



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

**SOFTWARE** &  
**ERP**



TWENTY THIRD

**23**  
ANNUAL

REPORT & ACCOUNTS

**2010-2011**



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

**AUDITORS** : OMSAGAR & 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** : 14B, CAMAC STREET, 2ND FLOOR, KOLKATA - 700017

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

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

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



**NOTICE**

NOTICE is hereby given that the **23rd Annual General Meeting of Lee & Nee Softwares (Exports) Limited** will be held at Shishir Mitra Hall, 3rd Floor, Webel Bhavan, Block EP & GP, Sector-V, Saltlake, Kolkata-700 091 on Saturday the 24th September, 2011 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, 2011 and the Balance Sheet as on that date with the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mrs. Arpita Gupta who retires by rotation and being eligible offers herself for re-appointment. She holds 55,200 (0.09%) 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 24th day of August, 2011.

**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 and their Email-ID immediately to the Registrar and Share Transfer Agents at the below mentioned address mentioning your Name & Folio No.
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 18.09.2011 to 24.09.2011 (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 correspondences.
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. 5,37,66,222 number of Company's shares (96.40%) have been dematerialized as on 31.03.2011.  
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.
13. Brief particulars of Arpita Gupta, retiring director by rotation seeking reappointment :-  
Arpita Gupta, Date of birth - 24.02.1982, Date of appointment - 24.10.2009, ACA. She is a practicing Chartered Accountant. She is experienced in Company Law, Auditing, Securities Control Regulation Act and allied laws regarding listing, FEMA and other direct and indirect taxation. She is having five years experience in Trade and Industry and well versed in Capital Market.



## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the **23rd Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 2011.

### Working and Financial Results

Total Income during the year was Rs.29,241,239.42/- as compared to Rs. 1,12,74,301.17/- in the previous year but the profit during the year amounting to Rs. 3,086,206.65/- as against profit of Rs. 14,23,756.96/- in previous year.

The net impact of the above has resulted in better profit during the year compared to the earlier year due to better capacity utilisation and ERP sales & Software services in domestic market.

The Financial Highlights are given below :

	Figures for the Current year Rs.	Figures for the Previous year Rs.
Balance Brought Forward from the Last Year	(29,103,574.39)	(3,05,27,331.35)
Profit / (Loss) Before Depreciation	4,571,639.65	17,19,798.96
	<u>(24,531,934.74)</u>	<u>(2,88,07,532.39)</u>
Add/Less :		
Depreciation	<u>(1,485,433.00)</u>	<u>(2,96,042.00)</u>
Loss	<u>Rs. (26,017,367.74)</u>	<u>Rs. (2,91,03,574.39)</u>

### Dividend

No dividend is recommended in view of the accumulated losses 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) & ERP software vending, software services, implementation, support & training services. 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 is expected to result positively. 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 and other KPO services. 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. New area of ERP implementation projects shall further add to the revenue of the Company.

The Company may go for acquisition of new companies to expand its size abnormally and is in the process of looking for suitable software development in marketing in ERP sector. Your Company has become authorised vendor of "SAP" ERP software in India. The Company has changed its object clause by adding new area of business in different segment than that of software development such as construction and development of SEZ, dealing in shares and media during the year under consideration and in the process of turnaround of the Company. Your Directors have started dealing in shares of software companies for better fund utilisation in the current year. Accordingly your Directors are confident of achieving better results in the year 2011-12.

### Fixed Deposits

The Company has not accepted any deposit from the Public.

### Directors

Your Director, Mrs. Arpita Gupta, retires at the ensuing Annual General Meeting and being eligible offers herself for reappointment.

### Directors' Responsibility Statement

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.



- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.
- (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. Omsagar & Associates, Chartered Accountants also retire at the Annual General Meeting, are eligible for the re-appointment. The Auditors have furnished the certificate under section 224(1)(B) of the Companies Act, 1956 of their eligibility.

**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 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 ERP vending, implementation, supporting & training services. An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.
- C. (a) Foreign Exchange Earning : Rs. 5,256,395.84/- (previous year Rs. 7,048,247.29/-) including sale of other 100% EOU units.
- (b) Foreign Exchange Outgoing : Rs. 3,26,447.44/- (Previous Year Rs. 5,05,987.26/-) on account communication exp., business procurement fees and ASP/VOIP charges.

**Acknowledgements**

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/-

Directors : 1. Ajay Agarwal  
2. Arpita Gupta

Place : Kolkata

Dated : The 24th day of August, 2011.



**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 31.03.2011 to the various Stock Exchanges aggregating to Rs. 1,03,606.50/- 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 31.03.2011**

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

Name of the Director	Position	No. of Meetings held	No. of Meetings attended	Whether attended last AGM	No. of other directorship
Mr. Ajay Agarwal	Executive Director	6	6	Yes	Nil
Mr. Sagarmal Gupta	Promoter Director	6	6	Yes	1
Mrs. Arpita Gupta	Independent Director	6	5	No	1

Six Meetings of the Board of Directors were held during the year ended on 31st March, 2011. These were held on : 24th April 2010, 25th August 2010, 25th September 2010, 29th October 2010, 29th January 2011 and 3rd March 2011.

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

Name of the Director	Sitting fees	Consultancy Fees	Total
1. Mrs. Arpita Gupta	Nil	—	Nil
2. 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 2010-2011.



**Notes on retirement of Directors by rotation and reappointment**

Mrs. Arpita Gupta retires by rotation and being eligible seeks reappointment and her brief resume is mentioned below :-

Arpita Gupta, Chartered Accountant, an associate member of the Institute of Chartered Accountant of India, is C.A. since 2006. She is experienced in Company Law, Auditing, Securities Control Regulation Act and allied laws regarding listing, FEMA and other direct & indirect taxation. She is having five years experience in Trade and Industry and well versed in Capital Market.

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

The Board held six meetings during the year 2010-2011, on 24th April 2010, 25th August 2010, 25th September 2010, 29th October 2010, 29th January 2011 and 3rd March 2011.

