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LEE & NEE SOFTWARES (EXPORTS) LIMITED



# **BPO & INFRASTRUCTURE**

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INFRASTRUCTURE

**TWENTY FIRST**

**ANNUAL REPORT & ACCOUNTS**

**2008-2009**



## Lee & Nee Software (Exports) Ltd.

### SECTION

**BOARD OF DIRECTORS :** AJAY KUMAR AGARWAL - Executive Director  
S. M. GUPTA - Promoter Director  
PARESH AGARWAL - Independent Director

**AUDITORS :** L. BHALOTIA & ASSOCIATES  
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  
ALLAHABAD BANK

**REGISTERED OFFICE :** 148, 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

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



## Lee & Nee Software (Exports) Ltd.

### NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of Lee & Nee Software (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 Saturday the 19th day of September, 2009 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, 2009 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. Ajay Agarwal who retires by rotation and being eligible offers himself for re-appointment. He holds Nil Equity Shares in the Company.
3. To appoint Auditors and fix their remuneration.

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

Sd/-

(Ajay Agarwal)  
Executive Director

Place : Kolkata

Date : The 26th day of August, 2009.

#### 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 12.09.2009 to 19.09.2009 (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. 2,45,43,222 number of Company's shares (44.18%) have been dematerialized as on 31.03.2009.  
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.





## Lee & Nee Software (Exports) Ltd.

### DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

#### Working and Financial Results

Total income during the year was Rs. 1,17,94,096.08/- as compared to Rs. 1,22,10,563.15/- in the previous year but the profit during the year amounting to Rs. 11,02,666.80/- as against loss of Rs. 6,21,861.92/- in previous year.

The net impact of the above, has resulted in profit during the year compared to the earlier year due to better capacity utilisation in BPO sector specially in Call Centre Project though it is yet to be stabilised and suffering from several contingencies and industry hazards.

The Financial Highlights are given below :

|                                               | Figures for the Current year<br>Rs. | Figures for the Previous year<br>Rs. |
|-----------------------------------------------|-------------------------------------|--------------------------------------|
| Balance Brought Forward<br>from the Last Year | (3,16,29,998.15)                    | (3,10,09,116.23)                     |
| Profit/(Loss) Before Depreciation             | 15,05,796.43                        | (1,46,365.23)                        |
|                                               | <u>(3,01,24,201.72)</u>             | <u>(3,11,54,481.46)</u>              |
| Add/Less :                                    |                                     |                                      |
| Depreciation                                  | (4,05,129.63)                       | (4,75,516.69)                        |
| Loss                                          | <u>Rs. (3,05,27,331.35)</u>         | <u>Rs. (3,16,29,998.15)</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 targeting ITES based services, both voice & non-voice based projects from several organisations in USA, Canada, 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 which has resulted in positive. Endeavours are being made for strategic alliances with staffing Companies in U. S. A.

The Company is preparing itself to set up a SEZ unit and is working for suitable space in a Special Economic Zone of a size more than several times of its current size. The Company envisages to move to SEZ (Special Economic Zone) on allotment of land from the respective authorities.

#### Outlook

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 has a better margin of profitability and has resulted 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 2009-10.

#### Fixed Deposits

The Company has not accepted any deposit from the Public.

#### Directors

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

#### Directors' Responsibility Statement

Your Directors confirm :

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.



## Lee & Nee Software (Exports) Ltd.

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for 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.

### Auditors

Your Auditors M/s. L. Bhaloria & Associates, Chartered Accountants also retire at the Annual General Meeting & have expressed their unwillingness to be reappointed. Your Board of Directors have approached M/s. Om Sagar & Associates, Chartered Accountants of 61, Lindsay Street, Kolkata-87, to hold the office of Auditors of the Company and has stated that appointment if made shall be in accordance with the limits specified u/s. 224(1B) of the Companies Act, 1956.

### Auditors' Observations

As regards observations made by the Auditors, the relevant notes in Schedule - 14 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.           |
|                                   | An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.                       |
| C. (a) Foreign Exchange Earning : | Rs. 1,08,54,135.65/- (previous year Rs. 1,08,84,697.99/-) including sale of other 100% EOU units.                                   |
| (b) Foreign Exchange Outgoing :   | Rs. 4,74,591.89/- (Previous Year Rs. 21,54,693.38/-) on account communication exp., business procurement fees and ASP/VOIP 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 25th day of August, 2009.

Directors : 1. Ajay Agarwal  
2. Paresw Agarwal





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

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

- a) **De-listing:**  
No application for delisting the Company's securities has been made to any of the Stock Exchanges.
- b) **Suspension in Trading:**  
Trading in the Company's Securities was not suspended.
- c) **Listing Fees:**  
The listing fees payable as on 31.03.2009 to the various Stock Exchanges aggregating to Rs. 99,445/- 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 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 31.03.2009**

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

| Name of the Director | Position             | No. of Meeting held | No. of Meeting attended | Whether attended last AGM | No. of other directorship |
|----------------------|----------------------|---------------------|-------------------------|---------------------------|---------------------------|
| Mr. Ajay Agarwal     | Executive Director   | 5                   | 5                       | Yes                       | Nil                       |
| Mr. Parash Agarwal   | Independent Director | 5                   | 5                       | No                        | Nil                       |
| 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, 2009. These were held on: 29th April 2008, 29th July 2008, 4th September 2008, 25th October 2008 and 24th January 2009.

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

| Name of the Director  | Sitting fees | Consultancy Fees | Total |
|-----------------------|--------------|------------------|-------|
| 1. Mr. Ajay Agarwal   | Nil          | —                | Nil   |
| 2. Mr. Parash Agarwal | Nil          | —                | Nil   |
| 3. Mr. Sagarmal Gupta | Nil          | —                | Nil   |

1. Sitting Fees constitute fees paid to Non-executive directors for attending Board and Committee Meetings.
2. The Company did not have any pecuniary relationship or transaction with the Non-Executive directors during the year 2008-2009.



## Lee & Nee Software (Exports) Ltd.

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

The Board held five meetings during the year 2008-2009, on 29th April 2008, 29th July 2008, 4th September 2008, 25th October 2008 and 24th January 2009.

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.lnsel.com](http://www.lnsel.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 Directors 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. Sagarmal Gupta – 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 2009. They were held on 29th April 2008, 29th July 2008, 4th September 2008, 25th October 2008 and 24th January 2009. 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                   | 5                       |
| Mr. Sagarmal Gupta | Independent | Member   | 5                   | 5                       |

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

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.





## Lee & Nee Softwares (Exports) Ltd.

- 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 does 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 Audit Committee on 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 2008-2009.

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 structures 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 -





## Lee & Nee Software (Exports) Ltd.

| 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 \$ 12 billion & employs 23,00,000 staffs. The NASSCOM-Mckinsey 2009 report estimates that the combine IT & BPO industry workforce is increasing by 26% annually. Despite of global meltdown India is still the leader in the world in IT & BPO.

**BPO Business –** BPO business providing software & services to companies outside its border has experienced growth rate as much as 50% in a single year. In the last eight years average growth has been 33.7%. Though due to slowdown in US economy this is expected to reduce between 21-24% but even the projected growth rate of 21-24% is robust and in sync with the industry target of achieving \$80-82 billion of exports by 2010 as stated by NASSCOM. The gross revenue from domestic segment experienced growth to register revenue of \$ 13 billion. It is expected that the industry will grow further by 15-20% in the year 2009-10 despite the current situation.

**BPO Destinations –** India, Malaysia, Vietnam, Singapore, Philippines, Latin America, Eastern Europe, South Africa and recently Egypt is considered as a significant BPO destinations. The industry creates lot of job opportunities for youth and brings overall growth for the country.

