

Quarterly Compliance Report on Corporate Governance under Clause 49 of the Listing Agreement

Name of the Company: **LEE & NEE SOFTWARES (EXPORTS) LTD.**
Quarter ending on: **31.12.2014**

Particulars	Clause of Listing Agreement	Compliance status (Yes/No)	Remarks
I Board of Directors	49 I	Yes	
(A) Composition of Board	49(IA)	Yes	
(B) Independent Directors	49(IB)	Yes	
(C) Non-executive Directors' Compensation & Disclosures	49 (IC)	Yes	
(D) Other Provisions as to Board and Committees	49 (ID)	Yes	
(E) Code of Conduct	49 (IE)	Yes	
(F) Whistle Blower Policy	49 (IF)		
II. Audit Committee	49 (II)	Yes	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 (IID)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	
III. Nomination and Remuneration Committee	49 (III)	Yes	
IV. Subsidiary Companies	49 (IV)	Yes	
V. Risk Management	49 (V)	Yes	
VI. Related party Transactions	49 (VI)	Yes	
VII. Disclosures	49 (VII)	Yes	
(A) Related Party Transactions	49 (VIIA)	Yes	
(B) Disclosure of Accounting Treatment	49 (VIIB)	Yes	
(C) Remuneration of Directors	49 (VIIC)	Yes	
(D) Management	49 (VIID)	Yes	
(E) Shareholders	49 (VIIE)	Yes	
(F) Disclosure of resignation of directors	49 (VIIF)	Yes	
(G) Disclosure of formal letter of appointment	49 (VIIG)	Yes	
(H) Disclosure in Annual Report	49 (VIIH)	Yes	
(I) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (VII I)	N.A.	No Public Issue

VIII.CEO/CFO Certification	49 (VIII)	Yes	
IX. Report on Corporate Governance	49 (IX)	Yes	
X. Compliance	49 (X)	Yes	

Yours truly,

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

Arpita Gupta
 Arpita Gupta **Authorised Signatory**
 (Compliance Officer)

LEE & NEE SOFTWARES (EXPORTS) LIMITED
CORPORATE GOVERNANCE

FOR THE QUARTER ENDED 31st December, 2014

I. BOARD OF DIRECTORS:

(A) Composition of Board as on 31.12.2014

The Board of Directors comprises of Six 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	No. of Committee Membership (including in the Company)	
						Member	Chairman
Mr. Ajay Agarwal	Executive Director	1	1	Yes	1	-	-
Mr. Sagarmal Gupta	Promoter Director	1	1	Yes	2	2	-
Mrs. Arpita Gupta	Independent/Non-Executive Director	1	1	Yes	1	1	1
Mr. Vikash Kamani	Independent Director	1	1	Yes	0	1	2
Mr. Sushil Kumar Gupta	Independent Director	1	1	Yes	14	1	-
Miss Leela Murjani	Independent Director	1	1	Yes	1	2	-

(B) Independent Directors

The company has three independent directors namely

- 1) Vikash Kamani
- 2) Sushil Kumar Gupta
- 3) Leela Murjani

(C) Non executive Directors compensation & disclosures

Name of Directors	Sitting fees	Consultancy fees	Total
1. Mrs. Arpita Gupta	waived	-	waived
2. Mr. Vikash Kamani	waived	-	waived
3. Mr. Sushil Kumar Gupta	2000	-	2000
4. Miss Leela Murjani	2000	-	2000

1. Sitting Fees constitute fees paid to Non-executive directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transaction with the Non-Executive Directors during this quarter ended on 31st December, 2014. Save and except the sitting fees of Rs. 2000 each accepted by the two directors.

(D) Other provisions as to Board and Committees

The Board held one meeting in this quarter on 30th October, 2014. The agenda paper was circulated well in advance of this meeting and all the relevant information as required by clause 49 of the Listing Agreement was made available to the Board of Directors.

No Director hold membership of more than 10 Committees of Boards nor is any Director, Chairman of more than 5 Committees of Boards.

(E) 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.

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

(F) Whistle Blower Policy

The Company shall promote ethical behavior in all the spheres of its business operations. The Employees are free to report existing / probable violations of laws, rules and regulations or unethical conduct to their immediate supervisors or such other person as may be notified by the management to the workgroups.

The Directors and the Senior Management shall not attempt to suppress / conceal any such view or reporting. The confidentiality of those reporting violations shall be protected and they shall not be subjected to any discriminatory practice. The same is disclosed by the company on its website.