The agenda paper was circulated well in advance of each meeting and all the relevant information as required by clause 49 of the Listing Agreement was made available to the Board of Directors.

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

**(D) Code of Conduct –**

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company [www.Insel.com](http://www.Insel.com)

All Board members and senior management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the 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 (IIC) 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. Mrs. Arpita Gupta – A. 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 6 times in the financial year ended 31st March 2011. They were held on 24th April 2010, 25th August 2010, 25th September 2010, 29th October 2010, 29th January 2011 and 3rd March 2011. 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 Director	Category	Position	No. of Meetings held	No. of Meetings attended
Mrs. Arpita Gupta	Independent	Chairman	6	6
Mr. Sagarmal Gupta	Independent	Member	6	5

**(C) Powers of Audit Committee 49 (IIC) –**

The Powers of the Audit Committee of the Company include the following –

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**(D) Role of Audit Committee –**

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

- Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.



- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons of the same.
  - Major accounting entries involving estimates based on the exercise of judgement by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly, half yearly and yearly financial statement before submission to the Board for approval.
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any areas of concern.

**(E) Review of information by Audit Committee –**

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

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

**4. SUBSIDIARY COMPANIES :**

The Company does not have any subsidiary company.

**5. DISCLOSURES :**

There are no materially significant related party transactions i.e. transactions material in nature, same and except mentioned in the notes on accounts 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 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 2010-2011.



## Lee & Nee

Softwares (Exports) Ltd.

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 –

Name of the Director	Position	No. of Meeting held	No. of Meeting attended
Mr. Ajay Kumar Agarwal	Executive Director	6	6
Mr. S. M. Gupta	Promoter Director	6	6

(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 of the brand equity in foreign markets that has raised India's economy profile abroad. The BPO industry today boosts 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.

As the Indian ER & D services off shoring industry is ingraining deeply within the customer value chain, it is becoming increasingly critical to augment its capabilities to engage in end-to end product development initiatives in both traditional verticals and emerging verticals. Globally offshorable revenues of these above eleven verticals are expected to reach between USD 90-100 billion out of which would garner a 40% share by 2020 equivalent to USD 40-45 billion from the current share of USD 7.9 billion.

**BPO Business** – The Indian domestic market has undergone a transformation over the past decade-rising from the periphery to emerge as a rival, high potential support unity for the country's IT-BPO sector.

**BPO Destinations** – India, Malayasia, Vietnam, Singapore, Philippines, Latin America, Eastern Europe, South Africa and recently Egypt are 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 US and European region account for over 85% of the revenues of the over \$ 70 bn Indian IT sector. NASSCOM had in February presented a conservative outlook of 16-18% growth in IT exports in 2011-12 in the wake of the slow economic recovery in the US and uncertainty in the European region.

The growth in software and services exports is expected to be 16-18% and the sector is stated to bring in revenues of \$68-70 bn. The growth in the domestic market is estimated to be 15-17% with revenues of about 19-20 bn.

**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 rate. 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 contingent factor which affects revenue.

**Opportunities and threats** – NASSCOM & McKinsey & Company conducted a comprehensive study to develop a perspective on the potential of the RIM industry. This report, the rising remote infrastructure management opportunity : Establishing India's Leadership, details the potential of the remote infrastructure in management.

Service providers are expected to enhance focus to domestic market to derisk business & tap into the local growth opportunities. Lack of working age population in the developed economies & a significant long term cost, arbitrage indicates India's sustained cost competitiveness. There are a large number of multinational IT enterprises operating in India in sectors such as :- Integrated chip design, system software, communication software, R & D centres, Technology support sector, captive support sector, BPO sector etc. reaping the cost and quality advantages.



India has already established its brand equity in the global IT market. Indian IT software and service firms offer software product/packages, a wide spectrum of IT services, including system management & maintenance, consultancy services, system integration, chip design, E-governance, E-Commerce, IT enabled services covering banking/financial/insurance sector & off shore development on various platform Oracle, SAP, sage & also ERP implementation and having sold their licences of the software they are looking for implementation partners to serve the client.

**Growth** – The top 20 BPO companies added 57784 new employees during the year and employed 216967 people at the end of this F. Y. , the survey said that adding these companies grew by 59.4% and contributed Rs. 16094 Cr. or nearly three-fourth of the total BPO exports.

India contributes about 55% to the global outsourcing of IT-ITES services and about 26% in the exports market. Of the total export in F. Y. 2010 IT services witnessed a growth of 27% followed by BPO at 12% and software production at 10%.

**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** : 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 and other KPO services. 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. New area of ERP implementation projects shall further add to the revenue of the Company. The Company may go for acquisition of new companies to expand its size abnormally and is in the process of looking for suitable software development in marketing in ERP sector.

**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 the profit but below expectation during the year due to lack of working in optimum capacity, due to heavy manpower attrition and no 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 Govt. in USA against outsourcing of Govt. 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 Center and other non-voice based KPO services and ERP implementation services but the results have not been derived to the extent desired. The Company is hopeful for better results. The Company has lately started dealing in shares of renowned information technology companies and as a strategy of diversification and turn around scheme of the Company it plans for entering into reality sector, dealing in shares and securities and also in media sector, subject to approval of shareholders and other approvals under Companies Act 1956 & other laws.

**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 ERP implementation 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.

The Indian BPO industry is at an interesting junction of its history. After recording mind boggling growth of nearly 37% Job for the last six years, the sector is faced with dynamic and volatile global scenario which is throwing up significant challenges. The manpower situation is undergoing a major change in IT BPO, company deals with the slowing global economy. The dynamic market place is also pushing HR within



companies to evolve a new & more important role for itself.

Internet is an equal opportunity, employer has always delivered in and supported equal opportunity for all the professionals at the work place. We believe that monitoring is the best way to motivate and encourage women to reach their full potential & help them through the challenges of balancing a demanding career and a family.