**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, Staffing Solutions, Infrastructure Management Services and R & D and System Integration. Revenue from exports of software services and BPO will reach about \$ 72 billion for the next fiscal year, according to data released by the NASSCOM. BPO boom has arrived in West Bengal also. New players are coming and FDI investment is also forseen. Indian IT companies have successfully scaled up operation and made a mark in the global outsourcing business market. Post presidential election in US it was interpreted that BPO industry will be affected but still India is witnessing growth.

**Risks & Concerns for Indian IT Industry –** Though demand conditions have been optimistic, the Indian IT sector is exposed to certain risks which may hinder growth. An appreciating Rupee, slow down in US economy, shortage of skilled manpower, limitations in domestic infrastructure and competition from other global players. Services provided at a low cost by China, Philippines and Vietnam are threat to Indian Companies. The employment and growth has reduced to 16%. Apart from this increasing activities of global MNC's is making it difficult for employee retention for Indian Companies.

On the financial front wage inflation of 15% can reduce the top line as well as the bottom line of the companies. Shortage of experienced and skilled call centre professionals is another concern for the industry. In voice based operations infrastructural support as to Zero break down is another contingentous factor which affects revenue.

**Opportunities and threats –** Growth in IT and ITES industry is spreading. Having made indelible mark in global BPO business this sector is thriving in KPO. According to the market report this new outsourcing avenue for Indian BPO market estimates that the world BPO market is worth US \$234 billion with the contribution from India worth \$ 5.7 billion. India is a major KPO player in the world has inherent advantages because of its intellectual and internet resource.

On the other side, the threats are increased attrition, saturated infrastructure, regular political issues and reliability of the project performance, meeting customer requirements and getting payment. Given the fact that the industry is growing at a compounded annual rate (CAGR) of 33.7% certain issues like data security and lack of product expertise pose serious threats to the growth of this industry. The IT Act Amendment Bill 2008 has been rolled out from Dec. 2008 as it is expected to herald a new, more stringent IP policy structure.

**Growth –** According to Nasscom-Mckinsey study, the IT-enabled services sector was due to employ 1.1 million people and earn \$ 1 billion by 2008. The rapid growth is throwing up winners and the losers who did nearly everything right and are now set to take on a larger share of the BPO pie even as they gear to meet



competition from the world's largest BPO corporations which are eyeing India. About 8-10 Indian groups are set to clock \$ 100 million in revenues in the next 14-18 months, purely on the strength of their present contacts.

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

At the same time, Nasscom survey showed that substantial growth would take place over the two years enabling the industry to get past the \$ 50 billion export target in FY 2011. Export revenues touched \$ 47.3 billion in FY 2009, accounting for 66% of the total IT-BPO industry revenues.

**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.

**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 (SEZ). The Company is at par with other existing 100% Export Oriented Units (EOU). 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 is pursuing with the State 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. In case of "SEZ", the Company will need sufficient funds & may have to increase the Share Capital of the Company, bringing the clause of developer as real state from ancillary objects to main object, more acquisitions & mergers, setting the focus for I.T. industry to I.T. infrastructure development activity more & will have to do the consequential amendment in the Memorandum & Articles of Association of the Company including change of name if required. The Company also envisages and for the the software development centres at more than one place inside India as well as abroad to get the benefit of effective manpower & infrastructure.

**Internal Control System and their adequacy** – The Company has an Internal Control and Audit System Commensurate with its size and nature of its business.

**Discussion on financial performance with respect to operational performance** – The company has made profit during the year but revenue has reduced due to lack of working in optimum capacity and 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 is taking time. Certain laws, introduced by the Federal Government in USA against outsourcing of Government jobs to India and after the vanishing of the charm of e-commerce in world economy, the Company's performance has been severely affected and the Company has no option but to identify new avenues of software services. The Company has commenced HR services additionally apart from last year's activities of Medical Transcription, Animation, Call Centre and other non-voice based KPO services but the results have not been derived to the extent desired. 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 new avenue for revenue which has strengthen its manpower in domestic and international market. West Bengal has come up strongly as IT HUB and many BPO and other industry players have started or likely to start their operations. Manpower of professionals in IT/ITES has crossed 50,000 in Kolkata and is expected to cross 2,00,000 in next three years. Staffing has become a part of 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 success.





## Lee & Nee Softwares (Exports) Ltd.

### (F) Shareholders Grievance Committee :

All informations regarding the Company and its working are regularly uploaded in the Company's website viz. [www.inseel.com](http://www.inseel.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 were replied to the satisfaction of shareholders. There were no complaints pending as on 31st March, 2009.

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 Registrar & Transfer Agent to expedite the process of share transfer in both physical and demat segment.

### 6. Corporate Governance :

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

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

### 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              |
|--------------------------------|----------|----------|------------|--------------------|
| 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       |
| 19th Annual General Meeting    | Friday   | 28.09.07 | 11.00 A.M. | Shishir Mitra Hall |
| 20th Annual General Meeting    | Saturday | 27.09.08 | 11.00 A.M. | Shishir Mitra Hall |

### 7. Means of communication :

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 newspapers in English and vernacular languages.

The Financial results are generally published in The Financial Express.

These results are also placed on the Company's website : [www.inseel.com](http://www.inseel.com) and simultaneously posted on the Electronic Data information Filing and Retrieval website namely [www.sebidifir.nic.in](http://www.sebidifir.nic.in).

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

### 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 :

i) SDF Building, Saltlake Electronics Complex, 4th Floor, Block-GP, Sector-V, Bidhannagar, Kolkata-91

ii) Software Technology Park, Priyadarshini Market, CRP Square, Bhubaneswar-751 012, Orissa.

iii) Hall No.5 & 6 C/o. Software Technology Park of India, IG Park, Sector V, Rourkela-769 002.

#### 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 Agent 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 : 2246 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 : 19.09.2009  
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 :**

12th Day of September 2009 to 19th Day of September, 2009.

**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, 2009 is given below :

| Sl. No. | No. of Equity Shares held | No. of Share holders | No. of Shares   | % of Shareholding |
|---------|---------------------------|----------------------|-----------------|-------------------|
| 1       | 1 to 500                  | 18220                | 3457457         | 6.1990            |
| 2       | 501 to 1000               | 1945                 | 1714946         | 3.0748            |
| 3       | 1001 to 2000              | 699                  | 1465167         | 2.6270            |
| 4       | 2001 to 3000              | 327                  | 859046          | 1.5402            |
| 5       | 3001 to 4000              | 138                  | 509965          | .9143             |
| 6       | 4001 to 5000              | 188                  | 908114          | 1.6282            |
| 7       | 5001 to 10000             | 191                  | 1431445         | 2.5665            |
| 8       | 10001 and Above           | 135                  | 45427890        | 81.4499           |
|         |                           | <b>22042</b>         | <b>55774000</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 2008     | 2.46                               | 1.75      | 2.15                                | 2.10      |
| May 2008       | 2.31                               | 1.81      | 2.05                                | 2.05      |
| June 2008      | 2.00                               | 1.62      | 1.85                                | 1.80      |
| July 2008      | 2.05                               | 1.53      | 1.95                                | 1.90      |
| August 2008    | 1.99                               | 1.68      | 1.75                                | 1.75      |
| September 2008 | 2.05                               | 1.37      | 1.80                                | 1.65      |
| October 2008   | 1.81                               | 0.98      | 1.50                                | 1.30      |
| November 2008  | 1.80                               | 1.00      | 1.35                                | 1.15      |
| December 2008  | 1.50                               | 0.90      | 1.25                                | 1.20      |
| January 2009   | 1.46                               | 0.94      | 1.10                                | 1.05      |
| February 2009  | 1.25                               | 1.00      | 1.15                                | 1.00      |
| March 2009     | 1.50                               | 0.81      | 1.40                                | 1.25      |



