



Lee & Nee Softwares (Exports) Ltd.

BOARD OF DIRECTOR	:	V. K. GOYAL (SINCE RESIGNED w.e.f. 29.04.04) S. M. GUPTA RAJESH AGARWAL PARESH AGARWAL AJAY KUMAR AGARWAL (APPOINTED w.e.f. 29.04.04)
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 Software (Exports) Ltd.

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of Lee & Nee Software (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 Saturday the 25th day of September, 2004 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, 2004 and the Balance Sheet as on that date with the reports of the Directors and Auditors thereon
2. To appoint Directors in place of Mr. Rajesh Agarwal and Mr. Paresb Agarwal who retire by rotation and being eligible offer themselves 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 23rd day of August, 2004

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 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 17.09.2004 to 25.09.2004 (both days inclusive).
7. Shareholders desiring any information as regards the 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 & 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 25, 2000, all investors can offer delivery of Company's shares in dematerialized form only. 23631223 number of Company's shares (88.5263%) have been dematerialized as on 30.06.2004.

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

The Company's ISIN No. is INE791R01014

**DIRECTORS' REPORT**

To,
The Shareholders

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2004.

Working and Financial Results :

Total Income during the year was Rs. 1,33,36,541/- as compared to Rs. 30,92,707/- in the previous year.

The net impact of the above, has resulted in profit during the year compared to the earlier year due to materialisation of BPO/Call Centre Project.

The Financial Highlights are given below :

	Figure for the Current year Rs.	Figures for the Previous year Rs.
Balance Brought Forward from the Last Year	(2,09,33,139.63)	(62,84,936)
Profit / Loss Before Depreciation	32,28,549.76	(1,44,44,579)
	(1,77,04,289.87)	(2,07,29,515)
Less : Depreciation	(2,26,430.20)	(2,03,625)
Profit/Loss	(1,79,30,720.07)	(2,09,33,140)

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 has taken serious steps to be in the business of BPO and has signed a contract with an US based accounting firm, apart from its regular activities of Medical Transcription and U.S. Project. The Company has further signed a Call Centre project and it is in operation, though delayed.

The Company plans for expansion of the size of the Call Centre very soon.

Expansion :

Your Directors have commenced operation at 'Pune' keeping an eye to develop & Tap the B.P.O. segment in E-accounting and animation project which will optimise the project & reduce the losses.

Out Look :

The Company 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 better margin of profitability and would result in higher growth of the Company. The Company's loss has reduced in the current year.

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.

Fixed Deposits

The Company has not accepted any deposit from the Public.

Directors

Your Directors Mr. Rajesh Agarwal and Mr. Parash Agarwal retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Sri Vinod Kumar Goyal has resigned from the Board of Directors.

The Board places on record their deep sense of appreciation to the devoted service of Sri Goyal during his tenure. Mr. Ajay Agarwal has been appointed in his place.

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 profit of the Company for that year.



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- (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 31.03.2004 from being appointed as a Director of the Company under section 274(1)(g) of the Act, as taken on record by the Board of Directors.

Auditors

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

Auditors' Observation

As regards observations by the Auditors, the said notes are self explanatory.

Cash Flow

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

Corporate Governance

Your Company has to comply with the Corporate Governance pursuant to clause 49 of Listing Agreement with the Stock Exchange and your Company has been able to comply with the said requirements 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 of Equity Shares of the Company in dematerialized form. Your Company has been allotted (SIN 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)(c) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, Your Directors Report is follows :-

- A. Conservation of Energy : Not Applicable
- B. Technology absorption : Your Company is developing its capabilities in I. T. Enabled Services including Designing World Wide Websites & Animation of its own and Medical Transcription as well as a Call Center.
An expansion in the operation is ahead through strategic alliances. Business Process Outsourcing Projects, though delayed, but are to be started soon.
- C. (a) Foreign Exchange Earning : Rs. 1,05,84,16/- (including sale of other 100% EOU units)
- (b) Foreign Exchange Outgo : Rs. 29,20,693/- on account of hosting and domain registration, business procurement fees & 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, Industrial Bank, Oriental Bank of Commerce, State Government of West Bengal and Orissa and Department of Electronics, Department of Telecommunication, Government 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 23rd day of August, 2004