**(F) Shareholders Grievance Committee :**

All informations regarding the Company and its working are regularly uploaded in the Company's website viz. [www.Insel.com](http://www.Insel.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 –

<b>Name of the Member</b>	<b>Position</b>
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, 2011.

Mrs. Arpita 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.

**7. General Body Meetings :**

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

<b>Annual General Meeting</b>	<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
20th Annual General Meeting	Saturday	27.09.08	11.00 A.M.	Shishir Mitra Hall
21st Annual General Meeting	Saturday	19.09.09	11.00 A.M.	Shishir Mitra Hall
22nd Annual General Meeting	Saturday	25.09.10	11.00 A.M.	Shishir Mitra Hall

**8. Means of communication :**

The quarterly financial 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 Business Standard. These results are also placed on the Company's website : [www.Insel.com](http://www.Insel.com) and simultaneously posted on the corpfiling portal [www.corpfiling.com](http://www.corpfiling.com).

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

**9. GENERAL SHAREHOLDERS INFORMATION :**

**9.1. Registered Office :**

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

**9.2. Address for Correspondence :**

Same as above.

**9.3. Plant Location :**

- SDF Building, Saltlake Electronis Complex, 4th Floor, Block-GP, Sector-V, Bidhannagar, Kolkata-700091
- Software Technology Park, Priyadarshini Market, CRP Square, Bhubaneswar-751012 (Orissa)

**9.4. 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 : 2248 4787, E-mail : [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in)

**Demat ISIN Nos. : INE791B01014**



**Investors' Complaints may be addressed to :**

Share Transfer Agents at the above mentioned address and/or to the Director, Investors' Grievance Committee, Lee & Nee Softwares (Exports) Ltd., 14B, Camac Street, 2nd Floor, Kolkata - 700 017.

**9.5. Annual General Meeting :**

Date : 24th September 2011  
Time : 11.00 A.M.  
Venue : Shishir Mitra Hall

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

**9.6. Book Closure :**

18th Day of September 2011 to 24th Day of September, 2011.

**9.7. Listing of Securities :**

Name of the Stock Exchanges :  
Bombay Stock Exchange Limited  
The Calcutta Stock Exchange Association Ltd.  
The Stock Exchange, Ahmedabad.

**9.8. (a) Distribution of Shareholding :**

The Shareholding distribution of Equity Shares as of 31st March, 2011 is given below :

Sl. No.	No. of Equity Shares held		No. of Share holders	No. of Shares	% of Shareholding
1	1	to 500	17532	3250979	5.8288
2	501	to 1000	1602	1394656	2.5005
3	1001	to 2000	747	1194198	2.1411
4	2001	to 3000	225	585187	1.0492
5	3001	to 4000	105	384825	0.6900
6	4001	to 5000	127	612069	1.0974
7	5001	to 10000	125	905753	1.6240
8	10001	to Above	122	47446333	85.0689
			<b>20585</b>	<b>55774000</b>	<b>100.00</b>

**9.8. (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 2010	1.65	1.57	1.70	1.45
May 2010	1.75	1.65	1.85	1.55
June 2010	1.66	1.66	1.75	1.55
July 2010	1.67	1.51	1.65	1.45
August 2010	1.56	1.47	1.60	1.50
September 2010	1.72	1.58	1.85	1.45
October 2010	1.62	1.52	1.80	1.55
November 2010	3.50	3.50	3.85	1.60
December 2010	7.58	7.58	7.60	3.05
January 2011	8.10	7.57	8.35	6.10
February 2011	9.96	9.02	10.45	6.85
March 2011	14.82	14.02	14.60	8.40



**9.9. Shareholding Pattern (as on 31. 03. 2011)**

Category	No. of Holders	No. of shares	% of holding
PROMOTER	35	40516763	72.6445
NRI	21	37495	.0672
FII	-	-	-
OCB	-	-	-
IFI	-	-	-
IMF	-	-	-
BANK	-	-	-
EMPLOYEES	-	-	-
BODIES CORPORATE	233	847419	1.5194
CM	73	144351	.2588
PUBLIC	20223	14227972	25.51
TRUST	-	-	-
<b>Total</b>	<b>20585</b>	<b>55774000</b>	<b>100</b>

**8.10. Dematerialisation of Shares :**

Nearly 96.40% of Total Equity Capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2011.

**8.11. Share Transfer System :**

Shares sent for transfer in physical form are registered by our Share Transfer Agents within 30 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

**8.12. Financial Calender 2011 - 2012 :**

First quarterly results	:	July, 2011
Second quarterly results	:	October, 2011
Third quarterly results	:	January, 2012
Annual results for the year ending on 31st March, 2012	:	On or before 30th April, 2012
Annual General Meeting for the year ending on 31st March, 2012	:	On or before 30th September, 2012

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

Place : Kolkata  
Dated : The 24th day of August, 2011.

Directors : 1. AJAY AGARWAL  
2. ARPITA GUPTA



### **CERTIFICATE BY CEO/CFO**

We, Ajay Kumar Agarwal and 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 2010-2011.
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 24th day of August, 2011.

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, 2011.

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, 2011 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, 2011, 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 OMSAGAR & ASSOCIATES**

*Chartered Accountants*

Place : Kolkata

Dated : The 24th day of August, 2011.

Sd/-

(SAGARMAL GUPTA)

Partner

M. No. 17598



## AUDITORS' REPORT

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

We have audited the attached Balance Sheet of M/s. Lee & Nee Softwares (Exports) Ltd. as at 31st March, 2011 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, (the order) as amended issued by the Central Government of India in terms of sub-section (4A) of the section 227 of the Companies Act, 1956 (the Act) 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.
  - 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.
  - 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 31.3.2011 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 notes thereon of **Schedule '14'** for which we have relied on managements perception, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view 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 at 31st March, 2011.
    - 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 OMSAGAR & ASSOCIATES**

*Chartered Accountants*

Sd/-

(Sagarmal Gupta)

Partner

M. No. 17598

Place : Kolkata

Dated : The 24th day of August, 2011.



