


**DIRECTORS' REPORT**

To,  
The Shareholders

Your Directors have pleasure in presenting the **19th Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 2007.

**Working and Financial Results**

Total Income during the year was Rs.93,86,658.73/- as compared to Rs. 1,00,33,653.24/- in the previous year but the loss is reduced during the year amounting to Rs. 19,08,273.91/- as against of Rs. 46,37,091.33/- in previous year.

The net impact of the above, has resulted in loss during the year compared to the earlier year due to lack of optimum capacity utilisation in BPO sector specially in Call Centre Project which is yet to be stabled 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	(2,90,99,842.32)	(2,44,62,750.99)
Profit / (Loss) Before Depreciation	(12,34,023.04)	(40,20,949.33)
	<u>(3,03,33,865.36)</u>	<u>(2,84,83,700.32)</u>
Add/Less :		
Depreciation	(6,74,250.87)	(6,16,142.00)
Loss	<u>Rs. (3,10,08,116.23)</u>	<u>Rs. (2,90,99,842.32)</u>

**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. Endeavours are being made to move towards better segment of ITES such as KPO (Knowledge Process Outsourcing) & EPO (Education Process Outsourcing). To bridge the gap of manpower the Company has targeted to explore market of manpower development, manpower resourcing, developing, delivering under the new brand name LNSEL Jobs Online and hopeful of its success.

The Call Centre operation of Company is going on and is in the process of getting stabled but will take time to gain economies of scale. Manpower Staffing services is the new era of ITES, where the Company has ventured out.

**Scheme of Amalgamation**

With a view to utilise available resources & reduce share cost on all fronts & economise the scale of operation & other expenses, the scheme of Amalgamation of Lense Computer Academy Pvt. Ltd., Lense Online Pvt. Ltd., Aap Ki Dukan.Com Pvt. Ltd., Vihag Web Based Contact Centre Pvt. Ltd., Lense Internet Advertising Pvt. Ltd., with your Company has been approved by the Hon'ble High Court of Kolkata on 02.04.2007.

Accordingly the entire undertaking of the five IT/ITES companies with properties & investments alongwith other assets, liabilities & obligation are vested with the Company with effect from 01.10.2006 & as a result thereof the Company's activities have been broad based. In consideration, the Company has to issue to the Shareholders of the above five amalgamating companies in the ratio stated in the Scheme to each shareholders of the five companies respectively. Necessary formalities for giving effect to the Scheme from 01.10.2006 are being completed. Accordingly the accounts of the Company for the year ended 31.03.2007 are inclusive of accounts of the merged Companies viz. Lense Computer Academy Pvt. Ltd., Lense Online Pvt. Ltd., Aap Ki Dukan.Com Pvt. Ltd., Vihag Web Based Contact Centre Pvt. Ltd., and Lense Internet Advertising Pvt. Ltd.

**Expansion**

The Company envisages to move to SEZ (Special Economic Zone) on allotment of land from the respective authorities.

**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 2007-08.



## Lee & Nee Softwares (Exports) Ltd.

### Fixed Deposits

The Company has not accepted any deposit from the Public.

### Directors

Your Director Mr. Ajay Kr. Agarwal retires at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

### Directors' Responsibility Statement

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) 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.
- (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 safeguarding 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 31.03.2007 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 -9 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 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 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.<br>An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects. |
| C. (a) Foreign Exchange Earning | : Rs. 86,52,298.22/- (including sale of other 100% EOU units)  |
| (b) Foreign Exchange Outgoing   | : Rs. 10,78,443.57/- 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.

Sd/-

Place : Kolkata

Dated : The 4th day of September, 2007

(4)

Directors : 1. Ajay Agarwal  
2. Pares Agarwal



**ANNEXED TO AND FORMING PART OF THE DIRECTORS' REPORT  
REPORT ON CORPORATE GOVERNANCE**

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

- De-listing :**  
No application for delisting the Company's securities has been made to any of the Stock Exchanges.
- Suspension in Trading :**  
Trading in the Company's Securities was not suspended.
- Listing Fees :**  
The listing fees payable as on 31.03.2007 to the various Stock Exchanges aggregating to Rs.95,625/- has been paid.

**CORPORATE GOVERNANCE**

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

- 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 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 31.03.2007**

The Board of Directors comprises of four 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. Paresh Agarwal	Independent Director	5	3	Yes	Nil
Mr. Rajesh Agarwal	Independent Director	5	5	Yes	4
Mr. Sagarmal Gupta	Promoter Director	5	5	Yes	2

Five Meetings of the Board of Directors were held during the year ended on 31st March, 2007. These were held on : 28th April 2006, 31st July 2006, 30th August 2006, 27th October 2006 and 29th January 2007.

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

Name of the Director	Sitting fees	Consultancy Fees	Total
1. Mr. Ajay Agarwal	5,000/-	—	5,000/-
2. Mr. Rajesh Agarwal	5,000/-	—	5,000/-
3. Mr. Paresh Agarwal	3,000/-	—	3,000/-
4. Mr. Sagarmal Gupta	Nil	—	Nil

- Sitting Fees constitute fees paid to Non-executive directors for attending Board and Committee Meetings.
- The Company did not have any pecuniary relationship or transaction with the Non-Executive directors during the year 2006-2007.



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

The Board held five meetings during the year 2006-2007, on 28th April 2006, 31st July 2006, 30th August 2006, 27th October 2006 and 29th January 2007.

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 Director 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 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. Paresh Agarwal – F. C. A. Independent, Non-Executive – Chairman
2. Mr. Rajesh Agarwal – 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 2007. They were held on 28th April 2006, 31st July 2006, 30th August 2006, 27th October 2006 and 29th January 2007. 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 Member	Category	Position	No. of Meeting held	No. of Meeting attended
Mr. Paresh Agarwal	Independent	Chairman	5	3
Mr. Rajesh Agarwal	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 –

- 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 annual financial statements 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 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 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 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 did not have any subsidiary company.

**5. 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 Board Meeting on quarterly basis. As per the revised clause 49 from the year 2007, these details shall be placed before the Audit Committee on a quarterly basis.