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 Exchange.
- b) **Suspension in Trading** :
Trading in the Company's Securities was never suspended.
- c) **Listing Fees** :
The listing fees payable as on 31.03.2004 to the various Stock Exchanges aggregating to Rs. 95,250/- 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 five Directors. The Composition is as under :

Name of the Director	Position
Mr. Vinod Kumar Goyal (Resigned on 29.4.2004)	Executive Director
Mr. Parash Agarwal	Non Executive Director
Mr. Rajesh Agarwal	Non Executive Director
Mr. Ajay Agarwal (Appointed on 29.4.2004)	Executive Director
Mr. Sagarimal Gupta	Promoter Director

2.2 Meeting and attendance record of each Director

- (i) 5 Meetings of the Board of Directors were held during the year ended on 31st March, 2004

These were held on :

1. 30th day of April, 2003
2. 31st day of July, 2003
3. 27th day of August, 2003
4. 29th day of October, 2003
5. 30th day of January, 2004



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- (a) The attendance record of the Directors at the Board meetings during the year ended on 31st March, 2004 and the last Annual General Meeting (AGM) is as under:

NAME OF THE DIRECTOR	ATTENDANCE OF BOARD MEETINGS	ATTENDANCE OF LAST A G M
Mr. Vinod Kr. Goyal	5	Yes
Mr. S. M. Gupta	5	Yes
Mr. Parash Agarwal	—	Yes
Mr. Rajesh Agarwal	5	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. Vinod Kr. Goyal	1	1	Investors' Grievance Committee Remuneration Committee	—
Mr. Sagarnal Gupta	2	0	Investors' Grievance Committee Remuneration Committee	—
Mr. Parash Agarwal	—	—	Audit Committee Chairman	—
Mr. Rajesh Agarwal	2	—	Audit Committee	—

1.2 Remuneration of Directors

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

NIL

1.3 Re-appointment of Directors

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

Sri Rajesh Kumar Agarwal, aged 33 years – is a Chartered Accountant and widely experienced and is long associated and actively engaged with your Company.

Sri Parash Agarwal, aged 30 years – is a Chartered Accountant, by profession and is also long associated and actively engaged with your Company.

1.4 Committees

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

2. AUDIT COMMITTEE

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

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

- (ii) The Audit Committee was formed on 31.01.2002 and Committee meetings were held till 31.03.2004 as follows:

NAME OF THE DIRECTOR	MEETINGS HELD	ATTENDANCE
1. Mr. Parash Agarwal	3	3
2. Mr. Rajesh Agarwal	3	3

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.



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Miss Leena Gupta is designated as the Compliance Officer who at present is overseeing the investors' grievances. As on 31st July, 2004 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.

Five Meetings of the Investors Grievance Committee were held during the year ended 31st March, 2004.

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

4. REMUNERATION COMMITTEE :

Five Meetings of the Remuneration Committee were held during the year ended 31st March, 2004.

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

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
13th Annual General Meeting	Friday	26.09.2001	11.00 A.M.	Regd. Office
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

6. DISCLOSURES :

- During the year, there were no transactions of material nature with the Directors or management or their subsidiaries 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 three years.

7. MEANS OF COMMUNICATION :

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are widely published in paper 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/Policies/GIR/13/02 dt. 20.6.2002 & SMD Policy/CIR/17/02 dt. 3.7.2002 relating to electronic date information filing and retrieval (EDIFAR) the Company has started electronic filing of specific document/statements on the EDIFAR Website viz www.sebidifar.nic.in w.e.f. 31.12.2002.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Industry Structure and Developments : Software service industry has witnessed a normal performance better than last year since the so called increase in exports of 28% has been recorded by the industry statistics.

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 attracted of \$ 1 Billion investments FDI in the BPO segment during 96 to 2002 which is more significant in 2003. Acquisition of Daksh by IBM for 150 Million USD is a recent case of FDI.

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 USA.

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.

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 IT enabled services, the Company has taken new license as Phase II of the Company, at both the places i.e. Kolkata and Shubaneswar. 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 Centre staffing separately, as an HR activity.



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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 man power especially keeping in view the high zonal employee turnover and competitiveness due to giant entrants in Call Centre Industry as well as default by sundry debtors as the same are unsecured.

