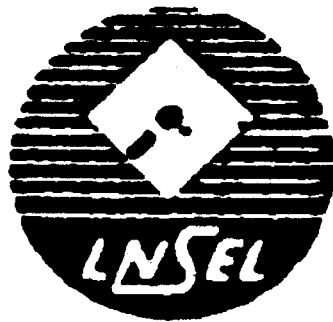


# **Lee & Nee Softwares (Exports) Limited**

## **Fourteenth Annual Report & Accounts 2001-2002**



**This industry in India went into an overdrive after the release of NASSCOM - McKinsey report which predicted that IT - enabled services would account for a man month of \$17 billion business a year**



## Lee & Nee Softwares (Exports) Ltd.

### BOARD OF DIRECTORS

V. K. GOYAL  
S. M. GUPTA  
SHIRISH ANJARIA (SINCE RESIGNED w.e.f. 28.07.2002)  
RAM NARAYAN VYAS  
RAJESH AGARWAL  
PARESH AGARWAL

### AUDITORS

PRAKASH GUPTA & CO.  
CHARTERED ACCOUNTANTS

### BANKERS

ICICI BANK LTD.  
UNITED COMMERCIAL BANK  
ALLAHABAD BANK  
UNION BANK OF INDIA  
BANK OF PUNJAB LTD.  
INDIAN OVERSEAS BANK  
UTI BANK LTD.  
INDUSIND BANK LTD.

### REGISTERED OFFICE AND SOFTWARE DEVELOPMENT CENTRE

SOFTWARE TECHNOLOGY PARK  
SALT LAKE ELECTRONIC COMPLEX,  
BLOCK 'GP' SECTOR-V,  
SDF BUILDING, 4TH FLOOR,  
BIDHANNAGAR, KOLKATA-700 091

### OTHER SOFTWARE DEVELOPMENT CENTRES

SOFTWARE TECHNOLOGY PARK,  
BHUBANESHWAR  
ROURKELA



## Lee & Nee Softwares (Exports) Ltd.

### NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of Lee & Nee Softwares (Exports) Limited will be held at the Registered office of the Company at Saltlake Electronic Complex, Block GP, Sector - V, SDF Building, 4th Floor, Bidhannagar, Kolkata - 700 091 on Friday the 27th day of September, 2002 at 11 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 31st March, 2002 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. Paresh Agarwal and Mr. Rajesh Agarwal who retire by rotation and being eligible offer themselves 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 30th day of August, 2002

Sd/-  
(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 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 and 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 holding 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 19.09.2002 to 27.09.2002 (both days inclusive)



## 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, 2002.

#### Working and Financial Results :

Total Income during the year was Rs.2,83,39,050.39 as compared to Rs.3,25,38,100.00 in the previous year.

The net impact of the above, has resulted in lower net profit during the year compared to the earlier year due to overall recession.

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	1,06,61,170	8,64,43,088
Balance Brought Forward of Amalgamating Company	----- 1,06,61,170	6,06,75,474 14,71,18,562
Profit Before Depreciation unit finance charge	2,87,95,019 3,94,56,189	3,29,29,063 18,00,47,625
Less :		
Depreciation	4,31,138	---
Finance Charge	24,831	4,55,969 3,90,963
Less :	3,90,00,220	17,96,56,662
Provision for Soft ware Devl. & Maintainance	4,52,85,156	16,89,95,492
Profit /Loss	Rs. (62,84,936)	Rs. 1,06,61,170
<b>Dividend</b>		

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

#### Future Prospects

Units of the Company at Salt Lake, Kolkata and Bhubaneswar along with a new unit at Rourkela which has been set up during the year for I.T. enabled services, are running well. The Company is still in the process of implementing, updating and maintaining the biggest shopping super store for Indian products and has set payment gateway with ICICI e-payments Ltd. through its franchisee network. The ISP project of the Company is doing well at Bhubaneswar.

#### Fixed Deposits

The Company has not accepted any deposit from the Public.

#### Directors

Your Directors Mr. Paresh Agarwal and Mr. Rajesh Agarwal retire at the ensuing Annual General Meeting and being eligible offer themselves 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 ended 31.3.2002 and of the profit of the Company for that year.
- (iii) that the Directors had 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.



## Lee & Nee Softwares (Exports) Ltd.

- iv) that the Directors have prepared the annual accounts on a going concern basis.
- v) that none of the Directors is disqualified as on 31.3.2002 from being appointed as a Director of the Company under section 274(1)(g) of the Act, as taken on record by the Board of Directors.

### Auditors

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

### Auditors' Observation

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

### Cash Flow

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.

