



L N S E L

LEE & NEE SOFTWARES (EXPORTS) LIMITED



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NINETEENTH

19

ANNUAL REPORT & ACCOUNTS

2006-2007

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Lee & Nee Softwares (Exports) Ltd.

BOARD OF DIRECTOR	: AJAY KUMAR AGARWAL – Executive Director S. M. GUPTA – Promoter Director PARESH AGARWAL – Independent Director Rajesh Agarwal – Independent Director (Resigned w.e.f. 16.04.2007)
AUDITORS	: PATANJALI & CO. CHARTERED ACCOUNTANTS
BANKERS	: ICICI BANK LTD. UNITED COMMERCIAL BANK UNION BANK OF INDIA INDIAN OVERSEAS BANK INDUSIND BANK LTD. ABN AMRO BANK N.V. ORIENTAL BANK OF COMMERCE
REGISTERED OFFICE	: 14B, CAMAC STREET, 2ND FLOOR, KOLKATA-700017
SOFTWARE DEVELOPMENT CENTRE & DEVELOPMENT CENTRE	: SOFTWARE TECHNOLOGY PARK SALT LAKE ELECTRONICS COMPLEX BLOCK 'GP', SECTOR-V SDF BUILDING, 4TH FLOOR BIDHANNAGAR, KOLKATA-700 091
OTHER SOFTWARE DEVELOPMENT CENTRES	: SOFTWARE TECHNOLOGY PARK BHUBANESHWAR ROURKELA BIZZYLAND BLDG., R. NO. 403 4TH FLOOR, KUMTHEKAR ROAD 776/A, SADASHIV PETH PUNE - 411 030
REGISTRAR & SHARE TRANSFER AGENTS	: MAHESHWARI DATAMATICS PVT. LTD. 6, MANGOE LANE, 2ND FLOOR KOLKATA-700 001



Lee & Nee Softwares (Exports) Ltd.

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of Lee & Nee Softwares (Exports) Limited will be held at Shishir Mitra Hall, 3rd Floor, Webel Bhavan, Block EP & GP, Sector-V, 3rd Floor, Saltlake, Kolkata-700 091 on Friday the 28th day of September, 2007 at 11 A.M. for the transaction of the following businesses.

ORDINARY BUSINESS :

1. To consider and adopt the Accounts of the Company for the Financial year ended 31st March, 2007 and the Balance Sheet as on that date with the reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Paresh Agarwal who retire by rotation and being eligible offer himself for re-election.
3. To appoint Auditors and fix their remuneration.

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

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

Sd/-
(Ajay Agarwal)
Executive Director

NOTES :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the Meeting.
2. Members are requested to bring their copies of the Report and Accounts at the Meeting.
3. Members are requested to notify any change in their address immediately to the Registrar and Share Transfer Agents at the below mentioned address.
4. Members who have multiple accounts in identical names or joint accounts in same order are requested to intimate to the Company, the ledger folios of such accounts to enable the Company to consolidate all such share holding into one account.
5. Shareholders are requested to send all transfer documents to the Registrar & Share Transfer Agents of the Company by Registered Post to ensure safe delivery of documents.
6. The Register of Members and Share Transfer Book of the Company will remain closed from 21.09.2007 to 28.09.2007 (both days inclusive).
7. a) Shareholders desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
b) Quote registered folio number or client ID in all correspondence.
8. Consequent upon the introduction of Section 109A of the Companies Act, 1956 Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B to the Registrar & Share Transfer Agents :
M/s. Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
9. As per SEBI's directive, w.e.f. June 26, 2000, all investors can offer delivery of Company's shares in dematerialized form only. 24560319 number of Company's shares (92.01%) have been dematerialized as on 31.03.2007.
Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity.
The Company's ISIN No. is INE791B01014.
10. Send all share transfer lodgements (physical mode) correspondence to the Registrar and Share Transfer Agent of the Company.
11. Members are informed in case of joint holders attending the meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
12. Corporate members are requested to forward a certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.



Lee & Nee Softwares (Exports) Ltd.