II. AUDIT COMMITTEE

(A) Qualified & Independent Audit Committee

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

1. Mr. Vikash Kamani – A.C.A Independent, Non Executive- Chairman
2. Mr. S.M. Gupta - F.C.A -Member
3. Mr. Sushil Kumar Gupta - Independent Non Executive-Member

(B) Meeting of Audit Committee

The Committee has met one quarterly meeting in this quarter as on 30th October, 2014. The minutes of the meeting of the Audit Committee is reviewed and noted by the Board. The Composition of the Committee and the attendance at the meeting of the committee is given below.

Name of Member	Category	Position	No of Meeting held	No of Meeting attended
1. Mr. Vikash Kamani	Independent	Chairman	1	1
2. Mr. Sushil Kumar Gupta	Independent	Member	1	1
3. Mr. S.M Gupta	Promoter	Member	1	1

(C) Powers of Audit Committee 49 (IIC)

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

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.

3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(D) Role of Audit Committee

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

- Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the quarter financial statement before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosures of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statement before submission to the Board for approval.
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue etc.) the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the board to take up steps in this matter.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transaction of the company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings of assets of the company, where ever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- 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.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e. the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc of the candidate.
- Carrying out the function as is mentioned in the terms of reference of the audit committee.

(E) REVIEW OF INFORMATION BY AUDIT COMMITTEE.

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

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

III. Nomination and Remuneration Committee:

- A) The Company has Nomination and Remuneration Committee comprising of three Directors. The composition of the Committee is as follows:

Name of the members	Category	Position	No. of Meeting Held	No. of Meeting Attended
1. Mr. Vikash Kamani	Independent Director	Chairman	1	1
2. Mrs. Arpita Gupta	Non-Executive Director	Member	1	1
3. Miss. Leela Murjani	Independent Director	Member	1	1

B) Role of Nomination and Remuneration Committee:

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

IV. SUBSIDIARY COMPANIES

There are two non listed subsidiary Company(s). The Audit Committee of the listed holding company shall also review the statements, in particular, the investments made by the unlisted subsidiary company.

The minutes of the Board Meetings of the unlisted subsidiary company shall be placed at the board meeting of the listed holding company. The management periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

V. RISK MANAGEMENT

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

VI. RELATED PARTY TRANSACTIONS

There are no related party transaction during the quarter within the meaning of section 185,188 and 189 of the Companies Act, 2013

VII. DISCLOSURES

There are no materially significant related party disclosures 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) Related party transactions:- NIL

(B) Disclosure of Accounting Treatment

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

(C) Remuneration of Directors

The Company has paid sitting fees to the director for attending the board meeting by Shree Sushil Kumar Gupta and Miss Leela Murjani and remaining directors have waived their sitting fees.

(D) Management

Management Discussion and Analysis Report:

Management focus into customized, development and solutions, implementation, support, maintenance, training and staffing in the following segments of software services.

ERP:

Enterprise resource planning (ERP) is a cross-functional enterprise system driven by an integrated suite of software modules that supports the basic internal business processes of a company.

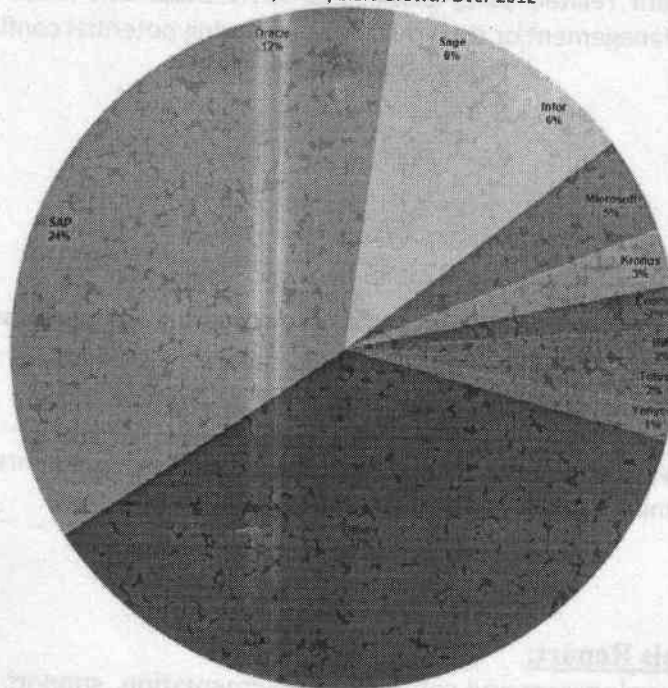
Enterprise system software is a multi-billion dollar industry that offer the potential of integrating data and processes across functions in an enterprise.

Organizations consider the ERP system a vital organizational tool because it integrates varied organizational systems and enables flawless transactions and production.