**(B) Board Disclosures –**

**Disclosure of Accounting Treatment –** In the preparation of financial statements, the Company has followed the Accounting Standards issued by the 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 minimisation 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 minimisation 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 2006-2007.

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 strictures 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 –



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Name of the Member	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 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 or the brand equity in foreign markets that has raised India's economy profile abroad. The BPO industry today boasts over turnover of \$ 5.2 billion & employs 4,10,000 staffs projected to grow at \$ 7 billion industry employing 5,00,000 people. The NASSCOM-Mckinsey 2005 report estimates that by 2010 the combine IT & BPO industry could face shortage of 5,00,000 workforce. BPO alone will account for 3,50,000. India today is the leader in the world in IT & BPO industry.

**BPO Business** – BPO business providing software & services to companies outside its border will grow a healthy 26-29% this year, the country's main trade association for that sector said. India is the market leader for voice based work that provides 60% of its revenues.

The next decade will witness Indian BPOs evolving to offer the widest range of services across multiple, but sharply defined, industry niche, from the lowest end of the value chain to the highest without interruption.

**BPO Destinations** – India, Malaysia, Vietnam, Singapore, Philippines, Latin America, Eastern Europe, even South Africa is gradually gearing up to become a significant BPO investment destinations. BPO provides increased employment opportunities. It has a great impact. The reason for this impact is the absorption of educated masses into its work force.

**Future of Indian BPO** – The Conventional Custom Application Development continues to remain the dominant service line which is expected to witness steady growth. This service line accounts for 49% of Indian IT service exports & will continue to dominate. The other service lines witnessing attraction include IT consulting, Infrastructure Management Services & R & D and System integration. Revenue from exports of software services and business process outsourcing (BPO) will reach about \$40 billion for the fiscal year that ends next March 31, according to data released by the National Association of Software & Services Company (NASSCOM). BPO boom has arrived in West Bengal. Every now & then new players are coming and FDI investment in Bengal is also foreseen. Govt's positive approach and infrastructural development has attracted the software giants to come to W. B. and industry is rising high. Indian IT companies have successfully scaled up operation and made a mark in the global outsourcing business market, evident from the deals bagged by the Indian IT Companies in the past one year.

According to NASSCOM's annual survey from ITES-BPO sector continues to chart strong yearly growth, which is estimated at 37%. It is further estimated to touch \$ 6.3 billion. IT in Bengal will hire between 15,000 to 20,000 people. Around 12,000 additional jobs will be created in this sector. Govt. is trying to decentralise growth in this sector & is planning of 400 acres Infotech Park and IT Parks of 25 acres each in Shiliguri and Durgapur. Calcutta has 40 Lakhs sq. feet of working space in IT. Another 20 Lakh sq. feet is expected to be added in the next 3 years, and will be completed in 2009. Hence 2009 will be an year of IT boom. Roongta Group in partnership with Sonodyne Television Co. Ltd. had set up Millenium city of 4.2 Lakhs sq. feet IT Park in which 4000 professionals from companies such as IBM Global, Siemens, Tata Interacted System, Nokia and Alstom have their IT practice centres. UK and Australian vendors are also making rooms in Kolkata BPO/KPO/EPO market.

**Risks & Concerns for Indian It Industry** – Though demand conditions have been optimistic, the Indian IT sector is exposed to certain risks which may deter growth. An appreciating Rupee, anticipated slow down in US economy, shortage of skilled manpower, limitations in domestic infrastructure and competition from other global players. Offering manpower at low cost like China, Philipines and Vietnam can have a negative input on the performance of IT Companies. Rupee rise starts hitting over 2.75 lakhs jobs at risks. Slow down of export due to Rupee 40 a dollar will slow down. The employment and growth could hardly match the last year figures. Besides increasing activities of global MNC's in India, it will make difficult for employee retention for Indian Companies. NASSCOM opines that there will be a shortage of half a million people in the IT and ITES segment by 2009.

On the financial front wage inflation of 10-15% and foxes inflation can reduce the top line as well as the bottom line of the companies. Acute shortage of experienced call centre professionals is the burning question for the industry. Invoice based operations infrastructural support as to Zero break down, is another contin genous factor which effects reveue.



**Opportunities and threats** – IT enables services especially BPO is the New opportunity to the software Industry, growth in IT spreading, opening up of newer geographical like Europe, strong volume growth, increase in offshore spending, M A to reach clients, setting training and development centres to train entrants are some of the positive effects of Indian IT industry.

On the other side, 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. Moreover recent studies by Garner reveals that the threat of Merger and Acquisition by Giants and Frauds in Big call centres have reduced the branding of Indian BPO by 30% but efforts by NASSOCHEM as to data security and proposed amendment in the IT Act 2000 will handle the situation in the best of interest of the industry.

India's IT industry is facing high staff attrition, absenteeism and salary increases, the industry is yet to make the grade in terms of service and operational excellence.

**Growth** – Relevant industry oriented learning, which create a pool of job of ready and employable manpower is becoming key to the growth of ITES-BPO sector. The BPO industry will bring about a tectonic social shift in ten years. The strong growth in software and service exports is coming from an improvement in India's competitiveness and the addition of new services, such as remote infrastructure management, by Indian service providers, NASSCOM told reports. Revenue across India's becoming offshore IT software and services industry grew by 33% over the last year, hitting on new high US \$ 13.3 billion. Globally, the business consulting is growing at over 20%, while in India it has recorded nearly double the rate. The business consulting market across the world is estimated to be worth \$ 75 billion.

NASSCOM has tied up with CBI which operates within the policy framework set by the Netherlands Ministry for Development to operation. This is a unique program for emerging BPO Companies in India.

One of the biggest growth catalyst for ITES-BPO Industry is the over pace achieved by India's business place from a cross sections of verticals. Besides 8% GDP growth India is also stepping up on its export and globalization efforts and emerging as a significant player in the international market.