DIRECTORS' REPORT

To,
The Shareholders

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

Working and Financial Results

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

The net impact of the above, has resulted in loss during the year compared to the earlier year due to lack of optimum capacity utilisation in BPO sector specially in Call Centre Project which is yet to be stable and suffering from several contingencies and industry hazards.

The Financial Highlights are given below :

	Figures for the Current year Rs.	Figures for the Previous year Rs.
Balance Brought Forward from the Last Year	(2,90,99,842.32)	(2,44,62,750.99)
Profit / (Loss) Before Depreciation	(12,34,023.04)	(40,20,949.33)
	<u>(3,03,33,865.36)</u>	<u>(2,84,83,700.32)</u>
Add/Less :		
Depreciation	(6,74,250.87)	(6,16,142.00)
Loss	<u>Rs. (3,10,08,116.23)</u>	<u>Rs. (2,90,99,842.32)</u>

Dividend

No dividend is recommended in view of the accumulated loss during the year apart from meeting the contingent liabilities.

Future Prospects

BPO (Business Process Outsourcing) – The Company is targetting ITES based services, both voice & non-voice based projects from several organisations in USA, UK & Australia. Endeavours are being made to move towards better segment of ITES such as KPO (Knowledge Process Outsourcing) & EPO (Education Process Outsourcing). To bridge the gap of manpower the Company has targeted to explore market of manpower development, manpower resourcing, developing, delivering under the new brand name LNSEL Jobs Online and hopeful of its success.

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

Scheme of Amalgamation

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

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

Expansion

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

Out Look

The Company apart from software services, has established its reputation in the market as an Information Technology Enabled Service provider (ITES) specially in Medical Transcription as well as International Call Centre. The proposed expansion would further consolidate the position of the Company. This would have a better margin of profitability and would result in higher growth of the Company.

Your Directors are glad to report that the adverse factors stand substantially abated so far in the current year. Accordingly your directors are confident of achieving better results in the year 2007-08.



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Fixed Deposits

The Company has not accepted any deposit from the Public.

Directors

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

Directors' Responsibility Statement

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors have prepared the annual accounts on a going concern basis.
- (v) that none of the Directors is disqualified as on 31.03.2007 from being appointed as a Director of the Company under section 274(1)(g) of the Act.

Auditors

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

Auditors' Observations

As regards observations made by the Auditors, the relevant notes in Schedule-9 are self explanatory.

Cash Flow

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

Corporate Governance

Your Company has complied with the requirements of Corporate Governance pursuant to clause 49 of Listing Agreement with the Stock Exchanges and a report to that effect is enclosed herewith.

Dematerialization of Equity Shares

Your Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dealing in Equity Shares of the Company in dematerialized form. Your Company has been allotted (ISIN No. INE 791B01014). The shareholders may send their share certificates through their depository participants for having the shares in electronic form.

Other Information

None of the employees were in receipt of remuneration exceeding limits prescribed u/s. 217(2A) of the Companies Act, 1956 and the Rules made thereunder.

As required u/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, Your Directors Report as follows :-

- A. Conservation of Energy : Not Applicable
- B. Technology Absorption : Your Company is developing its capabilities in I. T. Enabled Services and Medical Transcription as well as a Call Center.
An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.
- C. (a) Foreign Exchange Earning : Rs. 86,52,298.22/- (including sale of other 100% EOU units)
(b) Foreign Exchange Outgoing : Rs. 10,78,443.57/- on account of hosting and domain registration, business procurement fees and ASP charges.

Acknowledgments

Your Directors place on record their appreciation for the help and co-operation received by them from ICICI Bank Ltd., UCO Bank, Allahabad Bank, Indian Overseas Bank, Union Bank of India, Indusind Bank, Oriental Bank of Commerce, State Government of West Bengal and Orissa and Department of Electronics & Department of Telecommunication under Ministry of Information & Technology Government of India, specially Software Technology Parks of India.

Your Directors also place on record their appreciation for the dedicated services rendered by the employees of your Company at all levels.

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

Sd/-

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

(4)

Directors : 1. Ajay Agarwal
2. Paresh Agarwal



Lee & Nee Softwares (Exports) Ltd.