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 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 attempted lately to develop the required skilled human resource for the future prospective projects in Call Centre in good hope.

B. 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

- SDF Building, Saltlake Electronics Complex, 4th Floor, Block GP, Sector-V, Bidhannagar, Kolkata - 700091.
- Software Technology Park, Priyadarshini Market, CRP Square, Bhubaneswar, Orissa.
- Hall No. 5 & 6 C/o. Software Technology Park of India, IG Park, Rourkela.
- Blizzyland Bldg., R. No. 416, 4th Floor, Kuntekar Road, T76/A, Sadashiv Path, 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 Sabi Registered categorised 1 Registrar and Transfer Agents has been appointed w.e.f. 23.2.2003 whose details are given below :

Maheshwari Datamatics Pvt. Ltd.
6, Mengoe Lane, 2nd Floor
Kolkata - 700 001

Demat ISIN Nos. INE791B01014

Investors Complaints may be Addressed to :

Share Transfer Agents at the above mentioned address and/or
to the Director, Investors' Grievance Committee
Lee & Nee Software (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 : 25.09.2004
Time : 11.00 A.M.
Venue : Regd. Office
SDF Building, Saltlake Electronics Complex, 4th Floor
Block GP, Sector-V, Bidhan Nagar, Kolkata - 700 091.

8.6 Book Closure :

17th Day of September 2004 to 25th Day of September, 2004.


8.7 Listing of Securities

Name of the Stock Exchanges :

The Stock Exchange, Mumbai.

The Calcutta Stock Exchange Association Ltd.

The Stock Exchange Ahmedabad.

8.8 (a) Distribution of Shareholding

The Shareholding distribution of equity shares as of 30th June, 2003 is given below :

Sl. No.	No. of Equity Shares held			No. of Share holders	No. of Shares	% of Shareholding
1	1	to	500	21475	4001289	14.99
2	501	to	1000	1646	1381625	5.18
3	1001	to	2000	690	1054286	3.95
4	2001	to	3000	211	544706	2.04
5	3001	to	4000	93	333648	1.25
6	4001	to	5000	63	297490	1.11
7	5001	to	10000	103	722228	2.71
8	10001	to	Above	59	18358750	68.77
				24340	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 (2002-03)	Quotation at Mumbai Stock Exchange		Quotation at Calcutta Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April	2.35	1.80	1.50	1.50
May	2.45	1.80	2.10	2.00
June	3.20	1.80	2.50	2.00
July	4.25	2.68	3.80	2.63
August	5.55	3.05	4.75	3.00
September	4.30	2.31	2.65	2.65
October	2.90	1.63	0.00	0.00
November	2.90	1.60	2.20	2.20
December	5.70	2.00	5.25	5.25
January	5.38	3.00	4.00	4.00
February	6.20	3.00	4.00	4.00
March	3.64	1.75	2.80	2.80



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8.9 Shareholding Pattern (as on 30.06.2004)

Category	No. of Holders	No. of shares	% of holding
PROMOTER	19	15246974	57.1176
NRI	13	13204	0.0495
FII	-	-	-
OCB	-	-	-
IFI	-	-	-
IMF	-	-	-
BANK	1	1200	0.0045
EMPLOYEES	-	-	-
BODIES CORPORATE	270	359300	1.3463
PUBLIC	24038	11073232	41.4821
TRUST	-	-	-
Total	24340	26694000	100.0000

8.10 Dematerialisation of Shares :

Nearly 98.5293% of Total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st July, 2004.

8.11 Share Transfer System :

Shares sent for transfer in physical form are registered by our Share Transfer Agent in his office 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 Calendar 2004 - 2005

First quarterly results	July, 2004
Second quarterly results	October, 2004
Third quarterly results	January, 2005
Annual results for the year ending on 31st March, 2005	On or before 31st July, 2005
Annual General Meeting for the year ending on 31st March, 2005	On or before 30th September, 2005

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

Place : Kolkata

Dated : The 23rd day of August, 2004

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, 2004 as stipulated in clauses 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, 2004, 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

Dated : The 23rd day of August, 2004

(VIRAT SHARMA)
Partner.
M. No. 61553



Lee & Nee Software (Exports) Ltd.

