



Lee & Nee
Softwares (Exports) Ltd.



SOFTWARE & ERP

SOFTWARE & ERP

ORACLE®

TWENTY FOURTH

24

ANNUAL

REPORT & ACCOUNTS

2011-2012



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

AUDITORS : JAIN SONU & 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 - 700 017

SOFTWARE DEVELOPMENT CENTRE : SOFTWARE TECHNOLOGY PARK
SALT LAKE ELECTRONICS COMPLEX
BLOCK 'GP', SECTOR - V
BIDHANNAGAR, KOLKATA - 700 091

**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 24th 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 -700001 on Saturday the 29th September, 2012 at 11 A.M. for the transaction of the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account of the company for the Financial Year ended 31st March, 2012 and the Balances Sheet as on that date with the report of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Ajay Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

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

Sd/-

Place : Kolkata
Date : 1st September, 2012

(Ajay Agrawal)
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 the Admission Slip duly filled in and handover the same at the entrance to the venue of the meeting.
3. Members who hold shares in dematerialized form are requested to bring their Depository Account Number (Client ID and DP ID no.) for easier identification and recording of the attendance at the meeting.
4. Members are requested to bring their copies of the Report and Accounts at the Meeting.
5. Members are requested to notify any change in their address and their e-mail id immediately to the Registrar and Share Transfer Agents at the below mentioned address mentioning your name and folio no. to M/s Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata - 700 001.
6. 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 shareholding into one account.
7. 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.
8. The Register of Members and Share Transfer Book of the Company will remain closed from 22.09.2012 to 29.09.2012 (both days inclusive).



9. 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.
10. 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, Kolkata-700001.
11. As per SEBI's directive, w.e.f June 26,2000 all investor can offer delivery of Company's shares in dematerialized form only. 53951622 number of Company's shares (96.73%) have been dematerialized as on 31.03.2012.
Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity.
The company's ISIN No. INE791B01014.
12. Send all share transfer lodgment (physical mode) correspondences to the Registrar and Shares Transfer Agent of the company.
13. Member 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.
14. Corporate members are requested to forward a certified copy of the Board resolution authorizing the representative to attend and vote at the Meeting.
15. The Ministry of Corporate Affairs has taken a " Green Initiative in the Corporate Governance " by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialized holdings with their respective Depository Participants. Members who hold shares in physical form are requested to forward the required details (e-mail id) to the Registrar and Share Transfer Agent, M/s Maheshwari Datamatics Pvt. Ltd.
16. Brief particulars of Ajay Agarwal, retiring director by rotation, seeking re-appointment.
Ajay Agarwal, a honours graduate from Calcutta University, has vast experience in business since his adulthood, and he is actively engaged in the business management.



DIRECTORS' REPORT

To,
The Shareholders

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

Working and Financial Results

Total Income during the year was Rs. 29,273,055.80 as compared to Rs. 28,781,402.00 in the previous year but the profit during the year amounting to Rs. 412,485.86 as against profit of Rs. 3,086,206.65 in previous year.

The net impact of the above has resulted in decrease in profit during the year compared to the earlier year due to extra ordinary item of profit on compensation on cancellation of agreement in previous year, loss on sale of shares and depreciation on leasehold premises during the year.

The Financial Highlights are given below :

| Particulars | Figures for the Current Year (₹) | Figures for the Previous Year (₹) |
|--|--|---|
| Balance Brought Forward from the Last Year | (26,017,367.74) | (29,103,574.39) |
| Profit/(Loss) Before Depreciation and Taxation | <u>5,638,369.58</u> | <u>4,571,639.65</u> |
| | (20,378,998.16) | (24,531,934.74) |
| Less : Depreciation | (5,132,003.44) | (1485433.00) |
| Less : Taxation | <u>(93,880.28)</u> | <u>—</u> |
| Loss | <u><u>(25,604,881.88)</u></u> | <u><u>(26,017,367.74)</u></u> |

Dividend

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

Future Prospects

Your Company have strengthened its roots in ERP (Enterprise Resource Planning)— The organization plans to implement the expertise of Oracle Solaris & Linux Development track which has been uniquely designed by application developers. The developers use their expertise to create Oracle Solaris & Oracle Linux applications, thus your company stress on unique application development.

