATANJALI &amp; CO.</b></p> <p><b>Chartered Accountants</b></p> <p>Sd/- <b>(VIRAT SHARMA)</b> Partner, (M. No. 61553)</p> <p>Place : Kolkata Dated : The 27th day of August, 2005</p>	<p><b>Note :</b></p> <table border="0"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Earning Per Share</u></th> <th style="text-align: center;"><u>No. of Shares</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Current</td> <td style="text-align: center;">Rs. —</td> <td style="text-align: right;">2,86,94,000</td> </tr> <tr> <td style="text-align: center;">Previous</td> <td style="text-align: center;">Rs. .112</td> <td style="text-align: right;">2,86,94,000</td> </tr> </tbody> </table>	<u>Year</u>	<u>Earning Per Share</u>	<u>No. of Shares</u>	Current	Rs. —	2,86,94,000	Previous	Rs. .112	2,86,94,000	<p><b>Director :</b></p> <ol style="list-style-type: none"> <li>1. Rajesh Agarwal</li> <li>2. Ajay Agarwal</li> </ol>
<u>Year</u>	<u>Earning Per Share</u>	<u>No. of Shares</u>									
Current	Rs. —	2,86,94,000									
Previous	Rs. .112	2,86,94,000									

Director : 1. Rajesh Agarwal  
2. Ajay Agarwal

# LEE & NEE SOFTWARES (EXPORTS) LTD.

## SCHEDULE 'A' FIXED ASSETS

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.2005)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	Cost as on 1.4.2004	Addition during the year	Loss on Revaluation	Sales/Trans. during the year	Total as on 31.03.2005	Up to 31.3.2004	For the Period on Revaluation	For the year	Sale/Transfer for the year	Total	As on 31.3.2005	As on 31.3.2004
Plant & Machinery (Comp)	46,60,721.94	1,70,890.00	—	44,70,745.33	3,60,866.61	41,75,301.77	—	1,24,208.51	40,64,346.17	2,35,164.11	1,25,702.50	4,85,420.17
Plant & Machinery (Others)	8,39,972.00	3,94,944.00	—	8,33,946.00	4,00,870.00	5,07,951.95	—	1,26,318.17	4,23,915.83	2,10,354.29	1,90,615.71	3,32,020.05
Furniture & Fittings	8,37,583.24	52,094.00	—	5,74,708.57	3,14,968.67	4,79,401.78	—	66,449.79	3,99,344.80	1,46,506.77	1,69,461.90	3,58,181.46
Communication Equipment	10,453.70	—	—	9,670.70	783.00	7,781.66	—	388.24	7,716.06	453.84	329.16	2,672.04
Ras	1,32,100.00	—	—	1,32,100.00	—	43,678.35	—	12,271.32	56,149.67	—	—	88,221.65
Air Conditioner (Salt Lake)	1,09,987.00	10,000.00	—	50,359.00	69,639.00	30,355.26	—	12,468.94	12,077.20	30,747.00	38,892.00	79,641.74
Total (Rs.)	65,90,827.88	6,27,928.00	—	60,71,528.60	11,47,227.28	52,44,670.77	—	3,42,104.97	49,63,549.73	6,23,226.01	5,24,001.27	13,46,157.11
Fig. for the Prev. Year	62,76,932.88	3,32,895.00	—	19,000.00	65,90,827.88	48,37,328.62	—	4,11,283.84	3,942.18	52,37,670.77	13,46,157.11	14,39,604.26

Note : Depreciation in respect of Export Division Rs. NIL (previous year 178722/-) and 100% EOU Rs. 37,018.93 (previous year Rs. 58,325.21) & branches amounting to Rs. 97,824.81 as shown above have been charged to the respective divisional account out of the Depreciation as appearing above.

In terms of our separate report of even date

For PATANJALI & CO.  
Chartered Accountants

Sd/-  
(VIRAT SHARMA)  
Partner,  
(M. No. 61553)

Place : Kolkata  
Dated : The 27th day of August, 2005

Director : 1. Rajesh Agarwal  
2. Ajay Agarwal

(17)

# LEE & NEE SOFTWARES (EXPORTS) LTD.

SCEDULE 'B' INVESTMENTS (AT COST)  
(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.3.05)  
1. OTHER THAN TRADE INVESTMENTS : INVESTMENT IN EQUITY SHARES : (FULLY PAID UP) (LONG TERM INVESTMENT)