AUDITORS' REPORT

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

We have audited the attached Balance Sheet of M/s. Lee & Nee Software (Exports) Ltd. as on 31st March, 2004 and the Profit & Loss Account for the year ended on that date, annexed thereto. Those 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. 5 of schedule 'C' 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 Act.
 - 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 31.3.2004 from being appointed as a Director of the Company under Section 274(1)(g) of the Act.
 - 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. 5 to schedule 'C' on which we have relied on management's 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, 2004 and
 - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

For PATANJALI & CO.
Chartered Accountants

Place : Kolkata
Dated : The 23rd day of August, 2004

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 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 and from the companies under the same management as defined under subsection (18) of section 370 (since omitted) of the Companies Act, 1956.
- b) The para as to the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the Register maintained under Section 301 of the companies Act, 1956 are not applicable since no such loan have been taken.
- c) The para as to be regular in repaying the principal amounts as stipulated and it has been regular in the payment of interest to the companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 from whom loans have been taken by the Company is not applicable in absence of any such loan having been taken by the Company.
- d) There is no overdue amount of loans taken from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the informations and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (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 proscribed by the Central Government under section 209 (i) (d) of the Companies Act, 1956 for the products of the Company.



Lee & Nee Software (Exports) Ltd.

- (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, 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, Customs Duty and Excise Duty and cess were in arrears as at 31st March, 2004 for a period of more than six months from the date they became payable.
- c) According to information and explanation given to us, there are no dues of Sales Tax/Income Tax/Custom Duty/cess which have not been deposited on account of any dispute.
- (x) The Company has accumulated losses amounting to Rs. 1,79,30,720.07 as at 31st March, 2004 and it has not incurred any cash loss in the financial year 2003-04 but has incurred loss in the financial year 2002-03 amounting to Rs. 1,46,48,204/- in previous year respectively.
- (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 a not a nidhi/mutual benefit fund/society, therefore the provisions of clause 4(xii) 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. No long term funds have been used to finance short term assets except permanent working capital.
- (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/-

(VIRAT SHARMA)

Partner

M. No. 61553

Place : Kolkata

Dated : The 23rd day of August, 2004

LEE & NEE SOFTWARES (EXPORTS) LTD.
SDF BLDG. SOFTWARE TECHNOLOGY PARK, KOLKATA-91
BALANCE SHEET AS ON 31ST MARCH, 2004

[illegible]