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

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

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

CORPORATE GOVERNANCE

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

- The Company is committed to the best practice in the area of Corporate Governance. The Company believes that proper corporate governance facilitates effective management and control of business. This in turn, enables the Company to deliver the best results to all its share holders. The objective can be summarized as :
 - To enhance shareholders value.
 - To protect interest of shareholders.
 - To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
 - To ensure accountability for performance and to achieve excellence at all levels.

The Company is committed to :

- ensure that the Company's Board of Directors meets regularly, provides effective leadership, exercises control over management and monitors executive performance.
- establish a framework of strategic control and continuously review its efficacy.
- establish clearly documented and transparent management process for policy development, implementation and review, decision-making, monitoring, controlling and reporting.
- provide free access to the Board, to all relevant information, advice, resources as are necessary to enable it to carry out its role effectively.
- ensure that a senior executive is made responsible to the Board to ensure compliance with all applicable statutes, regulations and other procedures, policies as laid down by Board and report deviation, if any, to the Board.

2. BOARD OF DIRECTORS :

(A) Composition of Board as on 31.03.2007

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

Name of the Director	Position	No. of Meeting held	No. of Meeting attended	Whether attended last AGM	No. of other directorship
Mr. Ajay Agarwal	Executive Director	5	5	Yes	Nil
Mr. Paresh Agarwal	Independent Director	5	3	Yes	Nil
Mr. Rajesh Agarwal	Independent Director	5	5	Yes	4
Mr. Sagarmal Gupta	Promoter Director	5	5	Yes	2

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

(B) Non-executive Directors' compensation & disclosures

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

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



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(C) Other provisions as to Board and Committees –

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

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

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

(D) Code of Conduct –

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company www.insel.com

All Board members and senior management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the Director of the Company.

3. AUDIT COMMITTEE :

(A) Qualified & Independent Audit Committee –

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

1. Mr. Paresh Agarwal – F. C. A. Independent, Non-Executive – Chairman
2. Mr. Rajesh Agarwal – F. C. A. Independent, Non-Executive – Member.

(B) Meeting of Audit Committee –

The Committee has met 5 times in the financial year ended 31st March 2007. They were held on 28th April 2006, 31st July 2006, 30th August 2006, 27th October 2006 and 29th January 2007. The minutes of the meeting of the Audit Committee is reviewed and noted by the Board. The Composition of the Committee and the attendance at the meetings of the committee is given below.

Name of the Member	Category	Position	No. of Meeting held	No. of Meeting attended
Mr. Paresh Agarwal	Independent	Chairman	5	3
Mr. Rajesh Agarwal	Independent	Member	5	5

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

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

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

(D) Role of Audit Committee –

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies act, 1956.
 - Changes, if any, in accounting policies and practices and reasons of the same.
 - Major accounting entries involving estimates based on the exercise of judgement by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.



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- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing with the management, the quarterly, half yearly and yearly financial statement before submission to the Board for approval.
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any areas of concern.

(E) Review of information by Audit Committee –

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

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

4. SUBSIDIARY COMPANIES :

The company did not have any subsidiary company.

5. DISCLOSURES :

There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the Directors or the Management or their relatives etc. having potential conflict with the interests of the Company.

(A) Basis of related party transactions –

The details of all transactions with related parties are placed before the Board Meeting on quarterly basis. As per the revised clause 49 from the year 2007, these details shall be placed before the Audit Committee on a quarterly basis.

(B) Board Disclosures –

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

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

(C) Proceeds from public issues, rights issues, preferential issues etc. :

The Company did not raise any money through any issue during the year 2006-2007.

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

(D) Remunerations of Directors :

The Company has a remuneration committee comprising of two Directors. The composition of the committee is as follows –



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Name of the Member	Position	No. of Meeting held	No. of Meeting attended
Mr. Ajay Kumar Agarwal	Executive Director	5	5
Mr. S. M. Gupta	Promoter Director	5	5

(E) Management Discussion and Analysis Report :

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

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

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

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

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

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

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

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