QUOTED	PREVIOUS YEAR		NAME OF THE COMPANY	CURRENT YEAR	
	NOS.	Rs.		NOS.	Rs.
	1000	42,950.00	Singhal Cement Ltd.	1000	42,950.00
	3400	1,25,520.00	Harig Crankshafts Ltd.	3400	1,25,520.00
	300	61,200.00	Krone Communication Ltd.	300	61,200.00
	361560	45,19,500.00	Guirat Texspin Ltd.	361560	45,19,500.00
	90000	15,66,000.00	White Diamond Ltd.	90000	15,66,000.00
	146100	18,26,250.00	Crazy Infotech Ltd.	146100	18,26,250.00
	268800	15,22,400.00	Asha Agro India Ltd.	268800	15,22,400.00
	106	2,120.00	Enkay Texfood Ltd.	106	2,120.00
	65	940.53	ICICI Ltd.	65	940.53
	100	515.00	Neena Consultants Ltd.	100	515.00
	50	1,500.00	PCS Data Products Ltd.	50	1,500.00
		<b>Rs. 96,68,895.53</b>			<b>Rs. 96,68,895.53</b>

UNQUOTED	PREVIOUS YEAR		NAME OF THE COMPANY	CURRENT YEAR	
	NOS.	Rs.		NOS.	Rs.
	41425	23,62,500.00	Shiv Leasing Ltd.	41425	23,62,500.00
	60000	6,00,000.00	Vora Financial Ltd.	60000	6,00,000.00
	1100	8,500.00	Visura Trad. & Invt. Ltd.	1100	8,500.00
		<b>Rs. 29,71,000.00</b>			<b>Rs. 29,71,000.00</b>
		<b>Rs. 1,26,39,895.53</b>			<b>Rs. 1,26,39,895.53</b>

Total	974006				
Total Cost of Quoted Investments		Rs. 96,68,895.53			
Total Cost of Unquoted Investments		Rs. 29,71,000.00			
Market Value of Quoted Investments		Rs. 34,24,106.00			

## 2. Current Investments (At cost or market value whichever is lower) Other than Trade Investments (Quoted)

PREVIOUS YEAR	CURRENT YEAR		NAME OF THE COMPANY	CURRENT YEAR	
	NOS.	Amount		NOS.	Amount
	200	1,200.00	Century Extrusions Ltd.	200	1,200.00
	100	660.00	Hindustan Motor Ltd.	100	660.00
	100	1,570.00	Hindustan Construction Ltd.	100	1,570.00
	100	100.00	R. D. B. Industries Ltd.	100	100.00
	100	8,200.00	Philips India Ltd.	100	8,200.00
	600	<b>Rs. 11,730.00</b>		600	<b>Rs. 11,730.00</b>

Market Price Rs. 20,152/- (Previous year Rs. 23,535/-)

## 3. Investment in Debentures (Quoted) Long term Investment

	25	Rs. 2,250.00	Finolex Pipes Ltd.	25	Rs. 2,250.00
		Rs. 12,80,594.90			
		<b>Rs. 12,82,844.90</b>			
		<b>Rs. 1,39,34,470.43</b>			
		<b>Rs. 1,48,43,096.81</b>			

In terms of our separate report of even date

For PATANJALI & CO.

Chartered Accountants

Sd/-

(VIRAT SHARMA)

Partner. (M. No. 61553)

(18)

Place : Kolkata

Dated : The 27th day of August, 2005

Director : 1. Rajesh Agarwal  
2. Ajay Agarwal



**SCHEDULE 'C' NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES :**

The financial statement has been prepared under historical cost convention and as going concern concept and in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 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 which is recorded on cash basis.

**b) Revenue/Expenses Recognition :**

Revenue and Expenses are recognised 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) Accounting of Software Package Development :**

Expenses incurred on development of software packages are shown under work in progress till the package are fully developed.

**d) Fixed Assets :**

All Fixed Assets are stated at cost inclusive of expenses incurred to put them for use.

**e) Investments :**

Investments are stated at cost. The management perceives all the investments in securities as long term save and except mentioned as current investment in the Schedule "B".

**f) 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.

**g) Valuation of Inventories :**

Software packages and printed materials are valued at cost. Finished goods excluding developed software package are valued at lower of cost and estimated net realisable value. Work-in-progress including the cost of developed software is taken at estimated cost.

**h) Foreign Currency Transaction :**

i) Transactions in Foreign Currency are normally recorded at prevailing exchange rate, at the time of the transaction. The resultant gain or loss on realisation of foreign currency is recognised in Profit & Loss Account as exchange fluctuation.