Director : 1. Rajesh Agarwal
2. Ajay Agarwal

For PATANJALI & CO.
Chartered Accountants

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

Place : Kolkata
Dated : The 23rd day of August, 2004

Place : Kolkata
Dated : The 23rd day of August, 2004

(15)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

FIGURES FOR THE PREVIOUS YEAR		PARTICULARS		RS.	P.	RS.	P.	FIGURES FOR THE PREVIOUS YEAR		RS.	P.
(Rs.)								(Rs.)			
11,23,151.70		TO OPENING STOCK :		11,23,151.70		BY SOFTWARE DEV. & SERVICES :		41,948.81		41,948.81	
77,420.00		• PURCHASES (SOFTWARE SERVICE)		14,86,290.99		• SOFTWARE SERVICES					
7,703.00		• STORES & CONSUMABLES :		—							
879,335.00		• SALARIES & EXPATRIA :		1,78,226.00		• IT ENABLED SERVICE CHARGES RECEIVED :		43,500.00		44,42,978.81	
1,42,688.00		• DEPRECIATION & AMORTISATION :		2,25,810.00							
1,89,860.00		• RENT, RATES & TAXES :		2,27,483.00		• INTEREST :		34,853.00		30,827.00	
51,026.00		• ELECTRICITY EXPENSES :		1,09,673.00		• From Bank (TDS Rs. Nil)					
		• MOTOR CAR EXPENSES :		—		• From Others (TDS Rs. 13,130)		2,64,497.00		2,64,497.00	
		• REPAIRS & MAINTENANCE :		44,608.91		• From Govt. (Govt. Secy)					
13,205.00		• Machinery		1,10,020.00							
1,38,350.00		• Other		1,37,838.91		• DIVIDEND :		250.00		2,15,116.00	
4,50,320.00		• COMMUNICATION EXPENSES :		23,45,257.62							
1,14,104.00		• TRAVELLING & CONVENIENCE		1,12,715.00							
18,370.00		• Doctors		2,11,260.00							
		• Others		—							
2,67,800.00		• I.T. ENABLED SERVICE		3,32,850.00							
		• PROCUREMENT EXPENSES :		7,41,917.76							
54,190.00		• MISCELLANEOUS EXPENSES :		3,98,982.24							
3,21,900.00		• For the purpose of advertisement (Rs. 1440)		51,744.00							
10,800.00		• ADVERTISING & PUBLICITY :		2,87,705.00							
		• PROFESSIONAL CHARGES :		—							
		• AUDITORS REMUNERATION :		5,000.00							
		• As Audit Fee		—							
		• As Other Service		—							
1,16,00,304.00		• LOSS ON SALE OF SHARES :		5,020.00							
		• LOSS ON FLUCTUATION FROM		—							
6,83,794.00		• GOLD EXCHANGES (BANK)		21,58,225.00							
14,74,740.00		• LOSS FROM EXCHANGE RATE		3,68,214.87							
1,22,250.00		• LOSS FROM STYLANTS (100% EQU)		1,32,265.00							
52,380.00		• SHARE ISSUE EXP. WRITTEN OFF		17,043.44							
1,02,000.00		• SUNDRY BALANCES WRITTEN OFF (NET)		2,19,840.00							
1,02,000.00		• SUNDRY BALANCES WRITTEN OFF		27,985.00							
91,780.00		• POSTAGE & STAMP :		96,119.50							
2,68,654.00		• PRINTING & STATIONERY :		2,28,435.00							
3,62,578.00		• DEPRECIATION :		3,62,578.00							
42,250.00		• FURNITURE EXPENSES WRITTEN OFF		30,00,419.50							
		• SUNDRY BALANCES WRITTEN OFF		—							
		• BALANCE CARRIED DOWN :		30,00,419.50							
Rs. 1,48,84,634.00				Rs. 1,48,84,634.00							
62,24,290.00		TO BALANCE BROUGHT FORWARD :		2,09,33,140.00							
1,44,40,304.00		• BALANCE BROUGHT DOWN :		2,09,33,140.00							
2,2,95,33,140.00				Rs. 2,09,33,140.00							
				Rs. 2,09,33,140.00							

Rs. 1,44,87,517.17		• BALANCE BROUGHT DOWN :									
30,02,419.56		• BALANCE CARRIED TO BALANCE SHEET :									
1,76,30,700.07											
Rs. 2,09,33,139.83											

Schedule A to C annexed to and forming 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. 61653)

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 31.03.2004)