**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 and 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 have been noticed on verification between physical stocks with the book records.
- (iii) a) The Company has not taken any loans from or to companies, firms or persons listed in Register maintained under Section 301 of the Companies Act, 1956 therefore provisions of clause 4(iii)(a) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the 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 information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the Register to be maintained under that section.
- b) In our opinion and according to information and explanations given to us, the transactions in pursuance of contracts or arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with each party during the year have been at prices which are reasonable having regard to the prevailing market prices at the basis of information & explanation provided, the same appear reasonable.
- (vi) The Company has not accepted any deposit from the public.
- (vii) In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us the maintenance of cost record has not been prescribed by the Central Government under Section 209 (i) (d) of the Companies Act, 1956 for the products of the Company.
- (ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Professional Tax, Trade Licence, Employees State Insurance, Income 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 Service Tax, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2011 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 Service Tax, Income Tax, Sales Tax, Custom Duty and cess which have not been deposited on account of any dispute other than disclosed in notes on accounts.



- (x) The Company has accumulated losses amounting to Rs. 26,017,367.74/- as at 31st March, 2011 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company has not taken any loan from financial institution or banks as such question of default in repayment of dues to a financial institution & banks does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (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 has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- (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(xvi) 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 term 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.
- (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 OMSAGAR & ASSOCIATES**

*Chartered Accountants*

Sd/-

(Sagarmal Gupta)

Partner

M. No. 17598

Place : Kolkata

Dated : The 24th day of August, 2011.



**BALANCE SHEET AS ON 31ST MARCH, 2011**

SI No.	PARTICULARS	SCHEDULE	AS AT		AS AT	
			31.03.2011		31.03.2010	
			RS.	P.	RS.	P.
<b>1.</b>	<b>SOURCES OF FUNDS</b>					
	I) SHAREHOLDERS' FUND					
	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>					
	i) FIXED ASSETS (AT COST)	3				
	Gross Block		49,76,46,250.07		24,83,64,854.21	
	Less : Depreciation		49,08,690.98		34,23,257.98	
	<b>NET BLOCK</b>		<b>Rs. 49,27,37,559.09</b>		<b>Rs. 24,49,41,596.23</b>	
	ii) INVESTMENTS	4	Rs. 5,86,07,650.71		Rs. 4,77,95,520.50	
	iii) CURRENT ASSETS, LOANS & ADVANCES					
	a) Stock in Trade	5	63,21,361.98		45,10,199.76	
	b) Sundry Debtors	6	24,61,840.23		4,15,431.56	
	c) Cash & Bank Balances	7	42,02,122.00		7,16,339.78	
	d) Loans & Advances	8	7,10,67,070.20		23,62,45,484.34	
			<b>Rs. 8,40,52,394.41</b>		<b>Rs. 24,18,87,455.44</b>	
	<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	9	<b>10,41,89,867.13</b>		<b>59,78,146.56</b>	
	<b>NET CURRENT ASSETS</b>		<b>Rs.(-)2,01,37,472.72</b>		<b>Rs. 23,59,09,308.88</b>	
	iv) MISCELLANEOUS EXPENDITURE					
	(to the extent not written off or adjusted)					
	a) Deferred Revenue Exp.		5,24,895.18		-	
	b) Profit & Loss Account (as attached)		2,60,17,367.74		2,91,03,574.39	
	<b>TOTAL</b>		<b>Rs. 55,77,50,000.00</b>		<b>Rs. 55,77,50,000.00</b>	
	Significant Accounting Policies and Notes to Accounts	14				

Schedules 1 to 14 Annexed hereon form an integral part of the Balance Sheet.

In terms of our separate report of even date

For **OMSAGAR & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Dated : The 24th day of August, 2011.

Sd/-  
(Sagarmal Gupta)  
Partner, M. No. 17598

Director: 1. Arpita Gupta  
2. Ajay Agarwal



**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011**

SI No.	PARTICULARS	SCHEDULE	AS AT		AS AT	
			31.03.2011		31.03.2010	
			RS.	P.	RS.	P.
<b>1.</b>	<b>INCOME</b>					
	Sale of Shares		1,66,25,298.41		—	
	Sale of Software Services (ITES) Exports (In dollar in current Year 99,788.48 in prev. year 15,6627)		52,56,395.84		70,48,247.29	
	Domestic		11,32,016.00		—	
	Miscellaneous Income	10	62,27,529.17		42,26,053.88	
	<b>TOTAL</b>		<b>Rs. 2,92,41,239.42</b>		<b>Rs. 1,12,74,301.17</b>	
<b>2.</b>	<b>EXPENDITURE</b>					
	Accretion To/Depletion Of Stock	11	(-)18,11,162.22		12,70,187.50	
	Purchase of Shares		1,85,99,111.45		—	
	Purchase (Software Service)		20,35,540.19		25,16,619.00	
	Benefits to Employees	12	18,21,665.18		25,73,074.00	
	Administrative, Selling & other Expenses	13	40,24,445.17		31,94,621.71	
	<b>TOTAL</b>		<b>Rs. 2,46,69,599.77</b>		<b>Rs. 95,54,502.21</b>	
	PROFIT/(LOSS) BEFORE DEPRICIATION & TAXES		Rs. 45,71,639.65		Rs. 17,19,798.96	
	Depreciation		14,85,433.00		2,96,042.00	
	Profit/(Loss) Before Tax		Rs. 30,86,206.65		14,23,756.96	
	Less : Provision for Income Tax		—		—	
	Profit/(Loss) After Tax		Rs. 30,86,206.65		14,23,756.96	
	Balance Brought Forward from the Previous Year		Rs. (2,91,03,574.39)		Rs. (3,05,27,331.35)	
	<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>Rs. (2,60,17,364.74)</b>		<b>Rs. (2,91,03,574.39)</b>	
	Earning Per Share of Rs. 10/- each					
	<b>Basic &amp; Diluted (in Rupees)</b>		<b>0.06</b>		<b>0.03</b>	

Significant Accounting Policies and Notes to Accounts 14

In terms of our separate report of even date

**For OMSAGAR & ASSOCIATES**  
Chartered Accountants

Sd/-  
(Sagarmal Gupta)  
Partner, M. No. 17598

Place : Kolkata  
Dated : The 24th day of August, 2011.

