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LEE & NEE SOFTWARES (EXPORTS) LIMITED.
Eleventh Annual Report & Accounts 1998-99

**Lee & Nee Softwares (Exports) Ltd.****BOARD OF DIRECTORS**

B. N. SRIVASTAVA, CHAIRMAN (SINCE DECEASED)
S. M. GUPTA
SHIRISH ANJARIA
V. K. GOYAL
RAM NARAYAN VYAS

AUDITORS

PARAKASH GUPTA & CO.
CHARTERED ACCOUNTANTS

BANKERS

BANK OF MADURA LTD.
UCO BANK
ALLAHABAD BANK
UNION BANK OF INDIA
BANK OF PUNJAB LTD.
INDIAN OVERSEAS BANK

**REGISTERED OFFICE
AND
DEVELOPMENT CENTRE**

SOFTWARE TECHNOLOGY PARK,
SALTLEC ELECTRONIC COMPLEX,
BLOGK 'GP, SECTOR V,
SDF BUILDING, 4TH FLOOR,
BIDHANNAGAR, CALCUTTA-700 091

**SOFTWARE & HARDWARE
DEVELOPMENT CENTRES**

ELECTRONIC HARDWARE TECHNOLOGY PARK,
BHUBANESWAR



Lee & Nee Softwares (Exports) Ltd.

NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of M/s. Lee & Nee Softwares (Exports) Limited will be held at the Registered office of the Company at Saltlec Electronic Complex, Block GP Sector - V SDF Building, 4th Floor, Bidhannagar, Calcutta - 700 091 on Thursday the 23th day of September, 1999 at 11.00 A. M. for the transaction of the following business.

ORDINARY BUSINESS :

1. To consider and adopt the Accounts of the Company for the financial year ended on 31st March, 1999 and the Balance Sheet as at that date with the Reports of the Directors and Auditors thereon.
2. To appoint Directors in place of Mr. R. N. Vyas & Mr. Shirish Anjaria who retire by rotation and being eligible offer themselves for re-election.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification the following resolutions :

4. AS A SPECIAL RESOLUTION

*RESOLVED THAT the Memorandum of Association of the Company be and is hereby altered by inserting the following Clause III A (4) after clause No. III A (3)

The Company is hereby authorised to expand Computer Software services, which includes all such service which an Internet Service Provider is authorised to provide, email and Bulletin Board Services, can start, R & D activities, procurement of Hardware & Software related to internet services and develop internet services and develop technology services to provide VSAT related services and all multimedia services including creating and designing product for client & E-Commerce.

Place : Calcutta

Date : 29 July 1999

By Order of the Board
For Lee & Nee Softwares (Exports) Ltd.
R. N. Vyas
Chairman.

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 at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. Members are requested to bring their copies of the Report and Accounts to the Meeting.
3. Members are requested to notify any change in their address immediately to the Company.
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 holdings into one account.
5. Shareholders are requested to send all Transfer documents to the Registered Office of the Company by Registered Post to ensure safe delivery of documents.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 15-9-99 to 23-9-99 (both days inclusive)
7. An explanatory statement pursuant to Sec. 173(2) of the Companies Act, 1956 regarding the special business is annexed hereto.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 :-

ITEM NO. 4

The members are aware that at present the Company is carrying on the business of Software Development and Hardware manufacturing. The Company has applied to the Department of Telecommunication, Government of India for a licence to be an Internet Service Provider. As required by the Department of Telecommunication, the business of Internet Service Provider has to be inserted as main object in the Memorandum of Association of the Company.

The Board of Directors of your company recommend the above resolution for approval of the members .

None of the directors is concerned or interested in the resolution save and except to the extent of their holdings in the Company as shareholders.

The Memorandum of Association of the Company will be available for inspection to the members at the Registered Office of the Company on all working days during office hours.



Lee & Nee Softwares (Exports) Ltd.