PARTICULARS			GROSS BLOCK			DEPRECIATION			NET BLOCK		
Cost as on 1.1.2003	Addition during the year	Loss on Resignation	Sales/Txn during the year	Total as on 31.03.2004	Up to 31.3.2003	For the Period on Resignation	For the year	Sales/transfer for the year	Total	As on 31.3.2004	As on 31.3.2004
CHUBANESWAR BRANCH											
41,28,973.35	1,09,882.30	—	—	42,38,855.65	36,56,470.51	—	1,30,975.53	—	36,87,446.04	3,12,469.59	3,33,520.82
—	—	—	—	—	—	—	—	—	—	—	36,354.32
2,30,372.00	—	—	—	2,30,372.00	1,64,012.89	—	4,587.38	—	1,68,500.27	31,301.74	36,354.32
2,35,100.00	—	—	—	2,35,100.00	1,27,716.42	—	44,556.63	—	1,72,273.05	68,826.99	1,11,386.28
4,84,414.57	68,200.00	—	—	5,52,614.57	3,46,477.47	—	2,650.23	—	3,49,127.70	1,35,466.67	1,19,207.10
1,07,070.00	—	—	—	1,07,070.00	79,023.61	—	1,185.44	—	80,888.15	1,03,509.29	1,03,509.29
1,32,100.00	—	—	—	1,32,100.00	79,023.61	—	1,185.44	—	43,078.25	93,021.35	1,02,836.60
40,358.00	—	—	—	40,358.00	352.99	—	3,509.00	—	5,891.98	34,456.02	40,358.00
52,75,996.60	1,68,082.30	—	—	54,44,078.90	45,19,553.30	—	3,26,435.28	—	47,55,088.50	5,87,602.10	7,46,335.30
ROHUKELA BRANCH											
1,21,244.51	—	—	—	1,21,244.51	48,497.84	—	29,598.71	—	77,696.69	43,488.08	72,746.70
1,123.87	—	—	—	1,123.87	—	—	1,065.37	—	1,123.87	753.73	300.20
19,400.00	—	—	—	19,400.00	1,131.54	—	3,870.45	—	11,541.46	23,265.41	27,142.58
1,00,000.00	—	—	—	1,00,000.00	11,331.25	—	1,700.69	—	11,441.94	23,265.41	27,142.58
10,000.00	—	—	—	10,000.00	2,144.99	—	1,092.56	—	3,238.14	7,763.41	7,854.41
2,16,500.00	—	—	—	2,16,500.00	89,142.74	—	23,248.79	—	72,411.53	1,43,846.47	1,67,157.26
—	1,550.00	—	—	1,550.00	10,850.00	—	8,490.00	—	11,280.00	16,200.00	16,200.00
4,34,968.38	1,550.00	—	—	4,36,518.38	1,38,399.04	—	69,440.07	—	2,03,859.15	2,32,592.17	2,56,462.24
ROHUKELA BRANCH											
1,14,282.00	—	—	—	1,14,282.00	59,838.00	—	10,719.17	—	59,518.83	54,703.67	54,720.07
30,000.00	—	—	—	30,000.00	17,720.35	—	—	—	30,000.00	74,000.00	74,000.00
19,000.00	—	—	—	19,000.00	3,942.35	—	—	3,942.35	—	25,474.22	25,474.22
33,420.00	—	—	—	33,420.00	6,960.85	—	5,461.29	—	11,556.08	21,844.94	27,306.17
1,62,926.00	—	—	—	1,62,926.00	98,334.00	—	22,067.00	—	59,051.00	1,03,963.00	1,29,882.00
3,540.00	633.00	—	—	4,173.00	1,627.58	—	1,021.37	—	3,570.95	2,151.08	2,253.42
5,000.00	—	—	—	5,000.00	2,498.58	—	1,021.37	—	3,570.95	2,151.08	2,253.42
6,000.00	—	—	—	6,000.00	1,278.50	—	2,989.00	—	4,267.50	1,643.50	7,422.20
43,500.00	—	—	—	43,500.00	6,050.85	—	14,272.66	—	21,020.51	22,409.49	57,449.15
4,88,078.05	30,633.00	—	—	5,18,711.05	1,38,224.42	—	61,049.85	3,842.18	1,82,351.09	3,04,319.91	3,31,893.39
UNIT - L. T. SOFT & SERVICES, W. S. SOFT & SERVICES, RAJ. SOFT & SERVICES,											
785.00	—	—	—	785.00	291.54	—	69.00	—	300.34	482.46	491.46
—	—	—	—	—	—	—	—	—	—	—	3,383.42
5,829.00	—	—	—	5,829.00	2,449.38	—	472.00	—	2,921.38	2,917.62	2,917.62
1,230.00	—	—	—	1,230.00	977.28	—	101.17	—	1,076.85	151.75	1,232.92
1,938.00	—	—	—	1,938.00	1,255.00	—	1,002.00	—	1,255.00	1,002.00	1,255.00
1,175.00	—	—	—	1,175.00	14,000.00	—	802.00	—	13,498.00	13,498.00	18,239.31
4,464.00	—	—	—	4,464.00	2,065.53	—	434.07	—	3,429.80	1,964.10	2,349.17
32,719.00	—	—	—	32,719.00	12,119.83	—	2,895.34	—	14,985.17	17,753.83	20,225.17
1,24,159.00	—	—	—	1,24,159.00	48,252.00	—	48,252.00	—	48,632.00	74,478.00	—
8,300.00	—	—	—	8,300.00	3,550.00	—	1,538.50	—	5,382.50	6,921.50	—
77,999.20	1,32,420.00	—	—	2,10,419.20	33,846.86	—	59,323.21	—	91,372.87	1,10,225.83	44,957.14
62,76,952.84	3,32,495.00	—	—	66,09,447.84	42,43,329.42	—	4,11,284.32	3,942.18	52,44,670.37	13,46,157.11	54,39,824.26
77,40,864.78	1,30,208.00	—	—	78,71,072.78	45,43,314.31	—	8,52,881.36	10,59,022.04	44,37,338.42	14,39,504.28	25,88,270.67