Directors : 1. Arpita Gupta  
2. Ajay Agarwal



# Lee & Nee

Softwares (Exports) Ltd.

## SCHEDULES ANNEXED TO AND FORMING OF BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	AS AT 31.03.2011		AS AT 31.03.2010	
	RS.	P.	RS.	P.
<b>SCHEDULE - 1</b>				
<b>SHARE CAPITAL</b>				
<b>A) AUTHORISED</b>				
6,00,00,000 Equity Shares of Rs. 10/- each (Previous year 6,00,00,000 Equity shares Of 10/- each)	Rs.	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)	Rs.	55,77,40,000.00		55,77,40,000.00
Of the above shares 8,00,000 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 Lensel 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; SURLUS</b>				
Capital Reserve	Rs.	10,000.00	Rs.	10,000.00
<b>SCHEDULE - 5</b>				
<b>STOCK IN TRADE</b>				
(As taken valued and certified by the management)				
Finished Goods (At Cost)		45,10,199.76		45,10,199.76
Closing Stock of Shares (At Cost)		18,11,162.22		—
	Rs.	63,21,361.98		45,10,199.76
<b>SCHEDULE - 6</b>				
<b>SUNDRY DEBTORS</b>				
(Unsecured-Considered Good)				
1. Debts outstanding for a period exceeding 6 months		2,01,651.20		2,01,651.20
2. Other Debts		22,60,189.03		2,13,780.36
	Rs.	24,61,840.23	Rs.	4,15,431.56
<b>SCHEDULE - 7</b>				
<b>CASH &amp; BANK BALANCES</b>				
Cash in hand (As certified by the management)		29,99,407.47		2,90,772.87
Balance with Schedule Bank In Current Account		7,38,197.73		(20,329.23)
In Fixed Deposit		4,64,516.80		4,45,896.14
	Rs.	42,02,122.00	Rs.	7,16,339.78
<b>SCHEDULE - 8</b>				
<b>LOANS &amp; ADVANCES</b>				
(Unsecured, considered good)				
Loans (Interest accrued thereon)		68,07,810.00		81,59,500.00
Advances (To be recoverable in cash or in kind or for value to be recd.)		6,37,44,489.32		22,76,41,990.42
Deposits		3,55,092.92		3,55,092.92
Duties & Taxes		49,913.96		—
Income Tax Deducted at source		1,09,764.00		88,901.00
	Rs.	7,10,67,070.20	Rs.	23,62,45,484.34
<b>SCHEDULE - 9</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities</b>				
Sundry Creditors :				
For Goods		3,21,332.00		3,21,332.00
For Expenses		29,38,144.82		40,44,218.55
For others		10,06,97,543.29		11,15,005.99
Trade Advances & Deposits		2,32,847.02		4,97,590.02
	Rs.	10,41,89,867.13	Rs.	59,78,146.56

In terms of our separate report of even date

**For OMSAGAR & ASSOCIATES**

Chartered Accountants

Sd/-

(Sagarmal Gupta)

Partner, M. No. 17598

Directors : 1. Arpita Gupta

2. Ajay Agarwal

Place : Kolkata

Dated : The 24th day of August, 2011.

(20)

## LEE & NEE SOFTWARES (EXPORTS) LTD.

### SCHEDULE - 3 FIXED ASSETS

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.2011)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Addition During the year	Sales/Adj. during the year	As at 31.03.2011	As at 01.04.2010	During the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Goodwill	24,39,34,700.77	—	—	24,39,34,700.78	—	—	—	24,39,34,700.76	24,39,34,700.77
Plant & Machinery (Comp)	20,90,124.59	—	6.75	20,90,117.84	17,73,974.50	1,15,781.00	18,89,755.50	2,00,362.34	3,16,150.09
Plant & Machinery (Others)	7,92,343.00	—	—	7,92,343.00	5,20,961.81	37,749.00	5,58,710.81	2,33,632.19	2,71,381.19
Furniture & Fittings	4,01,866.56	—	—	4,01,866.56	3,05,543.21	17,435.00	3,22,978.21	78,888.35	96,323.35
Communication Equipment	783.00	—	155.56	627.44	627.44	—	627.44	—	155.56
Access Control System	15,580.50	—	—	15,580.50	7,995.91	1,055.00	9,050.91	6,529.59	7,584.59
Air Conditioner	61,907.820	—	—	61,907.82	50,950.71	1,524.00	52,474.71	9,433.11	10,957.11
UPS	3,031.39	—	—	3,031.39	1,303.27	240.00	1,543.27	1,488.12	1,728.12
Office Equipment	756.58	—	441.84	314.74	314.74	—	314.74	—	441.84
Computer Software	7,58,000.00	—	—	7,58,000.00	6,82,813.93	30,074.00	7,12,887.93	45,112.07	75,186.07
Flat Under Construction		14,92,82,000.00	—	14,92,82,000.00	—	—	—	14,92,82,000.00	—
Leasehold Premises		10,00,00,000.00	—	10,00,00,000.00	—	12,50,000.00	12,50,000.00	9,87,50,000.00	—
Networking Head Sets	67,080.00	—	—	67,080.00	5,990.00	8,498.00	14,488.00	52,592.00	61,090.00
Equipment	2,38,680.00	—	—	2,38,680.00	72,782.46	23,077.00	95,859.46	1,42,820.54	1,65,897.54
<b>Total (Rs.)</b>	<b>24,83,64,854.21</b>	<b>24,92,82,000.00</b>	<b>604.15</b>	<b>49,76,46,250.07</b>	<b>34,23,257.98</b>	<b>14,85,433.00</b>	<b>49,08,690.98</b>	<b>49,27,37,559.07</b>	<b>24,49,41,596.23</b>
<b>Fig. for the Prev. Year</b>	<b>24,81,46,972.78</b>	<b>2,30,561.00</b>	<b>12,679.57</b>	<b>24,83,64,854.21</b>	<b>31,27,215.98</b>	<b>2,96,042.00</b>	<b>34,23,257.98</b>	<b>24,49,41,596.23</b>	<b>24,50,19,756.80</b>

In terms of our separate report of even date

**For OMSAGAR & ASSOCIATES**

*Chartered Accountants*

Sd/-

(SAGARMAL GUPTA)

Partner

(M. No. 17598)

Place : Kolkata

Dated : The 24th day of August, 2011.