SAP :

Your company is a Partner of SAP which is a major Enterprise Software company with a long history of different software solutions. The worldwide Enterprise Software Market (ERP) market grew just 3.8% in 2013, a slight improvement of 2.2% growth in 2012. However, SAP retained their market leadership position in 2013, selling \$6.1B in ERP software up from \$6B in 2012. The following graphic shows worldwide ERP software market share for 2013.

Worldwide ERP Software Market Share, 2013
Market Size: \$25.4B, 3.8% Growth Over 2012



SAP's market dominance is expected to be continued in coming years also.

ERP for Universities :

Your Company has developed a customized ERP package catered to reputed Universities in India. It is a web based campus Automation system having various modules required for the functioning of any university. Our company has already got orders from 4 prestigious Universities of India and look forward to add many more in the near future.

Mobile Applications :

It is expected to have close to 400 million smartphones in use in India by 2016. The exponential growth of smartphone users in India will help the mobile applications market to expand in the country.

Big business firms are looking for a product that helps them to tap in among the target audience, to help them compete with other business and stay ahead of them. Our skilled, proficient and experience mobile application team will help you to plan, design, develop and deliver a customized application to suit your business needs.

At Lee & Nee Softwares (Exports) Ltd, we have expertise in developing mobile applications for different platform and Mobile devices such as Android Application Development, iPhone Mobile Apps Development, BlackBerry Mobile Application Development and Windows Mobile Development.

The Company has successfully implemented and deployed various mobile applications on Andriod and iOS platform. It look forward to expand its business further in coming years.

Oracle SOA:

Oracle SOA Suite 11g is a member of the Oracle Fusion Middleware family of products. Oracle SOA Suite 11g is the only offering that is complete, integrated, best-of-breed and hot-pluggable. Across these differentiators, it enables next generation SOA capabilities through:

- A unified and declarative toolset by which business users and developers can work together to develop business applications.

- A single Business Process Platform with which to orchestrate people, systems and documents into processes that can be monitored and optimized in real time.
- A 100% standard platform that is service enabled and easily consumable by modern web applications, allowing enterprises to quickly and easily adapt to changes in their business and IT environments.
- Greater visibility, controls and analytics to govern how services and processes are deployed, reused and changed across their entire lifecycle.

Oracle SOA transforms complex application integration into agile and reusable service-based connectivity by mediating, routing, and managing interactions between services and applications in the enterprise and in the cloud. Requirements for application integration have significantly expanded over the last decade to include support for business activity monitoring, event processing, business rules, B2B integration, and more. Organizations now need a unified development, runtime, monitoring, and management interface across these components. Only Oracle SOA provides a unified approach with a single interface for all of your current and future integration requirements to reduce risk, speed time to market, respond faster to business requirements, and lower total cost of ownership.

BPO Business:

The outsourcing represents one of the highest potential for India's economic growth and will continue to grow further. Increase in global technology spending and opportunities created through adoption of disruptive technologies are expected to propel growth in FY2014. NASSCOM expects the industry to clock export revenues of USD 84-87 bn maintaining a growth rate of 12-14 per cent. Domestic revenues will also grow at a rate of 13-15 per cent and are expected to reach INR 1180-1200 bn. The industry is no longer business process outsourcing, it has evolved into business process management (BPM).

IT staffing and Training Services :

Your company has recently ventured into IT staffing and training services. It is trying to expand itself as a staffing company in various big IT companies working in the area of SAP & Oracle Applications.

Risk & Concerns

Cyber security and quality management are few key areas of concern in today's information age. To overcome such concerns in today's global IT scenario, an increasing number of IT-BPO companies in India have gradually started to emphasize on quality to adopt global standards such as ISO 9001 (for Quality Management) and ISO 27000 (for Information Security). Today, centers based in India account for the largest number of quality certifications achieved by any single country.

India aims to transform India into a truly developed and empowered society by 2020. However, to achieve this growth, the sector has to continue to re-invent itself and strive for that extra mile, through new business models, global delivery, partnerships and transformation. A collaborative effort from all stakeholders will be needed to ensure future growth of India's IT-ITeS sector. We will need to rise up to the new challenges and put in dedicated efforts toward providing more and more of end-to-end solutions to the clients to keep the momentum going.

THREATS

The global financial industry continues to pass through uncertain times. The tighter regulation to combat this uncertainty has led to protectionist tendencies in some of our markets. It may pose the threat of visa issues in Onsite deployment. New projects continue to face budget constraints for IT investments as the focus is still on regulatory compliance.

Various operation and execution plans continuously watch for such developments and constraints to business strategy and plans. Need based Strategy and operational plans are continuously recalibrated to minimize the impact of such threats to business objectives and goals.