Note: Depreciation in respect of Export Division Rs. Nil (previous year 1787291) and 100% EOU Rs. 583245.21 (previous year Rs. 8519.05) & branches amounting to Rs. 126528.92 are 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. Rejesh Agarwal
2. Ajay Agarwal

Place : Kolkata
Dated : The 23rd day of August, 2004

(17)

Director : 1. Rajesh Agarwal
2. Ajay Agarwal

For PATANJALI & CO.
Chartered Accountants
Sdr.
[VIRAT SHARMA]
Partner.
M. No. 61553

Place : Kolkata
 Dated : The 23rd day of August, 2004



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.

Accounting of Software Package Development :

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

c) Fixed Assets :

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

d) 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".

e) Depreciation :

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

f) Valuation of Inventories :

Software packages 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.

g) 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 :

- Royalty payable for Software Exports : Rs. 75,00,924/- (Previous year Rs. 72,00,924/-)
- Estimated amount of contracts for sale remaining to be executed has been paid for Rs. 6,41,65,504/- (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 Nil)
- 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 31.3.2004, over and above the payments made to third party for the same on its being failure to provide the warranty support.

2) Provision for Income tax is not required to be made as the Taxable income of the Company is NIL. The management claimed that all income of STPI Units is exempted u/s 10B of the Income Tax Act, 1961 as the income is derived from an 100% EOU unit/division of the Company.

3) 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. 7,84,158/-). Demand for custom duty on behalf of audit amounting to Rs. 69,62,085/- is not acknowledged as debts, being disputed.



Lee & Nee Software (Exports) Ltd.

- 4) Company has no outstanding dues as on 31.03.2003 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. Further 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 52800 (INR. 23,00,496.00) 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. 1955

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		16,95,280.55	5,40,614.00
d) Sales			
Exports Software	26,44,088.40		
Services etc.	44,42,576.81	70,86,665.21	11,21,000.00
e) Closing Stock			
(Software)		11,23,151.76	11,23,151.76
11) Materials Consumed			
(Consumables & components)			
& Printed Materials Imported		Nil	Nil
Indigenous			
Export Division		Nil	
Others			7,672.00 (100%)
12) CIF Value of Imports :		Nil	Nil
13) Expenditure in Foreign Currency :			
Hosting & Domain Registration			
& Travelling Expenses		29,20,693.00	2,13,924.00
14) Earning in Foreign Exchange :			
Export on FOB Basis		1,08,08,841.87	24,84,250.00



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. The information given is only in respect of transactions entered into by company during the year only, previous figures have not been disclosed.

i) Name of the Key Management Personnel :

Shri S. M. Gupta	Promoter Director
Shri V. K. Goyal	Executive Director
Shri Parash 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
Vivek Computer Pvt. Ltd.
Leena Gupta Buri Devi Agarwal, Raj Kumari Agarwal
Neena Gupta, Mahesh Gupta, Sunita Gupta & others.

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

S. M. Gupta & Company	Consultancy Charges	Rs. 240000/-
Vivek Computer Pvt. Ltd.	Share Processing Fee	Rs. 10000/-
Mahesh Gupta	Car Expenses	Rs. 69213/-
Directors	Meeting Fees	Rs. 13000/-
Leena Gupta	Professional Fees	Rs. 10000/-
Sunita Gupta	Rent	Rs. 36000/-
Raj Kumari Agarwal	Rent	Rs. 18000/-
Neena Gupta	Rent	Rs. 36000/-

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

	(Rs. in thousands)
1) Registration Details	
Registration No.	45,587
State Code	21
Balance Sheet Date	31.03.2004
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	2,71,436
Total Assets	2,71,436
Sources of Funds	
Paid up Capital	2,65,940
Reserve & Surplus	10
Secured Loans	NIL
Un-Secured Loans	NIL
Application of Funds	
Net Fixed Assets	1,346
Investments (Including Investment in Partnership firm)	
Net Current Assets	2,32,265



Lee & Nee Software (Exports) Ltd.