## Lee & Nee Softwares (Exports) Ltd.

### 8.9. Shareholding Pattern (as on 31. 03. 2009)

| Category         | No. of Holders | No. of shares   | % of holding    |
|------------------|----------------|-----------------|-----------------|
| PROMOTER         | 40             | 41870805        | 75.0719         |
| NRI              | 19             | 28516           | .0511           |
| FII              | -              | -               | -               |
| OCB              | -              | -               | -               |
| IFI              | -              | -               | -               |
| IMF              | -              | -               | -               |
| BANK             | -              | -               | -               |
| EMPLOYEES        | -              | -               | -               |
| BODIES CORPORATE | 229            | 1387346         | 2.4874          |
| PUBLIC           | 21754          | 12467533        | 22.3896         |
| TRUST            | -              | -               | -               |
| <b>Total</b>     | <b>22042</b>   | <b>55774000</b> | <b>100.0000</b> |

### 8.10. Dematerialisation of Shares :

Nearly 44.18% of Total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2009.

### 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 Calendar 2009 - 2010 :

|                                                                |   |                                   |
|----------------------------------------------------------------|---|-----------------------------------|
| First quarterly results                                        | : | July, 2009                        |
| Second quarterly results                                       | : | October, 2009                     |
| Third quarterly results                                        | : | January, 2010                     |
| Annual results for the year ending on 31st March, 2010         | : | On or before 30th April, 2010     |
| Annual General Meeting for the year ending on 31st March, 2010 | : | On or before 30th September, 2010 |

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

Place : Kolkata  
Dated : The 25th day of August, 2009.

(AJAY AGARWAL)  
Executive Director





## Lee & Nee Softwares (Exports) Ltd.

### 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 2008-2009.
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

AJAY AGARWAL

S. M. GUPTA

Dated : The 25th day of August, 2009.

Executive Director

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, 2009.

Sd/-

S. M. GUPTA

Director



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

### 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, 2009 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, 2009, 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 L. BHALOTIA & ASSOCIATES**

*Chartered Accountants*

ATRIJIT K. S.

JAWRAGA YALA

CHARTERED ACCOUNTANTS

1000040

1000040

1000040

Sd/-

Place : Kolkata

(LALIT KUMAR BHALOTIA)

Dated : The 25th day of August, 2009.

Proprietor

M. No. 60221

1000040

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## 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, 2009 and the Profit & Loss Account and Cash Flow Statement 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 Central Government of India 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 and Cash Flow Statement 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 notes on accounts, the Balance Sheet and Profit and Loss Account and Cash Flow Statement 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 31.3.2009 from being appointed 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 accounts read together with Company's accounting policies and other notes thereon of schedule '14' for 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 in conformity with the accounting principles generally accepted in India.
    - i) in the case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2009 and
    - ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.
    - iii) in the case of Cash Flow Statement of the Cash flows for the year ended on that date.

For L. BHALOTIA & ASSOCIATES

Chartered Accountants

Sd/-

Place : Kolkata

(LALIT KUMAR BHALOTIA)

Dated : The 25th day of August, 2009.

Proprietor

M. No. 80221



**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 physically 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 not 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, 2009 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 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 Software (Exports) Ltd.

- (x) The Company has accumulated losses amounting to Rs. 3,05,27,331.35/- as at 31st March, 2009 and it has not incurred cash loss in the financial year 2008-09.
- (xi) The Company has not taken any loan from financial institution or pending as such question of default in repayment of dues to a financial institution does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares.
- (xiii) 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.
- (xiv) The Company is not dealing/trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) 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.
- (xvi) The Company has not taken any term loans, therefore the provisions of Clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xvii) 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.
- (xviii) 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 except allotment of 29080000 Equity Shares of Rs. 10/- each to the shareholders of the merged Companies pursuant to order of Hon'ble Calcutta High Court.
- (xix) The Company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) 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 L. BHALOTIA & ASSOCIATES  
Chartered Accountants

Sd/-

(LALIT KUMAR BHALOTIA)

Proprietor

M. No. 60221

Place : Kolkata

Dated : The 25th day of August, 2009





## Lee & Nee Softwares (Exports) Ltd.

### BALANCE SHEET AS ON 31ST MARCH, 2009

| Sl No.    | PARTICULARS                                                                     | SCHEDULE | AS AT                      |    | AS AT                      |    |
|-----------|---------------------------------------------------------------------------------|----------|----------------------------|----|----------------------------|----|
|           |                                                                                 |          | 31.03.2009                 |    | 31.03.2008                 |    |
|           |                                                                                 |          | RS.                        | P. | RS.                        | P. |
| <b>1.</b> | <b>SOURCES OF FUNDS</b>                                                         |          |                            |    |                            |    |
| i)        | <b>SHAREHOLDERS' FUND</b>                                                       |          |                            |    |                            |    |
|           | Share Capital                                                                   | 1        | 55,77,40,000.00            |    | 55,77,40,000.00            |    |
|           | Reserves & Surplus                                                              | 2        | 10,000.00                  |    | 10,000.00                  |    |
|           | <b>TOTAL</b>                                                                    |          | <b>Rs. 55,77,50,000.00</b> |    | <b>Rs. 55,77,50,000.00</b> |    |
| <b>2.</b> | <b>APPLICATION OF FUNDS</b>                                                     |          |                            |    |                            |    |
| ii)       | <b>FIXED ASSETS</b>                                                             | 3        |                            |    |                            |    |
|           | Gross Block                                                                     |          | 24,81,46,972.78            |    | 24,79,70,494.14            |    |
|           | Less : Depreciation                                                             |          | 31,27,215.98               |    | 27,24,086.35               |    |
|           | <b>NET BLOCK</b>                                                                |          | <b>Rs. 24,50,19,756.80</b> |    | <b>Rs. 24,52,46,407.79</b> |    |
| iii)      | <b>INVESTMENTS</b>                                                              | 4        | Rs. 1,07,19,740.50         |    | Rs. 1,26,45,548.27         |    |
| iii)      | <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>                                     |          |                            |    |                            |    |
| a)        | Stock in Trade                                                                  | 5        | 57,80,387.26               |    | 57,80,387.26               |    |
| b)        | Sundry Debtors                                                                  | 6        | 17,84,762.86               |    | 26,29,049.44               |    |
| c)        | Cash & Bank Balances                                                            | 7        | 6,00,853.79                |    | 25,69,963.86               |    |
| d)        | Loans & Advances                                                                | 8        | 27,15,17,453.41            |    | 26,42,79,947.39            |    |
|           |                                                                                 |          | <b>Rs. 27,96,834,57.32</b> |    | <b>Rs. 27,54,58,347.95</b> |    |
|           | <b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>                              | 9        | 82,00,265.97               |    | 72,30,302.16               |    |
|           | <b>NET CURRENT ASSETS</b>                                                       |          | <b>Rs. 27,14,83,171.35</b> |    | <b>Rs. 26,82,28,045.79</b> |    |
| iv)       | <b>MISCELLANEOUS EXPENDITURE</b><br>(to the extent not written off or adjusted) |          |                            |    |                            |    |
|           | Profit & Loss Account (as attached)                                             |          | 3,05,27,331.35             |    | 3,16,29,998.15             |    |
|           | <b>TOTAL</b>                                                                    |          | <b>Rs. 55,77,50,000.00</b> |    | <b>Rs. 55,77,50,000.00</b> |    |

Schedules 1 to 14 Annexed hereon Form an integral part of the Balance sheet.