The key challenge today is to deliver a superior business outcome as cost arbitrage no longer remains a differentiator. Hence, there is a need to reinvent the business model through innovation and a renewed focus on the use of new technologies.

Countries like Malaysia, China and the Philippines in Asia; Egypt and Morocco in North Africa; Brazil, Mexico, Chile and Columbia in Latin America; and Poland and Ireland in Europe are emerging as attractive outsourcing destinations, posing a significant threat to India as a delivery location. According to NASSCOM, in the last five years, India has lost about 10 % market share to the rest of the world in the BPM space, most of which is in the voice contract segment. In terms of competition, though China faces challenges like language proficiency, it is making large investments to increase English proficiency. The Philippines, which is the second largest destination for outsourcing, is also a serious competitor.

Growth:

The resilient \$270-billion plus Indian IT industry returned to the higher growth trajectory in 2013 and hopes to gain momentum in the ensuing year for a greater share of the global multi-billion dollar outsourcing market.

Putting behind a turbulent 2012, the industry consolidated its presence in the software services sector, posting better results to register a healthy 12-14 per cent growth thus far as against 10 percent last fiscal (2012-13).

"We have seen a significant increase in global technology spending this year, creating opportunities for the Indian software services sector to post double digit growth again in export as well as in the domestic markets," a top industry representative said.

Segment-wise or Product-wise performance:

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

Future Economic Outlook:

Globalization has had a profound impact in shaping the Indian Information Technology industry. Over the years, verticals like manufacturing, telecom, insurance, banking, finance and lately the retail, have been the growth drivers for this sector. But it is very fast getting clear that the future growth of IT and IT enabled services will be fuelled by the verticals of climate change, mobile applications, healthcare, energy efficiency and sustainable energy. The near future of Indian IT industry sees a significant rise in share of technology spend as more and more service providers both Indian and global target new segments and provide low cost, flexible solutions to customers.

By 2015, IT sector is expected to generate revenues of USD 130 billion (NASSCOM) which will create a transformational impact on the overall economy. IT spending is expected to significantly increase in verticals like automotive and healthcare while the government, with its focus on e-governance, will continue to be a major spender.

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 sale of the Company has increased as compared to last quarter. There is improvement during this quarter and this is mainly due to export sales made by the company. The company has been able to signed deals with few overseas companies that provide regular and good volume of business. It is looking forward to sign more such deals in the coming years. The Company has identified new avenues of software business, Ecommerce business is picking up in India helping the company to get more software business from the domestic market. Mobile Apps is another new area in which the company has entered in this year. There is a huge potential of business in this area both in domestic as well as overseas market. Company is on the way of developing its own sector specific products and packages in the months to come. The company has also venture into computer hardware activities for its client as a part of package deal. The company is very positive to get good volume of business in the coming quarter. The company has still scope for better utilization of its capacity and is working very hard to soon achieve higher volumes of work for optimum utilization of its resources.

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

Human Capital is the most important element of the Company and it believes that its middle management is particularly critical to its business, as they are responsible for managing teams, understanding its clients' expectations and its contractual obligations to clients, ensuring consistent and quality service delivery and deploying the Company's process excellence framework. The Company continuously invests in its HR to create a favourable work environment that encourages innovation which enables it to retain skilled and a highly professional workforce.

Our hiring requirements expected to increase by at least 30 per cent this year. This will be due to anticipated growth and the backfill due to attrition. We expect to improve our people intake during 2014 and are exploring new avenues to decrease hiring turnaround times.

MEANS OF COMMUNICATION

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

The Financial results are generally published in "The Financial Express".

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

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

(E) SHAREHOLDERS : STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

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

Mrs. Arpita Gupta – Non-Executive Director, Chairman

Mr. S.M. Gupta -- Member

Miss. Leela Murjani -- Member

The total number of complaints received and replied to the satisfaction of shareholders. There were no complaints pending as on 31st December' 2014.

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

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

(F) Disclosure of resignation of director

There is no resignation of director.

(G) Disclosure of formal letter of appointment

The appointment letter to the respective directors on inclusion in the Board of Director has been issued and delivered to them. The provision as to disclosure of appointment has been duly complied with.

(H) Disclosure in Annual Report

The company shall disclose the same the remuneration policy in its annual report

(I) Proceeds from public issues, rights issues, preferential issues etc:

The Company did not raise any money through any issue during this quarter.

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

(VIII) CEO/CFO CERTIFICATION

It has been placed before the board.

(IX) REPORT ON CORPORATE GOVERNANCE

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

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

(X) COMPLIANCE

Forms part of Annual Report for the year ended 2013-2014.

Lee & Nee Softwares (Exports) Ltd.

Anita Anph
Authorised Signatory