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

**Outlook** : In view of the bright future prospect of the I.T. enabled services, the Company has adopted the model of mergers & acquisitions and to expanded its operation in more than one location in India specially in special Economic Zone. This has not deprived the Company of being at par with other existing 100% EOUs. The Company envisages to start a HR Development for call centre staffing separately, as an IIR activity. The Company has not received allotment of Land from Govt. of W. B. as such the Company has not expanded the size of call centre as envisaged last year but in pursuing with the Govt. for the Land in the right location. Company's plan of SEZ is still in process but due to uncertainty in the SEZ policy of the Govt. the Company has adopted the policy of wait and watch to ascertain the cost implementation and element of profitability before it goes ahead. The Company has already procured an order of High Court for merger with another five companies of diversity and to carry out its activities in more than one location and more than one development centre.

**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 sustained loss during the year 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 took time. 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. The Company has commenced HR services additionally apart from last year's activities of Medical Transcription, Animation, Call Centre and other non-voice based KPO services but the results have not been derived to the extent desired. But the Company is hopeful for better results.

**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 KPO in good hope. The Company has taken up International Staffing as a business activity and





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new avenue for revenue which will 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 or likely to start their operations. Manpower of professionals in the coming two years will rest for 90,000 whereas the estimated availability is only 60,000. Staffing is becoming a part of the 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 JOBS ONLINE and hopeful of great success.

### (F) Shareholders Grievance Committee :

All informations regarding the Company and its working are regularly uploaded in the Companies website viz. [www.lnsel.com](http://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 Kumar 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, 2007.

Miss Neena Gupta has been designated as the Compliance Officer to oversee the investors' grievance 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. General Body Meetings :

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

Annual General Meeting	Day	Date	Time	Venue
16th Annual General Meeting	Saturday	25.09.04	11.00 A.M.	Regd. Office
17th Annual General Meeting	Thursday	29.09.05	11.00 A.M.	Regd. Office
18th Annual General Meeting	Saturday	30.09.06	11.00 A.M.	Regd. Office
Extra ordinary General Meeting	Saturday	10.02.07	11.00 A.M.	Regd. Office

### 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.lnsel.com>. The official press releases are also available on the website. Pursuant to SEBI circular no. SMD/PolicesCIR/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 websites viz [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

### 8. GENERAL SHAREHOLDERS INFORMATION :

#### 8.1. Registered Office :

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

#### 8.2. Address for Correspondence :

Same as above.

#### 8.3. Plant Location :

- SDF Building, saltlake Electronics Complex, 4th Floor, Block-GP, Sector-V, Bidhannagar, Kolkata-91
- Software Technology Park, Priyadarshini Market, CRP Square, Bhubaneswar-751 012, Orissa.
- Hall No.5 & 6 C/o. Software Technology Park of India, IG Park, Rourkela-769 002.
- Bizzyland Bldg., R. No. 403, 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](mailto: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., 14B, Camac Street, 2nd Floor, Kolkata - 700 017.

### 8.5. Annual General Meeting :

Date : 28.09.2007

Time : 11.00 A.M.

Venue : Shishir Mitra Hall

Webel Bhawan, 3rd Floor, Block EP & GP, Sector-V, Salt Lake, Kolkata-700091.

### 8.6. Book Closure :

21st Day of September 2007 to 28th Day of September, 2007.

### 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, 2007 is given below :

Sl. No.	No. of Equity Shares held			No. of Share holders	No. of Shares	% of Shareholding
1	1	to	500	18667	3549500	13.30
2	501	to	1000	1928	1692073	6.33
3	1001	to	2000	893	1458086	5.46
4	2001	to	3000	314	830178	3.11
5	3001	to	4000	134	501468	1.88
6	4001	to	5000	150	720462	2.70
7	5001	to	10000	178	1321019	4.95
8	10001	to	Above	135	16621214	62.27
				<b>22399</b>	<b>26694000</b>	<b>100.00</b>

### 8.8. (b) Market Price Data :

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

Month	Quotation at Mumbai Stock Exchange		Quotation at Kolkata Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2006	2.61	1.95	2.50	2.50
May 2006	3.25	1.94	1.95	1.95
June 2006	2.10	1.57	1.70	1.70
July 2006	1.89	1.50	1.70	1.70
August 2006	2.32	1.65	1.90	1.90
September 2006	1.94	1.38	1.75	1.75
October 2006	2.36	1.37	1.85	1.85
November 2006	2.31	1.50	2.00	2.00
December 2006	2.47	1.84	2.25	2.25
January 2007	2.88	2.30	2.80	2.80
February 2007	2.96	2.11	2.25	2.25
March 2007	2.24	1.60	1.60	1.60



## Lee & Nee Softwares (Exports) Ltd.

### 8.9. Shareholding Pattern (as on 31.03.2007)

Category	No. of Holders	No. of shares	% of holding
PROMOTER	19	13123023	49.1609
NRI	-	-	-
FII	-	-	-
OCB	-	-	-
IFI	-	-	-
IMF	-	-	-
BANK	1	100	0.0004
EMPLOYEES	-	-	-
BODIES CORPORATE	245	829697	3.1082
PUBLIC	22134	12741180	47.7305
TRUST	-	-	-
<b>Total</b>	<b>22399</b>	<b>26694000</b>	<b>100.0000</b>

### 8.10. Dematerialisation of Shares :

Nearly 92% of Total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2007.

### 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 2007 - 2008 :

First quarterly results	: July, 2007
Second quarterly results	: October, 2007
Third quarterly results	: January, 2008
Annual results for the year ending on 31st March, 2008	: On or before 30th April, 2008
Annual General Meeting for the year ending on 31st March, 2008	: On or before 30th September, 2008

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

Place : Kolkata  
Dated : The 4th day of September, 2007

Sd/-  
(AJAY AGARWAL)  
Executive Director



**CERTIFICATE BY CEO/CFO**

We Ajay Kumar Agarwal and Mr. 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 Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement, in respect of the year 2006-2007.
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 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 also 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;
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

Dated : The 4th day of September, 2007

**AJAY AGARWAL**

Executive Director

**S. M. GUPTA**

Director

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

In terms of clause 49 of the Listing Agreement, I hereby confirm that all the Board Members and Senior Management of the Company have affirmed compliance with the respective code of conduct as applicable to them for the year ended 31st March, 2007.