In terms of our separate report of even date

For L. BHALOTIA & ASSOCIATES  
Chartered Accountants

Place : Kolkata  
Dated : The 25th day of August, 2009.

Sd/-  
(LALIT KUMAR BHALOTIA)  
Proprietor (M. No. 60221)

Director : 1. Parash Agarwal  
2. Ajay Agarwal



# Lee & Nee Software (Exports) Ltd.

## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

| SI No. | PARTICULARS                                           | SCHEDULE | AS AT                       |    | AS AT                       |    |
|--------|-------------------------------------------------------|----------|-----------------------------|----|-----------------------------|----|
|        |                                                       |          | 31.03.2009                  |    | 31.03.2008                  |    |
|        |                                                       |          | RS.                         | P. | RS.                         | P. |
| 1.     | <b>INCOME</b>                                         |          |                             |    |                             |    |
|        | Income from Software Services (ITES) Exports          |          | 1,08,84,135.65              |    | 1,08,84,897.99              |    |
|        | Domestic                                              |          |                             |    | 3,71,530.00                 |    |
|        | Miscellaneous Income                                  | 10       | 8,00,960.43                 |    | 9,54,335.16                 |    |
|        | Accretion To/Depletion Of Stock                       | 11       |                             |    |                             |    |
|        | <b>TOTAL</b>                                          |          | <b>Rs. 1,17,94,096.08</b>   |    | <b>Rs. 1,22,10,563.15</b>   |    |
| 2.     | <b>EXPENDITURE</b>                                    |          |                             |    |                             |    |
|        | Purchase (Software Service)                           |          | 31,74,174.00                |    | 37,17,343.00                |    |
|        | Benefits to Employees                                 | 12       | 27,34,599.50                |    | 26,05,599.50                |    |
|        | Administrative, Selling & other Expenses              | 13       | 43,79,566.15                |    | 60,33,986.88                |    |
|        |                                                       |          | <b>Rs. 1,02,88,299.65</b>   |    | <b>Rs. 1,23,56,928.38</b>   |    |
|        | <b>PROFIT/(LOSS) BEFORE DEPRECIATION &amp; TAXES</b>  |          | <b>Rs. 15,25,796.43</b>     |    | <b>Rs. (1,46,365.23)</b>    |    |
|        | Depreciation                                          |          | 4,09,129.63                 |    | 4,75,516.69                 |    |
|        | <b>Profit/(Loss) Before Tax</b>                       |          | <b>Rs. 11,02,866.80</b>     |    | <b>(6,21,881.92)</b>        |    |
|        | Less : Provision for Income Tax                       |          |                             |    |                             |    |
|        | <b>Profit/(Loss) After Tax</b>                        |          | <b>Rs. 11,02,866.80</b>     |    | <b>(6,21,881.92)</b>        |    |
|        | Balance Brought Forward from the Previous Year        |          | Rs. (3,16,29,998.15)        |    | Rs. (3,10,08,116.23)        |    |
|        | <b>BALANCE CARRIED TO BALANCE SHEET</b>               |          | <b>Rs. (3,05,273,31.35)</b> |    | <b>Rs. (3,16,29,998.15)</b> |    |
|        | Earning Per Share of Rs. 10/- each                    |          |                             |    |                             |    |
|        | <b>Basic &amp; Diluted (In Rupees)</b>                |          | <b>0.02</b>                 |    | <b>(0.01)</b>               |    |
|        | Significant Accounting Policies and Notes to Accounts | 14       |                             |    |                             |    |

In terms of our separate report of even date

For L. BHALOTIA & ASSOCIATES  
Chartered Accountants

Sd/-  
(LALIT KUMAR BHALOTIA)  
Proprietor (M. No. 60221)

Director C-1: Parash Agarwal  
2. Ajay Agarwal

Place: Kolkata  
Dated: The 26th day of August, 2009.

STANDARD & ACTUARIAL



# Lee & Nee Software (Exports) Ltd.

## SCHEDULES ANNEXED TO AND FORMING OF BALANCE SHEET AS AT 31ST MARCH 2009

| PARTICULARS                                                                                                                                              | AS AT<br>31.03.2009<br>RS. P. | AS AT<br>31.03.2008<br>RS. P. |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                                                                                                          |                               |                               |
| <b>SCHEDULE - 1</b>                                                                                                                                      |                               |                               |
| <b>SHARE CAPITAL</b>                                                                                                                                     |                               |                               |
| <b>A) AUTHORISED</b>                                                                                                                                     |                               |                               |
| 5,00,00,000 Equity Shares of Rs. 10/- each                                                                                                               |                               |                               |
| (Previous year 5,00,00,000 Equity shares Of 10/- each)                                                                                                   | 60,00,00,000.00               | 60,00,00,000.00               |
| <b>B) ISSUED, SUBSCRIBED AND PAID UP</b>                                                                                                                 |                               |                               |
| 5,57,74,000 Equity Shares of Rs. 10/- each paid up                                                                                                       |                               |                               |
| (Previous Year 5,57,74,000 Equity Shares of Rs. 10/- each)                                                                                               | 55,77,40,000.00               | 28,69,40,000.00               |
| Of the above shares 6,00,000 Equity Shares called up for Rs. 0.50 p. each aggregating to Rs. 4,00,000/- only allotted for consideration other than cash. |                               |                               |
| Add : 50,00,000 Equity Shares of Rs. 10/- each on merger to the Lenseel Finance Ltd. pursuant to order of the Hon'ble Calcutta High Court.               |                               |                               |
| Add : 1,67,04,000 Equity Shares of Rs. 10/- each fully paid upto three amalgamating companies.                                                           |                               |                               |
| Add : 2,90,80,000 Equity Shares of Rs. 10/- each fully paid upto five amalgamating companies.                                                            |                               |                               |
|                                                                                                                                                          | Rs. 55,77,40,000.00           | Rs. 55,77,40,000.00           |
| <b>SCHEDULE - 2</b>                                                                                                                                      |                               |                               |
| <b>RESERVES &amp; SURPLUS</b>                                                                                                                            |                               |                               |
| Capital Reserve                                                                                                                                          | Rs. 10,000.00                 | Rs. 10,000.00                 |
| <b>SCHEDULE - 3</b>                                                                                                                                      |                               |                               |
| <b>STOCK IN TRADE</b>                                                                                                                                    |                               |                               |
| (As taken valued and certified by the management)                                                                                                        |                               |                               |
| Finished Goods (At Cost)                                                                                                                                 | 45,10,199.76                  | 45,10,199.76                  |
| Work-in-Progress (At Cost)                                                                                                                               | 12,70,187.50                  | 12,70,187.50                  |
|                                                                                                                                                          | Rs. 57,80,387.26              | 57,80,387.26                  |
| <b>SCHEDULE - 4</b>                                                                                                                                      |                               |                               |
| <b>A. SUNDRY DEBTORS</b>                                                                                                                                 |                               |                               |
| Considered good except otherwise stated :                                                                                                                |                               |                               |
| 1. Debt outstanding for a period exceeding 6 months : Unsecured considered good                                                                          | 14,03,685.52                  | 25,16,179.20                  |
| 2. Other Debts : Unsecured - Considered Good                                                                                                             | 3,61,077.34                   | 3,11,870.24                   |
|                                                                                                                                                          | Rs. 17,64,762.86              | Rs. 28,28,049.44              |
| <b>SCHEDULE - 5</b>                                                                                                                                      |                               |                               |
| <b>B. CASH &amp; BANK BALANCES</b>                                                                                                                       |                               |                               |
| Cash in hand (As certified by the management)                                                                                                            | 2,69,842.11                   | 21,29,600.11                  |
| Balance with Schedule Bank in Current Account                                                                                                            | (20,200.74)                   | 1,36,597.43                   |
| In Fixed Deposit                                                                                                                                         | 3,51,212.42                   | 3,03,766.32                   |
|                                                                                                                                                          | Rs. 6,00,853.79               | Rs. 25,69,963.86              |
| <b>SCHEDULE - 6</b>                                                                                                                                      |                               |                               |
| <b>LOANS &amp; ADVANCES</b>                                                                                                                              |                               |                               |
| (Unsecured, considered good)                                                                                                                             |                               |                               |
| Loans (Interest accrued thereon)                                                                                                                         | 81,71,000.00                  | 81,41,000.00                  |
| Advances                                                                                                                                                 |                               |                               |
| (To be recoverable in cash or in kind or for value to be recd.)                                                                                          | 26,28,52,401.25               | 25,56,76,446.23               |
| Deposits                                                                                                                                                 | 4,14,613.92                   | 3,90,613.92                   |
| Income Tax Deducted at source                                                                                                                            | 79,438.24                     | 71,867.24                     |
|                                                                                                                                                          | Rs. 27,15,17,453.41           | Rs. 26,42,79,947.39           |
| <b>SCHEDULE - 7</b>                                                                                                                                      |                               |                               |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>                                                                                                              |                               |                               |
| <b>Current Liabilities</b>                                                                                                                               |                               |                               |
| Sundry Creditors :                                                                                                                                       |                               |                               |
| For Goods                                                                                                                                                | 8,96,132.00                   | 9,20,260.20                   |
| For Expenses                                                                                                                                             | 58,99,175.96                  | 42,94,943.09                  |
| For others                                                                                                                                               | 6,94,386.99                   | 7,93,034.71                   |
| Trade Advances & Deposits                                                                                                                                | 7,10,591.02                   | 12,22,064.16                  |
|                                                                                                                                                          | Rs. 82,00,285.97              | Rs. 72,30,302.16              |