Directors : 1. Arpita Gupta

2. Ajay Agarwal



**SCHEDULE - 4 INVESTMENTS (AT COST)**

(ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS ON 31.03.2011)

**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. (Partly Paid-up)	3400	1,25,520.00	
300	61,200.00		Krone Communication Ltd.	300	61,200.00	
303236	32,75,240.00		Gujrat Texspin Ltd.	303236	32,75,240.00	
90000	15,66,000.00		White Diamond Ltd.	205	3,567.00	
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	
<u>752757</u>	<u>Rs. 76,69,635.53</u>			<u>662962</u>	<u>Rs. 61,07,202.53</u>	

**UNQUOTED**

41425	23,62,500.00		Shiv Leasing Ltd.	41425	23,62,500.00	
60000	6,00,000.00		Vora Financial Ltd.	60000	6,00,000.00	
1100	8,500.00		Visura Trading & Investment Ltd.	1100	8,500.00	
<u>102525</u>	<u>Rs. 29,71,000.00</u>			<u>102525</u>	<u>Rs. 29,71,000.00</u>	
855282	Rs.1,06,40,635.53		Total	765487	Rs.90,78,202.53	

Total Cost of Quoted Investments	Rs. 61,07,202.53	(Previous Year	Rs. 76,69,635.53)
Total Cost of Unquoted Investments	Rs. 29,71,000.00	(Previous Year	Rs. 29,71,000.00)
Market Value of Quoted Investments	Rs. 51,46,551.70	(Previous Year	Rs. 60,99,069.53)

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

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

Market Price Rs. 14,207/- (Previous Year Rs. 17,715.00/-)

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

25	Rs. 2,250.00	Finolex Pipes Ltd.	25	Rs. 2,250.00
	Rs. 3,71,40,904.97	Investment in Partnership Firm		
		M. M. International (Total Capital Rs. 22,77,389.14)		
		(Other Partner : Mahesh Gupta) (Share of Profit - 50%)		Rs.4,95,15,468.18
25	Rs. 3,71,43,154.97		25	Rs. 4,95,17,718.18
<u>914231</u>	<u>Rs. 4,77,95,520.50</u>	<b>GRAND TOTAL</b>	<u>914231</u>	<u>Rs. 5,86,07,650.71</u>

In terms of our separate report of even date

**For OMSAGAR & ASSOCIATES**

Chartered Accountants

Sd/-

(Sagarmal Gupta)  
Partner, M. No. 17598

Directors : 1. Arpita Gupta  
2. Ajay Agarwal

Place : Kolkata

Dated : The 24th day of August, 2011.



**SCHEDULES ANNEXED TO AND FORMING OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2011**

PARTICULARS	AS AT		AS AT	
	31.03.2011		31.03.2010	
	RS.	P.	RS.	P.
<b>SCHEDULE - 10</b>				
<b>MISCELLANEOUS INCOME</b>				
Interest :				
from others	6,07,810.00		5,97,000.00	
from Banks (FD)	24,206.99		49,749.48	
Discount Recieved	—		3,551.00	
Dividend	500.00		172.50	
License Fees	11,00,000.00		—	
Profit from Compensation of cancellation of agreement	20,00,000.00		—	
Other Income (includes share of profit of M.M. International. Rs. 46184.19)	93,677.79		10,79,648.61	
Sundry Balances Back	24,01,334.39		24,95,932.29	
	<b>Rs.</b>	<b>62,27,529.17</b>	<b>42,26,053.88</b>	
<b>SCHEDULE - 11</b>				
<b>ACCRETION TO/DEPLETION OF STOCK</b>				
<b>OPENING STOCK</b>				
Stock of Shares				
Finished goods	45,10,199.76		45,10,199.76	
Work-in-Progress	—		12,70,187.50	
	<b>Rs.</b>	<b>45,10,199.76</b>	<b>57,80,387.26</b>	
<b>Less : CLOSING STOCK (AT COST)</b>				
Stock of Shares	18,11,162.22		—	
Finished goods	45,10,199.76		45,10,199.76	
Work-in-Progress	—		—	
	<b>Rs.</b>	<b>63,21,361.98</b>	<b>45,10,199.76</b>	
	<b>Rs.</b>	<b>18,11,162.22</b>	<b>(12,70,187.50)</b>	
<b>SCHEDULE - 12</b>				
<b>BENEFITS TO EMPLOYEES</b>				
Salary	14,56,727.18		19,33,571.00	
Staff Welfare	2,56,670.00		6,19,067.00	
Contribution to PF	31,416.00		20,436.00	
Contribution to Employee State Insurance	33,512.00		—	
Call Centre Expenditure	7,400.00		—	
Consultancy services paid	4,940.00		—	
Bonus	31,000.00		—	
	<b>Rs.</b>	<b>18,21,665.18</b>	<b>25,73,074.00</b>	
<b>SCHEDULE - 13</b>				
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>				
Rent, Rates & Taxes	3,67,600.00		3,77,876.00	
Electricity Expenses	8,12,784.00		8,62,586.00	
Advertisement & Publicity	24,647.00		1,33,192.00	
Legal Expenses	3,69,800.00		3,74,570.00	
Loss on sale of Investment/LTCL	4,59,837.42		—	
<b>COMMUNICATION EXPENSES</b>				
Telephone Expenses	48,375.31		57,207.00	
LD Charges (Forex) (Incl. Foreign Exchange Outgo Rs. 2,85,851.05/- (\$ 6389) of current year & previous year Rs. 4,33,213.77/-)	3,00,851.05		4,33,213.77	
Bank Charges & Commission	38,192.10		40,167.45	
<b>REPAIR &amp; MAINTENANCE</b>				
Machinery	—		5,425.00	
Others	54,300.00		67,307.00	
General Expenses (Incl. Foreign Exchange Outgo Rs. 40,596.39/- (\$910.80) for current year & previous year Rs. 72,773.49/-)	4,66,010.79		4,01,396.49	
<b>STATUTORY EXPENSES</b>				
Certificate of Posting	20,550.00		—	
Postage of Postal ballot	2,26,050.00		—	
Postage for AGM	1,51,613.00		1,54,294.00	
Printing & Stationery AGM	3,41,960.00		—	
Share Transfer Fees	52,182.00		—	
Other Expenses	2,79,632.50		2,79,387.00	
<b>AUDITORS' REMUNERATION</b>				
As Audit Fee	10,000.00		5,000.00	
Others	—		3,000.00	
	<b>Rs.</b>	<b>40,24,445.17</b>	<b>31,94,621.71</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 the provisions of the Companies Act, 1956 and as per the accounting principles 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, Minimum Alternate Tax as applicable 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 valued at cost inclusive of expenses incurred to put them in 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. Closing stock of shares is valued at cost.