**B) NOTES ON ACCOUNTS :**

**1) Contingent Liabilities not provided for :**

- Estimated amount of contracts for sale remaining to be executed has not been provided for Rs. Nil (previous year not provided for Rs. 6,41,65,504/-)
- E-accounting business procurement fee, amounting to contracts value for Rs.27,00,000/-, yet to be executed, has not been provided for (Previous year Rs. 27,00,000/-).
- Counter guarantee given to Indusind Bank Ltd. in respect of Bank Guarantee of Rs. 3,00,000/- issued by them in favour of Department of Telecommunication, Govt. of India.
- Provision for Software maintenance for the year 31.3.2005, over and above the payments made to third party for the same on its being failure to provide the warranty support.

**2) Income Tax demands against the Company not acknowledged as debts not provided for, in respect of which the Company is in appeal for the Asst. Year 1994-95 is Rs. 1,03,462/- (Previous Year Rs. 1,03,462/-). Demand for custom duty on behest of audit amounting to Rs. 69,62,085/- is not acknowledged as debts, being disputed.**

**3) Company has no outstanding dues as on 31.03.2005 payable to small scale units.**



## Lee & Nee Softwares (Exports) Ltd.

- 4) There is decline in carrying amounts of the long term Investments in shares of certain limited companies. However no provision for the resultant amount of decline is made in profit & loss a/c as the same is not ascertainable.
- 5) As the Company is dealing only in softwares business at all its centers, the segment reporting as per AS 17 is not required.
- 6) In the opinion of Board of Directors, Current Assets, Loans and Advances have a value of realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet and are subject to confirmations by the respective parties.
- 7) Figures for the previous year have been regrouped/rearranged wherever necessary except profit & loss account of export division unit prepared separately pursuant to the requirement of the amendment in section 10 B of the IT Act 1961 and the branches are therefore not comparable with the figures of previous year.
- 8) Figures of current year are not strictly comparable with the figures of previous year in Computer Software Business.
- 9) Deemed exports at Calcutta STPI amounting to USD 94182.84 (INR. 42,63,610.70) (Previous year USD 52800) has been received from Rourkela STPI unit contractually and is reflecting on both the a/cs. but the contra effect shall be nil.
- 10) Additional information pursuant to the provisions of paragraph 3 & 4 of part II of Schedule VI to the Companies Act. 1956

### a) Licensed and Installed Capacities

Under the new industrial policy no. specific licence or installed capacity is necessary for the products manufactured by the company.

		Current Period Amount (Rs.)	Previous Period Amount (Rs.)
b) Opening Stock			
Softwares		11,23,151.76	11,23,151.76
c) Purchase			
Software Services		62,51,153.00	16,85,280.55
d) Sales			
Exports Software			
Services etc.	67,26,246.69		
Others	<u>4,56,157.15</u>	71,82,403.84	70,86,665.21
e) Closing Stock			
(Software)		45,10,199.76	11,23,151.76
11) Materials Consumed			
(Consumables & components)			
& Printed Materials Imported		Nil	Nil
Indigenous			
Export Division		Nil	Nil
Others		Nil	Nil
12) CIF Value of Imports :		Nil	Nil
13) Expenditure in Foreign Currency :			
Hosting & Domain Registration			
& Travelling Expenses		52,76,763.91	29,20,693.00
14) Earning in Foreign Exchange :			
Export on FOB Basis		67,26,246.69	1,08,08,841.87



## Lee & Nee Softwares (Exports) Ltd.

15) Related Parties Disclosures as per AS 18 which came into effect in respect of accounting period commencing on or after 01.04.2002.

i) Name of the Key Management Personnel :

Shri S. M. Gupta	Promoter Director
Shri Ajay Agarwal	Executive Director
Shri Paresh Agarwal	Director
Shri Rajesh Agarwal	Director

ii) Parties Related to the Key Management Personnel where they are interested as relative/partner/director in the firms/companies etc.

S. M. Gupta & Company  
Leena Gupta, Raj Kumari Agarwal  
Sunita Gupta  
Rajesh Mohan & Associates, Paresh Agarwal & Associates

iii) The company has entered into transactions with certain parties as listed above during the year as under:

		<u>Current Year</u>	<u>Previous Year</u>
S. M. Gupta & Company	Consultancy Charges	Rs. 240000/-	Rs. 240000/-
Directors	Meeting Fees	Rs. 14000/-	Rs. 13000/-
Leena Gupta	Professional Fees + Rent	Rs. 66000/-	Rs. 10000/-
Raj Kumari Agarwal	Rent	Rs. 18000/-	Rs. 18000/-