Sd/-

**S. M. GUPTA**

Director





**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, 2007 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, 2007, 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*

Place : Kolkata  
Dated : The 4th day of September, 2007

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



**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 on 31st March, 2007 and the Profit & Loss Account 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, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, 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 of Head Office and its branches.
  - c) The Balance Sheet and Profit & Loss Account referred to in this report, are in agreement with the books of account at Head Office and its branches.
  - d) In our opinion, **subject to Note No. 7 of schedule '9'** read together with other notes on accounts the Balance Sheet and Profit and Loss Account 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 31.3.2007 from being appointed as 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 the explanation given to us, the said Balance Sheet and the Profit & Loss Account read together with Company's accounting policies and other notes thereon **particularly Note No. 7 of schedule '9'** 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 :
    - i) in the case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2007 and
    - ii) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date.

**For PATANJALI & CO.**  
Chartered Accountants

Place : Kolkata  
Dated : The 31st day of August, 2007

Sd/-  
(VIRAT SHARMA)  
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) a) The company has not taken any loans from 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 purchase of inventory and fixed assets and with regard to the sale of goods and services. 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 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 March, 2007 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 Income Tax, Sales Tax, Service Tax, Custom Duty and 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. 3,10,08,116.23 as at 31st March, 2007 and it has incurred cash loss in the financial year 2006-07.
- (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 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*

Sd/-

Place : Kolkata

(VIRAT SHARMA)

Dated : The 31st day of August, 2007

Partner,  
M. No. 61553



# Lee & Nee Softwares (Exports) Ltd.

## BALANCE SHEET AS ON 31ST MARCH, 2007

SI No.	PARTICULARS	SCHEDULE	AS AT 31.03.2007 RS.	AS AT 31.03.2006 RS.
<b>1.</b>	<b>SOURCES OF FUNDS</b>			
	<b>I) SHAREHOLDERS' FUND</b>			
	Share Capital	1	26,69,40,000.00	26,69,40,000.00
	Reserves & Surplus	2	10,000.00	10,000.00
	<b>TOTAL</b>		<b>Rs. 26,69,50,000.00</b>	<b>Rs. 26,69,50,000.00</b>
<b>2.</b>	<b>APPLICATION OF FUNDS</b>			
	<b>i) FIXED ASSETS</b>	3		
	Gross Block		24,76,78,233.00	36,01,333.01
	Less : Depreciation		21,72,334.18	13,91,595.01
	<b>NET BLOCK</b>		<b>Rs. 24,55,05,898.82</b>	<b>Rs. 22,09,738.00</b>
	<b>ii) INVESTMENTS</b>	4	<b>Rs. 3,74,92,064.88</b>	<b>Rs. 3,76,94,475.91</b>
	<b>iii) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	a) Stock in Trade	5	57,80,387.26	57,80,387.26
	b) Sundry Debtors		42,51,511.97	29,41,209.44
	c) Cash & Bank Balances	6	10,62,169.59	5,29,537.55
	d) Loans & Advances	7	23,84,34,271.14	19,40,40,565.73
			<b>Rs. 24,95,28,339.96</b>	<b>Rs. 20,32,91,699.98</b>
	<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	8	<b>29,65,84,419.89</b>	<b>58,30,539.47</b>
	<b>NET CURRENT ASSETS</b>		<b>Rs. (4,70,56,079.93)</b>	<b>Rs. 19,74,61,160.51</b>
	<b>iv) MISCELLANEOUS EXPENDITURE</b>			
	(to the extent not written off or adjusted)			
	a) Preliminary Expenses		—	3,62,521.16
	b) Share Issue Expenses		—	1,22,262.10
	c) Profit & Loss Account (as attached)		3,10,08,116.23	2,90,99,842.32
	<b>TOTAL</b>		<b>Rs. 26,69,50,000.00</b>	<b>Rs. 26,69,50,000.00</b>

Schedules 1 to 8 Annexed hereon Form an integral part of the Balance sheet.

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 31st day of August, 2007

Director: 1. Paresh Agarwal  
2. Ajay Agarwal


**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2007**

Sl No.	PARTICULARS	SCHEDULE	AS AT 31.03.2007 RS.	AS AT 31.03.2006 RS.
1.	<b>INCOME</b>			
	Software Development & Service		1,08,110.00	—
	Software Services (ITES) Exports		86,52,298.22	96,01,892.51
	Interest : from others		4,60,728.55	2,16,000.00
	Dividend		32199	1,294.00
	Profit from fluctuation of foreign exchange		14,887.07	466.73
	Consultancy fees received		—	2,10,500.00
	Sundry balance written off		1,50,312.90	3,500.00
	Closing Stock		—	—
	Finished Goods (Software Package)		45,10,199.76	45,10,199.76
	Sale of Scrap		—	—
	<b>TOTAL</b>		<b>Rs. 1,38,96,858.49</b>	<b>Rs. 1,45,43,853.00</b>
2.	<b>EXPENDITURE</b>			
	Opening Stock (Finished Goods)		45,10,199.76	45,10,199.76
	Purchase (Software Service)		24,77,563.50	33,39,653.00
	Salaries & Allowance		18,24,533.00	22,74,752.81
	Staff Fooding Expenses (At Office)		4,26,700.75	4,88,063.00
	Rent, Rates & Taxes		2,12,500.00	2,51,046.00
	Electricity Expenses		8,02,047.00	8,91,883.00
	Repairs & Mainenance		—	—
	Machinery		41,291.00	2,16,844.55
	Others		80,657.00	27,136.00
	Communication Expenses		23,04,736.03	12,32,061.83
	IT Enabled Services Procurement Services Expenses		1,59,496.50	2,20,439.00
	Miscellaneous Expenses		8,04,684.48	5,10,504.41
	Advertisement & Publicity		1,98,029.00	1,49,218.00
	Professional Charges		10,056.00	39,677.00
	Auditors' Remuneration (Audit Fee)		3,197.00	5,612.00
	Loss from Branches		4,12,334.17	33,19,524.11
	(Include Depreciation Rs. 90,728.85/- Previous Year Rs. 1,28,332.81/-)		—	—
	Loss from STPI Units (100% EOU)		68,674.28	2,36,069.55
	(Include Depreciation Rs.15,760.25/- Previous Year Rs. 23,894.19/-)		—	—
	Share Issue Expense written off		1,22,262.00	1,22,260.00
	Share Transfer & Registry Fees		1,16,926.00	78,726.00
	Postage & Stamp		1,26,486.29	1,82,986.71
	Printing & Stationery		43,838.80	27,796.70
	Depreciation		6,74,250.87	6,16,142.00
	Preliminary Expenses w/o		3,62,521.16	3,62,519.00
	Share of Loss (In Partnership Firm)		22,147.71	20,765.90
	<b>TOTAL</b>		<b>Rs. 1,58,05,132.40</b>	<b>Rs. 1,91,80,944.33</b>
	Profit/(Loss) Before Tax		(19,08,273.91)	(46,37,091.33)
	Less : Provision for Income Tax		—	—
	Profit/(Loss) After Tax		Rs. (19,08,273.91)	Rs. (46,37,091.33)
	Balance Brought Forward from the Previous Year		Rs. (2,90,99,842.32)	Rs. (2,44,62,750.99)
	<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>Rs. (3,10,28,116.23)</b>	<b>Rs.(2,90,99,842.32)</b>