DIRECTORS' REPORT

To
The Shareholders

Your Directors have pleasure in presenting the Report together with the Audited Statement of Accounts for the year ended 31st March, 1999.

Working and Financial Results :

Total Income during the year was Rs. 6,27,68,796.00 as compared to Rs. 68,71,508.00 in the previous year.

The net impact of the above, has resulted in higher net profit during the year compared to the earlier year.

The Financial Highlights are given below :

	Figures for the Current year		Figures for the Previous Year	
	Rs.	Rs.	Rs.	Rs.
Balance Brought Forward from the Last Year		142,74,242		140,15,906
Profit before Depreciation	197,25,062		10,70,756	
Less Depreciation	<u>12,80,891</u>		<u>8,12,420</u>	
		<u>1,84,44,171</u>		<u>2,58,336</u>
		<u>Rs. 327,18,413</u>		<u>Rs. 142,74,242</u>

Your Directors have decided to plough back the profits of the Company for future expansion and to meet contingent liability. The Units of the Company at Salt Lake and Bhubaneswar are running well. The Company has taken up Web Designing & Web enabled services including E-commerce and Training Activity as its focus area of operation. Lnsel Computer Academy, its education division, which came into operation last year, has created its own brand name in Internet and Web Training and is trying to command a reasonable share of I. T. Training market. The web Division of the Company is running well. Your Directors are pleased to inform you that, Department of Telecommunication, Government of India has granted a licence to your Company as an Internet Service Provider for the Bhubneswar region.

With a view to utilise available resource and reduce costs on all fronts and economise the operational and other expenses as stated in the proposed scheme of amalgamation it has been proposed to amalgamate Lnsel Finance Limited having an 100% export oriented unit for Software development, with your Company, subject to the approval of Hon'ble Hight Court at Calcutta and other approvals as may be necessary for the purpose.

The Company has not accepted any deposit from the Public.

Mr. B. N. Srivastava, Chairman left for heavenly abode during the year under review. The Board places on record its appreciation for the services rendered by him during his tenure and expresses heartfelt condolences.

Your Directors Mr. R. N. Vyas and Mr. Shirish Anjaria retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Your Directors place on record their appreciation for the help and co-operation received by them from Bank of Madura Ltd., UCO. Bank, Allahabad Bank, Indian Overseas Bank, Union Bank of India, Bank of Punjab Ltd., State Government of West Bengal and Orissa and Department of Electronics, Department of Telecommunication, Government of India. Your Directors also place on record their appreciation for the dedicated services rendered by the employees of your Company at all levels.

Your Auditors M/s. Prakash Gupta & Company, Chartered Accountants also retire at the Annual General Meeting and are eligible for re-appointment.

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

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

As regards observations by the Auditors, the said notes are self explanatory.

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 own Software Packages indigenously and designing World wide web sites of its own. |
| C. (a) Foreign Exchange Earning | : | NIL |
| (b) Foreign Exchange Outgo | : | Rs. 2,09,153/- on account of hosting and domain registration expenses. |
| D. Y2K Preparedness | : | The Y2K compliance of your Company's system software and product is expected to be completed by 30.9.99. |
| E. Listing | : | The securities of your Company is listed with the Calcutta, Mumbai and Ahmedabad Stock Exchanges and the Annual Listing Fees to all these three Stock Exchanges has been paid. |

For and on Bahalf of the Board

Place : Calcutta
Date : 29th July 1999

(R. N. Vyas)
Chairman



Lee & Nee Softwares (Exports) Ltd.

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) Limited as on 31st March, 1999 and the Profit & Loss account for the year ended on that date, annexed thereto and report that :

1. As required by the manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 for our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account referred to in this report, are in agreement with the books of account.
 - d) In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit & Loss account read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) in the case of Balance Sheet, of the state of affairs of the Company as on 31st March 1999
 - ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **PRAKASH GUPTA & CO.**
CHARTERED ACCOUNTANTS

Place : Calcutta
Date : 10th May, 1999

(O.P.GUPTA)
Proprietor