### Corporate Governance

Your Company has to comply with the Corporate Governance Pursuant to clause 49 of Listing Agreement with the Stock Exchanges and your Company has been able to comply with the said requirements from last year itself 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 of 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 the 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 including Designing World Wide Websites of its own and Medical Transcription which, later on to be upgraded to a call center. |
| C. | (a) Foreign Exchange Earning | : | Rs.-19,30,10,569/- (including sale of other 100% EOU units)  |
|    | (b) Foreign Exchange Outgo   | : | Rs. 5,01,539.98 on account of hosting and domain registration expenses and foreign travel.   |
| D. | Listing                      | : | The Securities of your Company is listed with the Kolkata, Mumbai & Ahmedabad Stock Exchanges and the Annual Listing Fees to all the Three Stock Exchanges has been paid.                          |

### 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, Bank of Punjab Ltd., Indusind Bank, 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.

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

Place : Kolkata

(R.N.Vyas)

Dated : The 30th day of August, 2002

Chairman



## 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

- a) **De-listing :**  
No application for de-listing the Company's securities has been made to any of the Stock Exchange.
- b) **Suspension in Trading :**  
Trading in the Company's Securities was suspended from 03.01.02 to 09.04.02 at Bombay Stock Exchange due to certain non-compliances during the period under review.
- c) **Listing Fees :**  
The Listing fees payable as on 31.03.2002 to the various Stock Exchange aggregating to Rs.  
1,48,125/- 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 objectives can be summarized as:

- To enhance shareholder 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 processes for policy development, implementation and review, decision-making, monitoring, control 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 the Board and report deviation, if any, to the Board.

#### 2. BOARD OF DIRECTORS

##### 2.1 Composition

The Board of Directors comprises six Directors. The composition is as under :-

<b>Name of the Director</b>	<b>Position</b>
Mr. Vinod Kumar Goyal	Executive Director
Mr. Shirish Anjaria(Since resigned 28.07.2002)	Executive Director
Mr. Paresh Agarwal	Non Executive Director
Mr. Ram Narayan Vyas	Non Executive Director
Mr. Rajesh Agarwal	Non Executive Director
Mr. Sagar Mal Gupta	Promotor Director



## Lee & Nee Softwares (Exports) Ltd.

### 2.2 Meeting and attendance record of each Director

(i) 5 Meetings of the Board of Directors were held during the year ended on 31st March, 2002

These were held on :-

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. 28th day of April 2001   | 2. 30th day of July 2001    |
| 3. 30th day of August 2001  | 4. 29th day of October 2001 |
| 5. 31st day of January 2002 |                             |

(ii) The attendance record of the Directors at the Board meetings during the year ended on 31st March, 2002 and the last Annual General Meeting (AGM) is as under.

NAME OF THE DIRECTOR	ATTENDANCE OF BOARD MEETINGS	ATTENDANCE OF LAST AGM
Mr. Ram Narayan Vyas	5	YES
Mr. Vinod Kumar Goyal	3	YES
Mr. Sagarmal Gupta	5	YES
Mr. Paresh Agarwal	1	NO
Mr. Rajesh Agarwal	4	YES
Mr. Shirish Anjaria	1	NO

### 1.1 Other Directorships

The details of other Directorships and Committee Chairmanships and Memberships held by the Directors of the Company are given below:-

NAME OF THE DIRECTORS	NO. OF OTHER DIRECTORSHIP	BOARD CHAIRMAN	COMMITTEE* MEMBER	OTHER COMMITTEE	OTHER COMMITTEE
Mr. Ram Narayan Vyas	—	—	Investors' Grievance Committee Audit Committee	—	—
Mr. Vinod Kumar Goyal	1	1	Investors' Grievance Committee Remuneration Committee	—	—
Mr. Sagarmal Gupta	2	0	NIL	—	—
Mr. Paresh Agarwal	—	—	Audit Committee Chairman	—	—
Mr. Rajesh Agarwal	5	—	Audit Committee	—	—
Mr. Shirish Anjaria	1	1	Remuneration Committee	—	—

### 1.2 Remuneration of Directors

The details of remuneration paid to the wholetime Directors of the Company are given below :-

NIL

### 1.3 Re-appointment of Directors

The brief particulars of the Directors of the Company, retiring by rotation and proposed to be reappointed, at the ensuing Annual General Meeting are as under :-

Sri Paresh Agarwal, aged 30 years - is a Chartered Accountant & widely experienced professional and is associated with the Company since past few years and actively engaged with your Company.

Mr. Rajesh Agarwal, aged 28 years - is a Chartered Accountant, professional and is also a long associates and is actively engaged with your Company.

### 1.4 COMMITTEES

Only three committees, namely, Audit Committee, investors Grievance Committee and Remuneration Committee are considered.