In terms of our separate report of even date

**For PATANJALI & CO.**  
 Chartered Accountants  
 Sd/-  
 (VIRAT SHARMA)  
 Partner. (M. No. 61553)

Director: 1. Paresh Agarwal  
 2. Ajay Agarwal

Place : Kolkata  
 Dated : The 31st day of August, 2007





# Lee & Nee Softwares (Exports) Ltd.

## SCHEDULE ANNEXED TO AND FORMING OF BALANCE SHEET AS AT 31ST MARCH 2007

PARTICULARS	AS AT 31.03.2007 RS.	AS AT 31.03.2006 RS.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>A) AUTHORISED</b>		
6,00,00,000 Equity Shares of Rs. 10/- each (Previous year 6,00,00,000 Equity shares Of 10/- each)	<u>60,00,00,000.00</u>	<u>60,00,00,000.00</u>
<b>B) ISSUED SUBSCRIBED AND PAID UP</b>		
2,66,94,000 Equity Shares of Rs. 10/- each paid up (Previous Year 26,69,40,000.00/-)	<u>26,69,40,000.00</u>	<u>26,69,40,000.00</u>
2,66,94,000 Equity Shares of Rs. 10/- each fully paid up (Previous Year 2,66,94,000 Equity shares including 8,00,000 Equity Shares called up for Rs. 0.50 paise each aggregating to Rs. 4,00,000/- only allotted for consideration other than cash) Add : 1,67,04,000 Equity Shares of Rs. 10/- each fully paid upto three amalgamating companies.	<u>Rs. 26,69,40,000.00</u>	<u>Rs. 26,69,40,000.00</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURLUS</b>		
Capital Reserve	<u>Rs. 10,00,000.00</u>	<u>Rs. 10,00,000.00</u>
<b>SCHEDULE - 5</b>		
<b>STOCK IN TRADE</b> (As taken valued and certified by the management)		
Finished Goods (At Cost)	45,10,199.76	45,10,200.00
Work-in-Progress	12,70,187.50	12,70,187.50
	<u>Rs. 57,80,387.26</u>	<u>57,80,387.26</u>
<b>SCHEDULE - 6</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand (As certified by the management)	3,34,803.53	3,47,711.16
Balance with Schedule Bank in Current Account)	7,27,366.06	1,81,826.39
	<u>Rs. 10,62,169.59</u>	<u>Rs. 5,29,537.55</u>
<b>SCHEDULE - 7</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured, considered good)	82,23,882.00	34,26,424.00
Loans (Interest accrued thereon)	—	—
Advances	22,95,73,072.22	19,01,37,078.81
(Advances to be recoverable in cash or in kind or value to be received)		
Deposits	3,72,613.92	3,72,613.92
Income Tax Deducted at source	2,64,703.00	10,444.00
	<u>Rs. 23,84,34,271.14</u>	<u>Rs. 19,40,40,565.73</u>
<b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
For expenses	43,42,418.79	3,08,793.75
For others	29,17,16,608.71	20,07,563.23
Trade Advances & Deposits	5,25,392.39	7,35,036.49
	<u>Rs. 29,65,84,419.89</u>	<u>Rs. 58,30,539.47</u>

In terms of our separate report of even date

**For PATANJALI & CO.**  
Chartered Accountants  
Sd/-  
(VIRAT SHARMA)  
Partner. (M. No. 61553)

Director: 1. Paresh Agarwal  
2. Ajay Agarwal

Place : Kolkata  
Dated : The 31st day of August, 2007

# LEE & NEE SOFTWARES (EXPORTS) LTD.

## SCHEDULE - 3 FIXED ASSETS

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.2007)