#### h) Foreign Currency Transaction :

Transaction 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 -14) :

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

Counter guarantee given to Indusind Bank Ltd. in respect of Bank Guarantee of Rs. 3,00,000/- issued by them in favour of Department of Telecommunication, Govt. of India.

#### 2) Provision for Gratuity will be accounted for in the year of payment since no obligation had been recognised.

#### 3) Demand for custom duty on behalf of Audit objection amounting to Rs. 69,62,085/- (earlier year) is not acknowledged as debts, being disputed.

#### 4) The Company has no outstanding dues as on 31.03.2011 payable to small scale units.

#### 5) There is decline in carrying amounts of the long term Investments in shares of certain limited companies. However no provision for the resultant amount of decline are made in profit & loss a/c as the same is not ascertainable.

#### 6) As the Company has Started dealing in shares also, segmental reporting as per AS 17 is as under :

Particulars	2010-11 (Rs. in Lakhs)
<b>Segment Revenue</b>	
Shares	166.25
Softwares	126.16
<b>Total</b>	<b>292.41</b>
Less : Inter Segmental Revenue	Nil
<b>Total Segment Income</b>	<b>292.41</b>



**Segment Results :**

Profit/Loss before Tax & Interest	
Shares	(1.63)
Softwares	32.49
<b>Total</b>	<b>30.86</b>
Less : Interest	Nil
Less : Other Unallocable Expenditure net of unallocable Income	Nil
<b>Total Profit Before Tax</b>	<b>38.06</b>
<b>Capital Employed :</b>	
Shares	18.11
Softwares	3119.94
<b>Total Capital Employed</b>	<b>3138.05</b>

7) In the opinion of the 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) **Earning Per Share (EPS):-**

The earning per equity share computed as per the requirements of Accounting Standard-20 "Earnings per Share", is as under :

<u>Particulars</u>	<u>2010-11</u>	<u>2009-10</u>
Profit/Loss after tax	30,86,206.65	14,23,756.96
Profit/Loss attributed to Equity Shareholders	30,86,206.65	14,23,756.96
No. of Equity Shares outstanding during the year	55774000	55774000
Nominal value of Equity Shares (Rupees)	10	10
Basic & Diluted EPS	0.06	0.03

10) Figures of current year are not strictly comparable with the figures of previous year in Computer Software Business.

11) 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 & Employee State Insurance.

Employer's Contribution to Provident Fund Rs. 31,416.00

Employer's Contribution to Employee State Insurance Rs. 33,512.00

12) Additional information pursuant to the provisions of paragraph 3 & 4 of part II of Schedule VI to the Companies Act. 1956

a) **Licensed and Installed Capacities**

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

	<b>Current Period Amount (Rs.)</b>	<b>Previous Period Amount (Rs.)</b>
b) <b>Opening Stock</b>		
Softwares	45,10,199.76	45,10,199.76
Shares	—	—
	<u>45,10,199.76</u>	<u>45,10,199.76</u>
c) <b>Purchase</b>		
Software Services	20,35,540.19	25,16,619.00
Shares (39925 units)	1,85,99,111.45	—
	<u>2,06,34,651.64</u>	<u>25,16,619.00</u>
d) <b>Sales</b>		
Software Services	63,88,411.84	70,48,247.29
Shares (36368 units)	1,66,25,298.41	—
	<u>2,30,13,710.25</u>	<u>1,08,94,135.65</u>



# Lee & Nee

Softwares (Exports) Ltd.

e) **Closing Stock**

Software	45,10,199.76	45,10,199.76
Shares (3557 units)	<u>18,11,162.22</u>	<u>—</u>
	<u>63,21,361.98</u>	<u>57,80,387.26</u>

Current Period Amount (Rs.)	Previous Period Amount (Rs.)
--------------------------------	---------------------------------

13) **Materials Consumed**

(Consumables & components)  
& Printed Materials Imported

Nil Nil

Indigenous

Export Division

Nil Nil

Others

Nil Nil

14) **CIF Value of Imports :**

Nil Nil

15) **Expenditure in Foreign Currency :**

Communication & Wire charges. (Previous Year  
incl. Business Development Exp. Subscription fees)

3,26,447.44 5,05,987.26

16) **Earning in Foreign Exchange :**

Export on FOB Basis

52,56,395.84 70,48,247.29

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

i) Name of the Key Management Personnel :

Shri S. M. Gupta Promoter Director

Shri Ajay Agarwal Executive Director

Smt. Arpita Gupta 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.), Rituraj Shares & Securities Ltd.

Lensel Web Services Pvt. Ltd., Rituraj Share Broking Pvt. Ltd.