In terms of our separate report of even date

For **L. BHALOTIA & ASSOCIATES**

Chartered Accountants

Sd/-

(LALIT KUMAR BHALOTIA)

Proprietor (M. No. 60221)

(20)

Director: 1. Parash Agarwal

2. Ajay Agarwal

Place : Kolkata

Dated : The 25th day of August, 2009.



# LEE & NEE SOFTWARES (EXPORTS) LTD.

## SCHEDULE - 3 FIXED ASSETS

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.2009)

| PARTICULARS                        | GROSS BLOCK            |                                |                                  | DEPRECIATION           |                     |                    | NET BLOCK           |                        |
|------------------------------------|------------------------|--------------------------------|----------------------------------|------------------------|---------------------|--------------------|---------------------|------------------------|
|                                    | As at<br>01.04.2008    | Addition<br>During the<br>year | Sales/Adj.<br>during the<br>year | As at<br>31.03.2009    | As at<br>01.04.2008 | During the<br>Year | As at<br>31.03.2009 | As at<br>31.03.2008    |
| Goodwill                           | 24,39,84,222.13        | —                              | 26,021.36                        | 24,39,34,700.77        | —                   | —                  | 24,39,34,700.77     | 24,39,84,222.13        |
| Plant & Machinery<br>(Current)     | 19,31,091.08           | —                              | —                                | 19,31,091.08           | 14,53,338.82        | 1,76,320.58        | 16,30,260.50        | 3,01,331.48            |
| Plant & Machinery<br>(Others)      | 7,92,315.00            | —                              | —                                | 7,92,315.00            | 4,23,084.95         | 54,027.86          | 4,77,112.81         | 3,16,230.19            |
| Furniture & Fittings               | 4,01,866.56            | —                              | —                                | 4,01,866.56            | 2,58,270.68         | 25,984.52          | 2,84,255.21         | 1,17,611.35            |
| Communication<br>Equipment         | 783.00                 | —                              | —                                | 783.00                 | 573.27              | 29.17              | 602.44              | 180.56                 |
| Air Conditioning<br>System         | 15,040.00              | —                              | —                                | 15,040.00              | 8,346.34            | 1,423.57           | 6,760.91            | 8,810.89               |
| Air Conditioner                    | 69,639.00              | —                              | —                                | 69,639.00              | 44,808.68           | 3,451.03           | 48,279.71           | 21,359.29              |
| UPS                                | 3,031.38               | —                              | —                                | 3,031.38               | 609.97              | 324.30             | 1,304.27            | 2,007.12               |
| Office Equipment                   | 756.58                 | —                              | —                                | 756.58                 | 160.88              | 82.86              | 243.74              | 512.84                 |
| Computer Software                  | 7,08,000.00            | 50,000.00                      | —                                | 7,58,000.00            | 5,20,108.80         | 1,12,581.13        | 6,32,689.93         | 1,25,310.07            |
| Networking<br>Equipment            | 82,680.00              | 1,54,000.00                    | —                                | 2,36,680.00            | 17,872.65           | 28,304.61          | 46,177.46           | 1,92,702.54            |
| <b>Total (Rs.)</b>                 | <b>24,79,70,454.14</b> | <b>2,06,000.00</b>             | <b>26,521.36</b>                 | <b>24,81,46,972.78</b> | <b>27,24,086.38</b> | <b>4,03,129.83</b> | <b>31,27,215.98</b> | <b>24,58,19,756.80</b> |
| <b>Fig. for the<br/>Prev. Year</b> | <b>24,78,76,333.00</b> | <b>2,32,361.14</b>             | <b>—</b>                         | <b>24,79,70,494.14</b> | <b>21,72,334.18</b> | <b>5,51,752.17</b> | <b>27,24,086.35</b> | <b>24,53,48,407.79</b> |
| <b>Total (Rs.)</b>                 | <b>24,78,76,333.00</b> | <b>2,32,361.14</b>             | <b>—</b>                         | <b>24,79,70,494.14</b> | <b>21,72,334.18</b> | <b>5,51,752.17</b> | <b>27,24,086.35</b> | <b>24,53,48,407.79</b> |

In terms of our separate report of even date

For L. BHALOTIA & ASSOCIATES

Chartered Accountants

Sd/-

GLALIT KUMAR BHALOTIA

Proprietor

(M. No. 60221)

Place: Kolkata  
Dated: The 25th day of August, 2008.

Director: 1. Parash Agarwal  
2. Ajay Agarwal



## Lee & Nee Software (Exports) Ltd.

### SCHEDULE - 4 INVESTMENTS (AT COST) (ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.09)

#### 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               |    |
| 261560        | 45,19,500.00            |    | Gigat Tapsin Ltd.        | 318236        | 34,75,240.00            |    |
| 90000         | 15,66,000.00            |    | White Diamond Ltd.       | 90000         | 15,66,000.00            |    |
| 85700         | 10,71,250.00            |    | Crazy Infotech Ltd.      | 85700         | 10,71,250.00            |    |
| 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                |    |
| <b>811081</b> | <b>Rs. 89,13,895.53</b> |    |                          | <b>768757</b> | <b>Rs. 78,99,635.53</b> |    |