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	Cost as on 1.4.2006	Addition during the year	Loss on Revaluation	Sales/Trsf. during the year	Total as on 31.03.2007	Up to 31.3.2006	For the Period on Revaluation	For the year	Sale/Transfer for the year	Total	As on 31.3.2007	As on 31.3.2006
Plant & Machinery (Comp)	16,98,251.84	1,61,476.14	—	—	18,59,727.98	7,41,366.66	—	4,26,634.38	—	11,68,001.04	6,91,726.94	9,56,885.18
Plant & Machinery (Others)	7,85,210.00	—	—	—	7,85,210.00	2,47,148.48	—	97,386.92	—	3,44,530.408	4,40,679.60	5,38,066.52
Furniture & Fittings	3,23,868.67	77,997.89	—	—	4,01,866.56	1,78,577.12	—	34,825.08	—	2,13,402.20	1,88,464.36	1,45,291.55
UPS	—	3,031.39	—	—	3,031.39	—	—	246.61	—	246.61	2784.78	—
Communication Equipment	783.00	—	—	—	783.00	498.90	—	40.00	—	538.90	244.10	284.10
Office Equipment	—	756.58	—	—	756.58	—	—	56.42	—	56.42	700.16	—
Access Control System	15,580.50	—	—	—	15,580.50	1,772.00	—	1,920.76	—	3,692.76	11,887.74	13,808.50
Air Conditioner	69,639.00	—	—	—	69,639.00	36,156.85	—	4,660.00	—	40,816.85	28,822.15	33,482.15
Goodwill	—	24,37,50,957.99	—	—	24,37,50,957.99	—	—	—	—	—	24,37,50,957.99	—
Computer Software	7,08,000.00	—	—	—	7,08,000.00	1,86,080.00	—	2,08,768.00	—	3,94,848.00	3,13,152.00	5,21,920.00
Networking Equipment	—	82,680.00	—	—	82,680.00	—	—	6,201.00	—	6201.00	76,479.00	—
Total (Rs.)	36,01,333.01	24,40,76,899.99	—	—	24,76,78,233.00	13,91,595.01	—	7,80,739.17	—	21,72,334.18	24,55,05,898.82	22,09,738.00
Fig. for the Prev. Year	11,47,227.28	24,54,105.73	—	—	36,01,333.01	6,23,226.01	—	7,68,369.00	—	73,91,595.01	22,09,738.00	5,24,001.27

Note : Depreciation in respect of Export Division Rs. 6,74,250.87.00 (previous year Rs. 6,16,142.00) and 100% EOU Rs. 15,760.25 (previous year Rs. 23,894.19) & branches amounting to Rs. 90,728.85 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)

Director : 1. Pares Agarwal  
2. Ajay Agarwal

Place : Kolkata  
Dated : The 31st day of August, 2007



# Lee & Nee Softwares (Exports) Ltd.

## SCHEDULE - 4 INVESTMENTS (AT COST)

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.3.06)

### 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.	P.		NOS.	Rs.	P.
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		Gujrat Texspin Ltd.	361560	45,19,500.00	
90000	15,66,000.00		White Diamond Ltd.	90000	15,66,000.00	
89200	11,15,000.00		Crazy Infotech Ltd.	89200	11,15,000.00	
268800	15,22,400.00		Aashiana Agro India Ltd.	268800	15,22,400.00	
106	2,120.00		Enkay Texofood 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	
	<u>Rs. 89,57,645.53</u>				<u>Rs. 89,57,645.53</u>	

#### UNQUOTED

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
1629690	2,50,00,000.00	Arihant Domestic Appliances (P) Ltd.	1629690	2,50,00,000.00
	<u>Rs. 2,79,71,000.00</u>			<u>Rs. 2,79,71,000.00</u>

2489696	Rs. 3,69,28,645.53	Total	2489696	Rs. 3,69,28,645.53
Total Cost of Quoted Investments		Rs. 89,57,645.53	(Previous Year	Rs. 96,68,895.53)
Total Cost of Unquoted Investments		Rs. 2,79,71,000.00	(Previous Year	Rs. 29,71,000.00)
Market Value of Quoted Investments		Rs. 1,59,31,073.40	(Previous Year	Rs. 90,55,278.20)

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

PREVIOUS 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	<u>Rs. 11,730.00</u>		600	<u>Rs. 11,730.00</u>

Market Price Rs. 33,517/- (Previous Year Rs. 32,256/-)

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

25	Rs. 2,250.00	Finolex Pipes Ltd.	Rs. 2,250.00
	Rs. 7,51,850.38	Investment in Partnership Firm	
		M. M. International (Total Capital Rs. 20,01,103.88)	
		(Other Partner : Mahesh Gupta) (Share of Profit - 50%)	Rs. 5,49,439.35
	<u>Rs. 7,54,100.38</u>		<u>Rs. 5,51,689.35</u>
	Rs. 3,76,94,475.91	GRAND TOTAL	Rs. 3,74,92,064.88

In terms of our separate report of even date

For **PATANJALI & CO.**  
Chartered Accountants  
Sd/-  
(VIRAT SHARMA)  
Partner. (M. No. 61553)

Director: 1. Paresh Agarwal  
2. Ajay Agarwal

Place : Kolkata  
Dated : The 31st day of August, 2007



**SCHEDULE '9' 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, Audit Fee and Fringe Benefit Tax 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/product 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 "4".

**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/product and printed materials are valued at cost. Finished goods excluding developed software package are valued at lower of cost or if any 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 (SCHEDULE -9) :**

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

- a) 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/-)
- b) Counter guarantee given to Indusind Bank Ltd. in respect of Bank Guarantee of Rs. 6,00,000/- issued by them in favour of Department of Telecommunication, Govt. of India. (previous year Rs.3,00,000/-)

**2) Amalgamation of Software Companies with the Company :**

- i) During the year, Five software development and ITES companies viz. Lensei Computer Academy Pvt. Ltd., Lensei Online (P) Ltd., Aap Ki Dukan.Com Pvt. Ltd., Vihag Web Based Contact Centre Pvt. Ltd., and Lensei Internet Advertising Pvt. Ltd. called erstwhile companies have been amalgamated with the Company — Lee & Nee Softwares (Exports) Ltd. in 2007.
- ii) Pursuant to the scheme of amalgamation of the so called erstwhile Companies, with the Company, as approved by the Share Holders in the convened meeting by an order of the court, held on 10.02.2007 and subsequently sanctioned by the Hon'ble High Court of Calcutta on 02.04.2007 with the appointed day the assets and liabilities of the erstwhile Companies were transferred to and vested in the Company





## Lee & Nee Softwares (Exports) Ltd.

as and from 01.10.2006, the appointed date of the scheme.