16) **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

1) **Registration Details**

(Rs. in thousands)

Registration No.	45,587
State Code	21
Balance Sheet Date	31.03.2005

2) **Capital Raised During the Year**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3) **Position of Mobilisation and Deployment of Funds**

Total Liabilities	2,76,226
Total Assets	2,76,226
Sources of Funds	
Paid up Capital	2,66,940
Reserve & Surplus	10
Secured Loans	NIL
Un-Secured Loans	NIL
Application of Funds	
Net Fixed Assets	524
Investments (Including Investment in Partnership firm)	14843



## Lee & Nee Softwares (Exports) Ltd.

Net Current Assets	3868
Miscellaneous Expenditure	970
Accumulated Losses	24463

### 4) Performance of Company

Total Income	11826
Total Expenditure	18358
Profit Before Tax	Loss : (6532)
Profit After Tax	Loss : (6532)
Earnings per Shares	NIL
Dividend Rate	NIL

### 5) Generic Names of three

#### Principal Products/Services of the Company.

Item Code (ITC Code) :	852499	852499	N.A.
Product Description	Software development & Export	Export of Software & Project Management Services	Manufacturing & Export, Marketing of Computer Software, Hardware Products & Services.

In terms of our report of even date annexed

**For PATANJALI & CO.**

Chartered Accountants

Place : Kolkata

Dated : The 27th day of August, 2005

Sd/-  
(VIRAT SHARMA)

Partner.  
M. No. 61553

Director 1. Rajesh Agarwal  
2. Ajay Agarwal



# Lee & Nee Softwares (Exports) Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	Figures for the Current Year		Figures for the Previous Year	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit as per P & L A/c.		(65,32,031)		30,02,420
Adjusted for :				
Depreciation	3,42,105		4,11,284	
Loss on Revaluation of Assets	—		—	
Loss on Sale of Shares	—		—	
Profit/(Loss) on sale on fixed assets	—		—	
Deferred Revenue Expenses w/o	—		—	
Preliminary & Share Issue Expenses	4,84,779		4,84,779	
Interest & Dividend	(3,65,836)		(3,15,298)	
Sundry Balance w/o	—		—	
Profit/(Loss) on Investment (In Partnership Firm)	2,574		38,613	
		4,63,622		6,19,378
Operating Profit/loss before working Capital Changes		(60,68,409)		36,21,798
Adjust for :				
Inventories	(39,79,343)		—	
Trade & Other Receivables	1,90,99,066		(56,02,404)	
Trade Payable	45,66,618		—	
Provisions (against. Software Maint.)	—	1,96,86,341	—	(56,02,404)
Cash Flow before Extra Ordinary Items		1,36,17,932		(19,80,606)
Extra Ordinary Items :				
Increase in Reserve & Surplus	—		—	
Increase in Preliminary Expenses	—	—	—	—
Net Cash Out Flow from Operating Activities		1,36,17,932		(19,80,606)
<b>B. Cash Flow from Investing Activities :</b>				
Sale of Fixed Assets	11,07,981		15,058	
Purchase of Fixed Assets	(6,27,928)		(3,32,895)	
Interest Received	3,65,406		3,15,118	
Dividend	430		180	
Sale of Investment	—		27,375	
Purchase of Investment	—		—	
Movement of Loans & Advances	(1,41,71,046)		15,91,078	
Investment in Partnership Firm assets acquired on amalgamation	(9,08,627)		—	
Profit/Loss on Investment (In Partnership Firm)	(2,574)	(1,42,36,358)	—	16,15,914
Net Cash Flow from Investing Activities		(6,18,426)		(3,64,692)
<b>C. Cash Flow from Financing Activities :</b>				
Increase in Share Capital	—	—	—	—
		(6,18,426)		(3,64,692)
Cash Equipments (A + B + C)				
Cash & Cash Equivalents as at the commencement of the year		6,72,857		10,37,549
Cash & Cash Equivalents as at the end of the year		54,431		6,72,857

For & On Behalf of the Board

Director 1. Rajesh Agarwal  
2. Ajay Agarwal

### AUDITORS' REPORT

We have verified the Cash Flow Statement of M/s. LEE & NEE SOFTWARES (EXPORTS) LIMITED, KOLKATA derived from the audited financial statements and the Books and Records maintained by the Company for the year ended 31st March, 2004 and found the same in agreement therewith.

For PATANJALI & CO.  
Chartered Accountants  
(VIRAT SHARMA)  
Partner.  
M. No. 61553

Place : Kolkata  
Dated : The 27th day of August, 2005