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. 3,60,000/-	Rs. 3,58,080/-
Neena Gupta	Compliance Fees	Rs. 42,000/-	Rs. 42,000/-
Raj Kumari Agarwal	Rent	Rs. 36,000/-	Rs. 36,000/-
Lease agreement for short period against deposit		Rs. 84,37,500/-	(outstanding)
Neena Gupta	Rent	Rs. —	Rs. 18,000/-
Mahesh Gupta	Rent	Rs. 36,000/-	Rs. 36,000/-
Lease agreement for short period against deposit		Rs. 84,37,500/-	(outstanding)
S. M. Gupta (H.U.F.)	Rent	Rs. 36,000/-	Rs. 36,000/-
Lease agreement for short period against deposit		Rs. 84,37,500/-	(outstanding)
Rituraj Shares & Securities Ltd.	Rent	Rs. 36,000/-	Rs. —
Lease agreement for short period against deposit		Rs. 84,37,500/-	(outstanding)
Lensel Web Services Pvt. Ltd.			
Lease agreement for short period against deposit		Rs. 52,00,000/-	(outstanding)
Rituraj Share Broking Services Pvt. Ltd.			
Lease agreement for short period against deposit		Rs.1,42,50,000/-	(outstanding)



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

	(Rs. in thousands)
<b>1) Registration Details</b>	
Registration No.	45,587
State Code	21
Balance Sheet Date	31.03.2011
<b>2) Capital Raised During the Year</b>	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
<b>3) Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities	557750
Total Assets	557750
<b>Sources of Funds</b>	
Paid up Capital	557740
Reserve & Surplus	10
Secured Loans	NIL
Un-Secured Loans	NIL
<b>Application of Funds</b>	
Net Fixed Assets	492737
Investments (Including Investment in Partnership fund)	58607
Net Current Assets	(20137)
Miscellaneous Expenditure	524
Accumulated Losses	26017
<b>4) Performance of Company</b>	
Total Income	29241
Total Expenditure	26155
Profit Before Tax	3086
Profit After Tax	3086
Earnings Per Share	.06
Dividend Rate	NIL
<b>5) Generic Names of three Principal Products/Services of the Company.</b>	

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

In terms of our report of even date annexed

**For OMSAGAR & ASSOCIATES**

*Chartered Accountants*

Place : Kolkata	Sd/- (Sagar Mal Gupta)	Directors : 1. Arpita Gupta
Dated : The 24th day of August, 2011.	Partner M. No. 17598	2. Ajay Agarwal



# Lee & Nee

Softwares (Exports) Ltd.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	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.		30,86,207		14,23,757
Adjusted for :				
Depreciation	14,85,433		2,96,042	
Loss on sale of Investment	4,59,837		—	
Interest & Dividend	(6,32,517)		(6,46,922)	
Sundry Balance w/o	(24,01,334)		(24,95,932)	
Profit/Loss on Investment	(46,184)		(79,280)	
(In Partnership Firm)		(11,34,765)		(29,26,092)
Operating Profit/loss before working Capital Changes		19,51,442		(15,02,335)
Adjust for :				
Trade & Other Receivables	(20,46,409)		13,69,331	
Trade Payable	10,06,13,055		2,73,793	
Accretion/Depletion of stock	(18,11,162)	9,67,55,484	12,70,188	29,13,312
Cash Flow before Extra-Ordinary Items		—		—
Extra-Ordinary Items :		—		—
Net Cash from Operating Activities		9,87,06,925		14,10,977
<b>B. Cash Flow from Investing Activities :</b>				
Purchase of Fixed Assets	(24,92,82,000)		(2,30,561)	
Interest Received	6,32,017		6,46,749	
Dividend	500		173	
Sale of Fixed Assets	604		12,680	
Loss on Sale of Investment	(4,59,837)		—	
Sale of Investment	15,62,433		2,00,000	
Movement of Loans & Advances	16,51,78,414		3,52,71,969	
Deferred Revenue Exp.	(5,24,895)		—	
Investment in Partnership Firm	(1,23,74,563)		(3,72,75,781)	
Profit/Loss on Investment				
(In Partnership Firm)	46,184	(9,52,21,143)	79,280	(12,95,491)
Net Cash Flow from Investing Activities		(9,52,21,143)		(12,95,491)
<b>C. Cash Flow from Financing Activities :</b>				
Net Cash from Financing Activities	—		—	
Net Increase in Cash & Cash				
Equivalents (A + B + C)		34,85,782		1,15,486
Cash & Cash Equivalents as at the commencement of the year		7,16,340		6,00,854
Cash & Cash Equivalents as at the end of the year		42,02,122		7,16,340

**For & On Behalf of the Board**

Director 1. Arpita Gupta  
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, 2011 and found the same in agreement therewith.

**For OMSAGAR & ASSOCIATES**  
Chartered Accountants

Place : Kolkata  
Dated : 24th Day of August, 2011.

(28)

Sd/-  
(SAGARMAL GUPTA)  
Partner (M. No. 17598)



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

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

**PROXY FORM**

Client ID .....  
DP ID .....  
Regd. Folio No. ....

Mr./Mrs./Miss

I/We .....  
of ..... in the district of .....  
..... being a member/members of the above mentioned company hereby  
appoint ..... of ..... in the district .....  
of ..... or failing him/her ..... of  
..... in the district of ..... as  
my/our proxy to vote for me/us on my/our behalf at the TWENTY THIRD ANNUAL GENERAL MEETING of the  
Company to be held on 24th September, 2011 and at any adjournment thereof.

Signed this ..... day of ..... 2011

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 Third Annual General Meeting of the Company to be held at Shishir Mitra Hall, Webel  
Bhavan, 3rd Floor, Block EP & GP, Sector-V, Salt Lake, Kolkata - 700 091 at 11 a.m. on the 24th September, 2011.

.....  
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.

**BOOK-POST**

**To,**

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*If undelivered, please return to :*

**Lee & Nee**

**Softwares (Exports) Ltd.**

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