- iii) The amalgamation has been accounted for under the pooling of interest method as prescribed by Accounting Standard (AS-14) on accounting for amalgamation issued by the Institute of Chartered Accountants of India. Accordingly the assets, liabilities and surplus/loss in profit/loss account of the erstwhile companies have been taken over at their respective book value as on 01.10.2006. As provisions in the scheme the entire share capital of the erstwhile amalgamating companies stand canceled without winding-up. Pursuant to the scheme of amalgamation as sanctioned by Calcutta Hon'ble High Court by its order dated 02.04.2007, the equity share holders of the five erstwhile merged companies namely — Lense Computer Academy Pvt. Ltd., Lense Online Pvt. Ltd., Aap Ki Dukan.Com Pvt. Ltd., Vihag Web Based Contact Centre Pvt. Ltd., and Lense Internet Advertising Pvt. Ltd. shall be entitled to exchange their 100% equity shares with the 5640000, 5830000, 5820000, 6020000, 6170000 aggregating 2,90,80,000 equity shares of Rs. 10/- each respectively. A sum of Rs.24,37,50,957.99 being the difference between the consideration and the value of net identifiable assets acquired has been treated as goodwill as per AS-14 issued by ICAI.
- 3) Demand for custom duty on behalf of Audit objection amounting to Rs. 69,62,085/- (previous year) is not acknowledged as debt undisputed.
- 4) The Company has no outstanding dues as on 31.03.2007 payable to small scale units.
- 5) 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.
- 6) As the Company is dealing only in softwares business at all its centers, the segment reporting as per AS 17 is not required.
- 7) 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.
- 8) 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.
- 9) Figures of current year are not strictly comparable with the figures of previous year in Computer Software Business.
- 10) Deemed exports at Calcutta STPI amounting to USD NIL (INR. NIL) (Previous year USD 174473) (INR 71,31,604.37) has been received from Rourkela STPI unit contractually and is reflecting on both the a/cs. but the contra effect shall be nil.
- 11) Expenses incurred at Pune Office of Unit L. T. Soft & Services amounting to Rs. NIL (previous year is Rs. 6,77,891.50) during the year have been capitalised directly in the Balance Sheet under the head, work in progress since it does not effect the Profit & Loss of the Company.
- 12) 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>b) Opening Stock</b>		
Softwares	45,10,199.76	45,10,199.76
<b>c) Purchase</b>		
Software Services	24,77,563.50	33,39,653.00
<b>d) Sales</b>		
Exports Software	—	—
Services etc.	86,52,298.22	96,01,893.00
Others	1,08,110.00	—
	<u>87,60,408.22</u>	<u>96,01,893.00</u>



e) <b>Closing Stock</b> (Software)	45,10,199.76	45,10,199.00
13) <b>Materials Consumed</b> (Consumables & components) & Printed Materials Imported	Nil	Nil
Indigenous		
Export Division	Nil	Nil
Others	Nil	Nil
14) <b>CIF Value of Imports :</b>	Nil	Nil
15) <b>Expenditure in Foreign Currency :</b>		
Hosting & Domain Registration & Travelling Expenses	10,78,443.57	9,90,823.46
16) <b>Earning in Foreign Exchange :</b>		
Export on FOB Basis	86,52,298.22	72,57,510.14
17) <b>Related Parties Disclosures as per AS 18 which came into effect in respect of accounting period commencing on or after 01.04.2002.</b>		
i) <b>Name of the Key Management Personnel :</b>		
Shri S. M. Gupta	Promoter Director	
Shri Ajay Agarwal	Executive Director	
Shri Rajesh Agarwal	Director	
Shri Paresh Agarwal	Director	
ii) <b>Parties Related to the Key Management Personnel where they are interested as relative/partner/director in the firms/companies etc.</b>		
S. M. Gupta & Company		
Leena Gupta, Raj Kumari Agarwal, Mahesh Gupta		
Sunita Gupta, Rajesh Mohan & Associates		
Paresh Agarwal & Associates, Neena Gupta		

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

		Current Year	Previous
Year			
Directors	Meeting Fees	Rs. 13000/-	Rs. 8000/-
Raj Kumari Agarwal	Rent	Rs. 18,000/-	Rs. 18000/-
Narayani Devi Agarwal	Rent	Rs. 9,450/-	Rs. —
Neena Gupta	Rent	Rs. 36,000/-	Rs. 36,000/-
Mahesh Gupta	Rent	Rs. 36,000/-	Rs. 36,000/-
Mahesh Gupta	Business Development	Rs. 1,08,532.27/- (USD 2389)	Rs. —

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

1) <b>Registration Details</b>	(Rs. in thousands)
Registration No.	45,587
State Code	21
Balance Sheet Date	31.03.2007

2) **Capital Raised During the Year**



## Lee & Nee Softwares (Exports) Ltd.

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

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

Total Liabilities	266950
Total Assets	266950

#### Sources of Funds

Paid up Capital	266940
Reserve & Surplus	10
Secured Loans	NIL
Un-Secured Loans	NIL

#### Application of Funds

Net Fixed Assets	245506
Investments (Including Investment in Partnership firm)	37492
Net Current Assets	(47056)
Miscellaneous Expenditure	—
Accumulated Losses	31008

### 4) Performance of Company

Total Income	9387
Total Expenditure	11295
Loss Before Tax	1908
Loss After Tax	1908
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 31st day of August, 2007

Sd/-  
(VIRAT SHARMA)

Partner.  
M. No. 61553  
(26)