##### UNQUOTED

|               |                           |  |                          |               |                           |  |
|---------------|---------------------------|--|--------------------------|---------------|---------------------------|--|
| 41425         | 23,82,500.00              |  | Shiv Leasing Ltd.        | 41425         | 23,82,500.00              |  |
| 60000         | 6,00,000.00               |  | Vora Financial Ltd.      | 60000         | 6,00,000.00               |  |
| 1100          | 8,500.00                  |  | Vivara Trad. & Inv. Ltd. | 1100          | 8,500.00                  |  |
| <b>102525</b> | <b>Rs. 29,71,000.00</b>   |  |                          | <b>102525</b> | <b>Rs. 29,71,000.00</b>   |  |
| <b>913606</b> | <b>Rs. 1,18,84,895.53</b> |  | <b>Total</b>             | <b>871282</b> | <b>Rs. 1,08,40,635.53</b> |  |

|                                    |                  |                |                   |
|------------------------------------|------------------|----------------|-------------------|
| Total Cost of Quoted Investments   | Rs. 78,99,635.53 | (Previous Year | Rs. 89,13,895.53) |
| Total Cost of Unquoted Investments | Rs. 29,71,000.00 | (Previous Year | Rs. 29,71,000.00) |
| Market Value of Quoted Investments | Rs. 85,26,155.00 | (Previous Year | Rs. 85,11,000.75) |

#### 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           | 1,370.00             |  | Hindustan Construction Ltd. | 100          | 1,370.00             |  |
| 100           | 100.00               |  | H. D. B. Industries Ltd.    | 100          | 100.00               |  |
| 100           | 8,200.00             |  | Philips India Ltd.          | 100          | 8,200.00             |  |
| <b>600</b>    | <b>Rs. 11,730.00</b> |  |                             | <b>600</b>   | <b>Rs. 11,730.00</b> |  |

Market Price Rs. 14,301/- (Previous Year Rs. 31,823.00/-)

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

|               |                           |  |                                                        |               |                           |  |
|---------------|---------------------------|--|--------------------------------------------------------|---------------|---------------------------|--|
| 25            | Rs. 2,250.00              |  | Finolex Pipes Ltd.                                     | 25            | Rs. 2,250.00              |  |
|               | Rs. 7,40,922.74           |  | Investment in Partnership Firm                         |               |                           |  |
|               |                           |  | M. M. International (Total Capital Rs. 12,92,396.48)   |               |                           |  |
|               |                           |  | (Other Partner : Mahesh Gupta) (Share of Profit - 50%) |               | Rs. (1,24,875.03)         |  |
| <b>25</b>     | <b>Rs. 7,40,922.74</b>    |  |                                                        | <b>25</b>     | <b>Rs. (1,32,625.03)</b>  |  |
| <b>914231</b> | <b>Rs. 1,28,45,548.27</b> |  | <b>GRAND TOTAL</b>                                     | <b>871907</b> | <b>Rs. 1,07,19,740.50</b> |  |

In terms of our separate report of even date

For L. BHALOTIA & ASSOCIATES  
Chartered Accountants  
Sd/-  
(LALIT KUMAR BHALOTIA)  
Proprietor (M. No. 60221)

Director: 1. Parvash Agarwal  
2. Ajay Agarwal

Place : Kolkata  
Dated : The 25th day of August, 2009.



# Lee & Nee Softwares (Exports) Ltd.

## SCHEDULES ANNEXED TO AND FORMING OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2009

| PARTICULARS                                                                                                                     | AS AT<br>31.03.2009<br>RS. P. |          | AS AT<br>31.03.2008<br>RS. P. |          |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|-------------------------------|----------|
|                                                                                                                                 |                               |          |                               |          |
| <b>SCHEDULE - 10</b>                                                                                                            |                               |          |                               |          |
| <b>MISCELLANEOUS INCOME</b>                                                                                                     |                               |          |                               |          |
| Interest :                                                                                                                      |                               |          |                               |          |
| from others                                                                                                                     | 6,32,000.00                   |          | 7,04,566.00                   |          |
| from Banks                                                                                                                      | 60,962.99                     |          | 28,167.39                     |          |
| Dividend                                                                                                                        | 802.00                        |          | 3,108.50                      |          |
| Profit from fluctuation of foreign exchange                                                                                     | —                             |          | 980.33                        |          |
| Profit on sale of investment                                                                                                    | 90,700.00                     |          | 3,68,968.09                   |          |
| Other income                                                                                                                    | 1,15,675.44                   |          | 11,607.00                     |          |
| Sundry Balances written off                                                                                                     | —                             |          | (1,62,960.35)                 |          |
| <b>Rs.</b>                                                                                                                      | <b>8,99,960.43</b>            |          | <b>9,54,335.16</b>            |          |
| <b>SCHEDULE - 11</b>                                                                                                            |                               |          |                               |          |
| <b>ACCRETION TO/DEPLETION OF STOCK</b>                                                                                          |                               |          |                               |          |
| <b>OPENING STOCK</b>                                                                                                            |                               |          |                               |          |
| Finished goods                                                                                                                  | 45,10,199.76                  |          | 45,10,199.76                  |          |
| Work-in-Progress                                                                                                                | 12,70,187.50                  |          | 12,70,187.50                  |          |
| <b>Rs.</b>                                                                                                                      | <b>57,80,387.26</b>           |          | <b>57,80,387.26</b>           |          |
| <b>Less - CLOSING STOCK</b>                                                                                                     |                               |          |                               |          |
| Finished goods                                                                                                                  | 45,10,199.76                  |          | 45,10,199.76                  |          |
| Work-in-Progress                                                                                                                | 12,70,187.50                  |          | 12,70,187.50                  |          |
| <b>Rs.</b>                                                                                                                      | <b>57,80,387.26</b>           |          | <b>57,80,387.26</b>           |          |
| <b>TOTAL = (2-1)</b>                                                                                                            | <b>Rs.</b>                    | <b>—</b> | <b>Rs.</b>                    | <b>—</b> |
| <b>SCHEDULE - 12</b>                                                                                                            |                               |          |                               |          |
| <b>BENEFITS TO EMPLOYEES</b>                                                                                                    |                               |          |                               |          |
| Salary                                                                                                                          | 20,98,490.00                  |          | 19,03,887.00                  |          |
| Staff Welfare                                                                                                                   | 5,00,633.30                   |          | 6,10,273.50                   |          |
| Contribution to PF                                                                                                              | 20,436.00                     |          | 27,038.00                     |          |
| Bonus                                                                                                                           | 55,000.00                     |          | 54,400.00                     |          |
| <b>Rs.</b>                                                                                                                      | <b>27,34,559.30</b>           |          | <b>26,05,598.50</b>           |          |
| <b>SCHEDULE - 13</b>                                                                                                            |                               |          |                               |          |
| <b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>                                                                             |                               |          |                               |          |
| Rent, Rates & Taxes (Incl. FBT 3,661/-, Prev. year 3,816/-)                                                                     | 5,46,856.04                   |          | 2,37,916.00                   |          |
| Electricity Expenses                                                                                                            | 9,56,752.00                   |          | 8,14,150.00                   |          |
| IT Enabled Services/Procurement Services Expenses                                                                               | 54,950.00                     |          | 1,06,300.00                   |          |
| Advertisement & Publicity                                                                                                       | 90,286.00                     |          | 1,37,270.00                   |          |
| Legal Expenses                                                                                                                  | 3,71,500.00                   |          | 2,67,070.00                   |          |
| <b>COMMUNICATION EXPENSES</b>                                                                                                   |                               |          |                               |          |
| Telephone Expenses                                                                                                              | 53,842.00                     |          | 58,863.00                     |          |
| LD Charges (Forex) (Incl. Foreign Exchange Outgo Rs. 4,17,398.40/- for current year & Rs. 18,57,994.03/- for the previous year) | 5,45,171.01                   |          | 19,32,633.82                  |          |
| Bandwidth Charges                                                                                                               | 6,00,000.00                   |          | 6,00,000.00                   |          |
| Bank Charges & Commission                                                                                                       | 1,01,234.64                   |          | 79,553.90                     |          |
| <b>REPAIR &amp; MAINTENANCE</b>                                                                                                 |                               |          |                               |          |
| Machinery                                                                                                                       | 1,64,270.00                   |          | 86,937.00                     |          |
| Others                                                                                                                          | 44,947.00                     |          | 64,344.00                     |          |
| General Expenses (Incl. Foreign Exchange Outgo Rs. 57,193.49/- for current year & previous year Rs. 2,96,699.35/-)              | 2,41,868.59                   |          | 5,97,028.91                   |          |
| <b>STATUTORY EXPENSES</b>                                                                                                       |                               |          |                               |          |
| Postage for AGM                                                                                                                 | 1,15,820.00                   |          | 1,12,000.00                   |          |
| Share Transfer Fees                                                                                                             | 1,82,228.00                   |          | 1,08,058.00                   |          |
| Other Expenses                                                                                                                  | 2,78,473.00                   |          | 2,78,234.00                   |          |
| Loss from fluctuation of foreign exchange                                                                                       | 4,787.10                      |          | —                             |          |
| Loss from Branches (Incl. Dep. for Previous Year Rs. 65,585.01/-)                                                               | —                             |          | 3,53,431.17                   |          |
| Loss from STPI Units (Incl. Dep. for Previous Year Rs. 10,649.47/-)                                                             | —                             |          | 1,86,863.47                   |          |
| Share of loss (In Partnership Firm)                                                                                             | 647.77                        |          | 766.61                        |          |
| Professional Charges                                                                                                            | —                             |          | 3,612.00                      |          |
| <b>AUDITORS' REMUNERATION</b>                                                                                                   |                               |          |                               |          |
| As Audit Fee                                                                                                                    | 5,618.00                      |          | 5,618.00                      |          |
| Others                                                                                                                          | 8,315.00                      |          | 3,317.00                      |          |
| <b>Rs.</b>                                                                                                                      | <b>43,79,566.15</b>           |          | <b>60,33,986.88</b>           |          |