Miscellaneous Expenditure	1,454
Accumulated Losses	17,931
4) Performance of Company	
Total Income	14742
Total Expenditure	11740
Profit Before Tax	11740
Profit After Tax	3002
Earnings per Share	Rs. 112 per shares
Dividend Rate	NIL

5) Generic Names of three
Principal Products/Services
of the Company.

Item Code (ITC Code) :	852490	852499	N.A.
Product Description	Software development & Export	Export of Software & Project Management Services	Manufacturing & Export Marketing of Computer Software

In terms of our report of even date annexed

For PATANJALI & CO.
Chartered Accountants

Place : Kolkata

Dated : The 23rd day of August, 2004

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, 2004

	Figures for the Current Year		Figures for the Previous Year	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. Cash Flow from Operating Activities :				
Net Profit as per P & L A/c		(30,02,420)		(1,46,48,204)
Adjusted for :				
Depreciation	4,11,284		5,82,261	
Loss on Revaluation of Assets	—		—	
Loss on Sale of Shares	—		1,38,71,295	
Profit/(Loss) on sale on fixed assets	—		4,84,779	
Deferred Revenue Expenses w/o	—		(5,45,180)	
Preliminary & Share Issue Expenses	4,84,779		52,398	
Interest & Dividend	(3,15,298)		42,547	
Sundry Balance w/o				
Profit/Loss on Investment	35,613			
(In Partnership Firm)				
		6,19,378		1,24,88,101
Operating Profit/Loss before working Capital Changes		36,21,798		(21,60,103)
Adjust for :				
Inventories				
Trade & Other Receivables	(56,02,404)		(30,09,339)	
Trade Payable			(3,56,02,285)	
Provisions (against, Software Maint)		(56,02,404)	—	(3,88,11,624)
Cash Flow before Extra Ordinary Items		(19,80,606)		(4,07,71,727)
Extra Ordinary Items :				
Increase in Reserve & Surplus	—		—	
Increase in Preliminary Expenses	—		—	
Net Cash Out Flow from Investing Activities		(19,80,606)		(4,07,71,727)
B. Cash Flow from Investing Activities :				
Sale of Fixed Assets	15,058		5,05,801	
Purchase of Fixed Assets	(3,32,895)		(1,30,208)	
Interest Received	3,15,118		5,44,930	
Dividend	160		250	
Sale of Investment	27,375		1,88,73,047	
Purchase in Investment	—		—	
Movement of Loans	15,91,078		10,96,738	
Investment in Partnership Firm	—		—	
assets acquired on amalgamation	—	16,15,914	—	2,06,13,559
Net Cash Flow from Investing Activities		(3,64,692)		2,01,58,168
C. Cash Flow from Financing Activities :				
Increase in Share Capital	—		—	
		(3,64,692)		2,01,58,168
Cash Equipments (A + B + C)				
Cash & Cash Equivalents as at the commencement of the year		10,37,549		2,11,95,717
Cash & Cash Equivalents as at the end of the year		6,72,857		10,37,549

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 23rd day of August, 2004



Lee & Nee Softwares (Exports) Ltd.

LEE NEE SOFTWARES (EXPORTS) LTD.
REGISTERED OFFICE
Saltlake Electronics Complex, Block 'GP', Sector-V
SDF Building, 4th Floor, Bidhannagar
Kolkata - 700 091

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 SIXTEENTH ANNUAL GENERAL MEETING of the Company
to be held on 25th September, 2004 and at any adjournment thereof.

Signed this day of 2004

Signature

Revenue
Stamp

Note : The proxy must be deposited at the Registered office of the Company at Saltlake Electronics Complex,
Block 'GP' Sector-V, SDF Building, 4th Floor, Bidhannagar, Kolkata - 700 091, not less than 48 hours
before the time of the meeting.

Tear Here

LEE NEE SOFTWARES (EXPORTS) LTD.
REGISTERED OFFICE
Saltlake Electronics Complex, Block 'GP', Sector-V
SDF Building, 4th Floor, Bidhannagar
Kolkata - 700 091

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 pres-
ence at the Sixteenth Annual General Meeting of the Company to be held at Saltlake Electronics Complex, Block 'GP',
Sector-V, 4th Floor, Bidhannagar, Kolkata - 700 091 at 11 a.m. on the 25th September, 2004.

Proxy's Name in Block Letters

Member's/Proxy's Signature

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