Director 1. Paresh Agarwal  
2. Ajay Agarwal



# Lee & Nee Softwares (Exports) Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	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.		(19,08,274)		(46,37,091)
Adjusted for :				
Depreciation	7,80,739		7,68,369	
Loss on Revaluation of Assets	—		—	
Loss on Sale of Shares	—		57,064	
Profit/(Loss) on sale on fixed assets	—		—	
Deferred Revenue Expenses w/o	—		—	
Preliminary & Share Issue Expenses	4,84,783		4,84,779	
Interest & Dividend	(4,61,051)		(2,17,294)	
Sundry Balance w/o	(1,50,313)		—	
Profit/(Loss) on Investment (In Partnership Firm)	22,148		20,766	
		6,76,306		11,13,684
Operating Profit/loss before working Capital Changes		(12,31,968)		(35,23,407)
Adjust for :				
Inventories	—		(6,77,892)	
Trade & Other Receivables	(13,10,303)		48,22,260	
Trade Payable	1,04,194		(34,45,660)	
Provisions (against Software Maint.)	—	(12,06,109)	—	6,98,708
Cash Flow before Extra Ordinary Items		(24,38,077)		(28,24,699)
Extra Ordinary Items :				
Increase in Reserve & Surplus	—		—	
Increase in Preliminary Expenses	—		—	
Net Cash Out Flow from Operating Activities		(24,38,077)		(28,24,699)
<b>B. Cash Flow from Investing Activities :</b>				
Sale of Fixed Assets	—		—	
Purchase of Fixed Assets	(1,61,678)		(24,54,106)	
Interest Received	4,60,729		2,16,000	
Dividend	322		1,294	
Sale of Investment	—		—	
Purchase of Investment	—		(2,43,45,814)	
Movement of Loans & Advances	(4,43,93,705)		2,82,42,520	
Investment in Partnership Firm	2,02,411		14,37,371	
Assets acquired on amalgamation	(24,39,15,222)		—	
Profit/Loss on Investment (In Partnership Firm)	(22,148)	(28,78,29,291)	(20,766)	30,76,499
Net Cash Flow from Investing Activities		(29,02,67,368)		2,51,800
<b>C. Cash Flow from Financing Activities :</b>				
Increase in Share Capital	—	29,08,00,000	—	—
Cash Equipments (A + B + C)		5,32,632		2,51,800
Cash & Cash Equivalents as at the commencement of the year		5,29,538		2,77,738
Cash & Cash Equivalents as at the end of the year		10,62,170		5,29,538

For & On Behalf of the Board  
Director 1. Paresh 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, 2007 and found the same in agreement therewith.

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

Place : Kolkata  
Dated : The 31st day of August, 2007





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

**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 the 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 NINETEENTH ANNUAL GENERAL MEETING of the Company to be held on 28th September, 2007 and at any adjournment thereof.

Signed this ..... day of ..... 2007

Signature .....

Revenue  
Stamp

Note : 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. ....

I Certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Nineteenth Annual General Meeting of the Company to be held at Shishir Manch Hall, Webel Bhavan, 3rd Floor, Block EP & GP, Sector-V, Salt Lake Kolkata - 700 091 at 11 a.m. on the 28th September, 2007.

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. Shareolders who come to attend the meeting are requested to bring the copy of the Annual Report with them.

BOOK-POST

The meeting are requested to bring the copy of the Annual Report with them.

Note: Please fill the Attendance slip and hand it over at the entrance of the hall. Shareholders who come to attend

the meeting should fill the Proxy Form.

Member's Proxy's Signature

The 19th Annual General Meeting of the Company is to be held at 14B, Camac Street, 2nd Floor, Kolkata - 700 017, on the 29th September, 2007.

The 19th Annual General Meeting of the Company is to be held at 14B, Camac Street, 2nd Floor, Kolkata - 700 017, on the 29th September, 2007.

Form No.

Date

Client ID

ATTENDANCE SLIP

Kolkata - 700 017

14B, Camac Street, 2nd Floor

OFFICE

LEE & NEE SOFTWARES (EXPORTS) LTD.

Date

Kolkata - 700 017, not less than 48 hours before the time of the meeting.

Note: The proxy must be deposited at the office of the Company at 14B, Camac Street, 2nd Floor

Signature

Stamp

Signed this

day of

2007

To,

Company to be held on 29th September, 2007 and at any adjournment thereof.

un-entitled to vote at the meeting of the Company and to be entitled to vote at the meeting of the Company.

to be entitled to vote at the meeting of the Company and to be entitled to vote at the meeting of the Company.

to be entitled to vote at the meeting of the Company and to be entitled to vote at the meeting of the Company.

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to be entitled to vote at the meeting of the Company and to be entitled to vote at the meeting of the Company.

to be entitled to vote at the meeting of the Company and to be entitled to vote at the meeting of the Company.

Regd. Folio No.

DP ID

Client ID

PROXY FORM

Kolkata - 700 017

14B, Camac Street, 2nd Floor

OFFICE

LEE & NEE SOFTWARES (EXPORTS) LTD.

If undelivered, please return to :

LEE & NEE SOFTWARES (EXPORTS) LTD.

Office : 14B, Camac Street, 2nd Floor

Kolkata - 700 017



Lee & Nee Software (Exports) Ltd.





LNS

# L N S E L

LEE & NEE SOFTWARES (EXPORTS) LIMITED



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## NINETEENTH

## ANNUAL REPORT & ACCOUNTS

## 2006-2007



**BOARD OF DIRECTOR :** AJAY KUMAR AGARWAL – Executive Director  
S. M. GUPTA – Promoter Director  
PARESH AGARWAL – Independent Director  
Rajesh Agarwal – Independent Director  
(Resigned w.e.f. 16.04.2007)

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

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

**REGISTERED OFFICE :** 14B, CAMAC STREET, 2ND FLOOR, KOLKATA-700017

**SOFTWARE DEVELOPMENT CENTRE & 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. 403  
4TH FLOOR, KUMTHEKAR ROAD  
776/A, SADASHIV PETH  
PUNE - 411 030

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





## Lee & Nee Softwares (Exports) Ltd.

### NOTICE

NOTICE is hereby given that the **19th 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, 3rd Floor, Saltlake, Kolkata-700 091 on Friday the 28th day of September, 2007 at 11 A.M. for the transaction of the following businesses.

#### ORDINARY BUSINESS :

1. To consider and adopt the Accounts of the Company for the Financial year ended 31st March, 2007 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. Paresh Agarwal 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.

Place : Kolkata

Date : The 4th day of September, 2007

Sd/-  
(Ajay Agarwal)  
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 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 21.09.2007 to 28.09.2007 (both days inclusive).
7. 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.
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. 24560319 number of Company's shares (92.01%) have been dematerialized as on 31.03.2007.  
Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity.  
The Company's ISIN No. is INE791B01014.
10. Send all share transfer lodgements (physical mode) correspondence to the Registrar and Share Transfer Agent of the Company.
11. Members 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.
12. Corporate members are requested to forward a certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.