## Lee & Nee Softwares (Exports) Ltd.

### SCHEDULE "14" SIGNIFICANT ACCOUNTING POLICIES AND 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, less accumulated depreciation and impairments, if any.

##### 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 - 10) :

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

- E-accounting business procurement fee, amounting to contracts value for Rs. NIL yet to be executed has not been provided for (previous year Rs.27,00,000/-)
  - Counter guarantee given to Indusind Bank Ltd. in respect of Bank Guarantee of Rs. 5,00,000/- issued by them in favour of Department of Telecommunication, Govt. of India. (previous year Rs.3,00,000/-)
- Provision for Gratuity will be accounted for in the year of payment since no obligation had been recognised.
  - Demand for custom duty on behalf of Audit objection amounting to Rs. 69,62,085/- (previous year) is not acknowledged as debts, being disputed.
  - The Company has no outstanding dues as on 31.03.2009 payable to small scale units.
  - 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.



## Lee & Nee Softwares (Exports) Ltd.

- 6) As the Company is dealing only in software 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 at least equal to the amount at which they are stated in the Balance Sheet and are subject to confirmations by the respective parties.
- 8) Deferred Tax liability has not been recognised due to brought forward losses.
- 9) Assets at Pune Branch amounting to Rs. 12,783.29/- does not have any realisable value being obsolete.
- 10) Loss on Branches & STPI units aggregating to Rs. 3,49,215.73/- (being depreciation & rent amounting to Rs. 52,099.69/- & Rs. 2,97,117.04/- respectively) have been provided at head office as against previous year loss from branches & STPI units aggregating to Rs. 5,40,294.64/-.
- 11) The Earning Per Equity Share computed as per the requirements of AS 20 'Earning Per Share', is as under :

| Particulars                                      | 2008-09      | 2007-08       |
|--------------------------------------------------|--------------|---------------|
| Profit/Loss after tax                            | 11,02,666.80 | (6,21,881.92) |
| Profit/Loss attributed to Equity Shareholders    | 11,02,666.80 | (6,21,881.92) |
| No. of Equity Shares outstanding during the year | 55774000     | 55774000      |
| Nominal value of Equity Shares (Rupees)          | 10           | 10            |
| Basic & Diluted EPS                              | 0.02         | (0.01)        |

- 12) Figures of current year are not strictly comparable with the figures of previous year in Computer Software Business.
- 13) The disclosures required under Accounting Standard 15 'Employees Benefits' notified in the Companies (Accounting Standards) Rules 2006, are given below :

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under :

Contribution to Provident Fund :

Employer's Contribution to Provident Fund : Rs. 20,435.00

- 14) 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<br>Amount (Rs.) | Previous Period<br>Amount (Rs.) |
|-------------------------|--------------------------------|---------------------------------|
| <b>b) Opening Stock</b> |                                |                                 |
| Software                | 45,10,199.76                   | 45,10,199.76                    |
| Work in progress        | 12,70,187.50                   | 12,70,187.50                    |
|                         | 57,80,387.26                   | 57,80,387.26                    |
| <b>c) Purchase</b>      |                                |                                 |
| Software Services       | 31,74,174.00                   | 37,17,343.00                    |
| <b>d) Sales</b>         |                                |                                 |
| Exports Software        | 1,08,94,135.65                 | 1,08,84,697.99                  |
| Services etc.           |                                | 3,71,530.00                     |
| Others                  | 1,08,94,135.65                 | 1,12,56,227.99                  |
| <b>e) Closing Stock</b> |                                |                                 |
| Software                | 45,10,199.76                   | 45,10,199.76                    |
| Work in progress        | 12,70,187.50                   | 12,70,187.50                    |
|                         | 57,80,387.26                   | 57,80,387.26                    |







## Lee & Nee Software (Exports) Ltd.

|                                                                                                                                               | Current Period<br>Amount (Rs.)     | Previous Period<br>Amount (Rs.) |
|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------|
| <b>15) Materials Consumed</b><br>(Consumables & components)<br>& Printed Materials Imported                                                   | Nil                                | Nil                             |
| Indigenous                                                                                                                                    |                                    |                                 |
| Export Division                                                                                                                               | Nil                                | Nil                             |
| Others                                                                                                                                        | Nil                                | Nil                             |
| <b>16) CIF Value of Imports :</b>                                                                                                             | Nil                                | Nil                             |
| <b>17) Expenditure in Foreign Currency :</b>                                                                                                  |                                    |                                 |
| Communication & Wire charges. (Previous Year)                                                                                                 |                                    |                                 |
| Incl. Business Development Exp. Subscription fees<br>apart from these Exp. in the current year).                                              | 4,74,591.89                        | 21,54,693.38                    |
| <b>18) Earning in Foreign Exchange :</b>                                                                                                      |                                    |                                 |
| Export on FOB Basis                                                                                                                           | 1,08,94,135.55                     | 1,08,84,697.99                  |
| <b>19) 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) Name of the Key Management Personnel :                                                                                                     |                                    |                                 |
| Shri S. M. Gupta                                                                                                                              | Promoter Director                  |                                 |
| Shri Ajay Agarwal                                                                                                                             | Executive Director                 |                                 |
| Shri Paresh Agarwal                                                                                                                           | Independent 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                                                                                                                         |                                    |                                 |
| Raj Kumari Agarwal                                                                                                                            |                                    |                                 |
| Mahesh Gupta                                                                                                                                  |                                    |                                 |
| Neena Gupta                                                                                                                                   |                                    |                                 |
| S. M. Gupta (H.U.F.)                                                                                                                          |                                    |                                 |
| iii) The Company has entered into transactions with certain parties as listed above during the year as under:                                 |                                    |                                 |
|                                                                                                                                               | Current Year                       | Previous Year                   |
| S. M. Gupta & Co.                                                                                                                             | Consultancy Charges Rs. 3,58,080/- | Rs. 2,58,080/-                  |
| Neena Gupta                                                                                                                                   | Compliance Fees Rs. 84,000/-       | Rs. 84,000/-                    |
| Raj Kumari Agarwal                                                                                                                            | Rent Rs. 36,000/-                  | Rs. 36,000/-                    |
| Neena Gupta                                                                                                                                   | Rent Rs. 36,000/-                  | Rs. 36,000/-                    |
| Mahesh Gupta                                                                                                                                  | Rent Rs. 36,000/-                  | Rs. 36,000/-                    |
| S. M. Gupta (H.U.F.)                                                                                                                          | Rent Rs. 36,000/-                  | Rs. 36,000/-                    |
| Mahesh Gupta                                                                                                                                  | Business Development Rs. —         | Rs. 27,629.02/-                 |
|                                                                                                                                               |                                    | (USD 657.03)                    |