Here is a list of what your Company plan for the coming years:

- ✓ Your Company is now focused on successfully expanding ERP business across Eastern India.
- ✓ Rapidly increase the sale of SAP Business One, the Business Management Software for Small & Medium Enterprises. In order to do so, your Company is working on adding new channel partners.
- ✓ Your Company is constantly trying to build relationships with eminent overseas clients to excel in the field of software and web development. It shall approach marketing houses abroad and act as choicest development partners in India.



- ✓ Your Company is also planning to conquer the domestic market by releasing software products for Education, Healthcare and Finance Industry.
- ✓ Endeavors are being made for strategic alliances with staffing Companies in U.S.A.
- ✓ Your Company has entered into a new area of business and needs more time to establish and spread its wings.
- ✓ Your Company has discontinued trading in shares of renowned information technology companies from 1st October 2011.

The Organization is constantly striving to achieve high value contracts to enhance focus and aims at improving its operating margins. There is a constant effort that is being made for bringing in worthy and new projects. Your Company is committed to handle new roles and responsibilities and is open to accept new challenges on a global basis by virtue of its strengthened business model. In addition, there are continuous efforts at improving efficiencies and delivering excellence in project execution.

Deposits

The Company has not accepted any deposit from the Public.

Directors

Your Director Mr. Ajay Agarwal retires at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibilities statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) 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) 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) the annual accounts have been prepared on a going concern basis.

Auditors

Your Auditors M/s Jain Sonu & Associates, Chartered Accountants also retire at the Annual General Meeting, are eligible for the re-appointment. The Auditor has 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 the financial statement 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.



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Softwares (Exports) Ltd.

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 there under.

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 and training services.
An expansion in the operation is ahead through strategic alliances for Business Process Outsourcing Projects.
- C. (a) Foreign Exchange Earning : Rs. 7838115.16 (previous year Rs. 5256395.84)
- (b) Foreign Exchange Outgoing : Rs. Nil (previous year Rs. 326447.44) on account of communication exp., business procurement fees and ASP/VOIP charges.

Acknowledgments

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

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

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

Place : Kolkata
Dated : 1st September, 2012

Ajay Agarwal
Director

Arpita Gupta
Director



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

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

a) De-listing :

No application for delisting the Company's securities has been made to any of the Stock Exchange.

b) Suspension in Trading :

Trading in the Company's Securities was not suspended.

c) Listing Fees :

The listing fees payable as on 31.03.2012 to the various Stock Exchanges aggregating to Rs. 138206/- 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 shareholders. 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 31.03.2012**

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

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

Five Meetings of the Board of Directors were held during the year ended on 31st March, 2012. These were held on: 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012.

(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 2011-2012.

Notes on retirement of the director by rotation and reappointment

Mr. Ajay Agarwal retires by rotation and being eligible seeks re- appointment and his brief resume is mention below :

Ajay Agarwal, a honours graduate from Calcutta University, has vast experience in business since his adulthood, and he is actively engaged in the business management.

(C) Other provisions as to Board and Committees –

The Board held five meetings during the year 2011-2012, 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012. 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 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 5 times in the financial year ended 31st March 2012. They were held on 18th April, 2011, 30th July, 2011, 24th August, 2011, 29th October, 2011 and 27th January, 2012. 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 Meeting held | No. of Meeting attended |
|----------------------|-------------|----------|---------------------|-------------------------|
| Mrs. Arpita Gupta | Independent | Chairman | 5 | 5 |
| Mr. Sagarmal Gupta | 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 –

- 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, 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 being 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.