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

| 1) Registration Details | (Rs. in thousands) |
|-------------------------|--------------------|
| Registration No.        | 45,587             |
| State Code              | 21                 |
| Balance Sheet Date      | 31.03.2009         |



## Lee & Nee Software (Exports) Ltd.

### 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 | 557750 |
| Total Assets      | 557750 |

#### Sources of Funds

|                   |        |
|-------------------|--------|
| Paid up Capital   | 557740 |
| Reserve & Surplus | 10     |
| Secured Loans     | NIL    |
| Un-Secured Loans  | NIL    |

#### Application of Funds

|                                                        |        |
|--------------------------------------------------------|--------|
| Net Fixed Assets                                       | 245020 |
| Investments (including Investment in Partnership firm) | 10720  |
| Net Current Assets                                     | 271463 |
| Miscellaneous Expenditure                              | 30527  |
| Accumulated Losses                                     |        |

### 4) Performance of Company

|                    |       |
|--------------------|-------|
| Total Income       | 11794 |
| Total Expenditure  | 10288 |
| Loss Before Tax    | 1102  |
| Loss After Tax     | 1102  |
| Earnings Per Share | 52.1  |
| 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 at even date annexed

For L. BHALOTIA & ASSOCIATES

Chartered Accountants

Sd/-

(LALIT KUMAR BHALOTIA)

Proprietor

M. No. 60221

Director 1. Parash Agarwal

2. Ajay Agarwal



# Lee & Nee Software (Exports) Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

|                                                            | 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.                               |                              | 11,02,667    |                               | (6,21,582)   |
| Adjusted for :                                             |                              |              |                               |              |
| Depreciation                                               | 4,03,130                     |              | 5,51,752                      |              |
| Profit on Investment                                       | —                            |              | (3,68,986)                    |              |
| Interest & Dividend                                        | (6,90,565)                   |              | (7,35,843)                    |              |
| Sundry Balance w/o                                         | 1,15,675                     |              | 1,62,960                      |              |
| Loss on Investment                                         | 648                          |              | 767                           |              |
| (In Partnership Firm)                                      |                              | (4,05,483)   |                               | (3,69,329)   |
| Operating Profit/loss before working Capital Changes       |                              | (8,97,184)   |                               | (10,11,211)  |
| Adjusted for :                                             |                              |              |                               |              |
| Trade & Other Receivables                                  | 10,43,297                    |              | 12,60,502                     |              |
| Trade Payable                                              | 10,85,659                    | 21,28,946    | 14,45,862                     | 27,06,364    |
| Cash Flow before Extra-Ordinary Items                      |                              | 25,25,130    |                               | 16,95,173    |
| Extra-Ordinary Items :                                     |                              |              |                               |              |
| Net Cash from Operating Activities                         |                              | 25,25,130    |                               | 16,95,173    |
| <b>B. Cash Flow from Investing Activities :</b>            |                              |              |                               |              |
| Purchase of Fixed Assets                                   | (2,06,000)                   |              | (2,32,261)                    |              |
| Interest Received                                          | 6,92,983                     |              | 7,32,733                      |              |
| Dividend                                                   | 802                          |              | 3,109                         |              |
| Sale of Fixed Assets                                       | 29,521                       |              | —                             |              |
| Sale of Investment                                         | 10,44,260                    |              | 2,54,12,716                   |              |
| Movement of Loans & Advances                               | (72,37,506)                  |              | (2,58,45,676)                 |              |
| Investment in Partnership Firm                             | 8,81,548                     |              | (1,37,233)                    |              |
| Profit/Loss on Investment                                  |                              |              |                               |              |
| (In Partnership Firm)                                      | (648)                        | (47,95,240)  | (767)                         |              |
| Net Cash Flow from Investing Activities                    |                              | (47,95,240)  |                               | (1,87,379)   |
| <b>C. Cash Flow from Financing Activities :</b>            |                              |              |                               |              |
| Net Cash from Financing Activities                         | —                            |              |                               |              |
| Net Increase in Cash & Cash Equivalents (A + B + C)        |                              | (19,69,110)  |                               | 15,07,794    |
| Cash & Cash Equivalents as at the commencement of the year |                              | 25,69,964    |                               | 10,62,170    |
| Cash & Cash Equivalents as at the end of the year          |                              | 6,00,854     |                               | 25,69,964    |

For & On Behalf of the Board  
Director 1. Parash 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, 2009 and found the same in agreement therewith.

For L. BHALOTIA & ASSOCIATES  
Chartered Accountants

Place : Kolkata  
Dated : 25th Day of August, 2009.

Sd/-  
(LALIT KUMAR BHALOTIA)  
Proprietor (M. No. 60221)





## Lee & Nee Softwares (Exports) Ltd.

### LEE & NEE SOFTWARES (EXPORTS) LTD.

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

#### PROXY FORM

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 TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on 19th September, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009

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 Twenty First Annual General Meeting of the Company to be held at Shishir Mitra Hall, Weber Bhavan, 3rd Floor, Block EP & GP, Sector-V, Salt Lake Kolkata - 700 091 at 11 a.m. on the 19th September, 2009.

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

LEE & NEE SOFTWARE (EXPORTS) LTD.



LEE & NEE SOFTWARE (EXPORTS) LTD.

OFFICE:  
14B, Canal Street, 2nd Floor  
Kolkata - 700 017

**PROXY FORM**

If undelivered, please return to:  
**LEE & NEE SOFTWARE (EXPORTS) LTD.**  
Office: 14B, Canal Street, 2nd Floor  
Kolkata - 700 017

To: Mr. \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Country: \_\_\_\_\_  
I, the undersigned, being a member of the above mentioned company, do hereby authorize \_\_\_\_\_ to attend and vote at the \_\_\_\_\_ of the company to be held on \_\_\_\_\_ (date) at \_\_\_\_\_ (time) at \_\_\_\_\_ (place) on behalf of the company.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

Signature  
Name

To,

Note: The proxy must be deposited at the office of the Company at 14B, Canal Street, 2nd Floor, Kolkata - 700 017, not less than 48 hours before the date of the meeting.

LEE & NEE SOFTWARE (EXPORTS) LTD.

OFFICE:  
14B, Canal Street, 2nd Floor  
Kolkata - 700 017

**ATTENDANCE SLIP**

Member's Name in Book Entry: \_\_\_\_\_  
Share No.: \_\_\_\_\_  
Share Value: \_\_\_\_\_  
I, the undersigned, being a member of the company, do hereby certify that the above mentioned member has attended the meeting of the company held on \_\_\_\_\_ (date) at \_\_\_\_\_ (time) at \_\_\_\_\_ (place) and has exercised his/her voting rights in accordance with the instructions given by him/her.

BOOK-POST