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LEE & NEE SOFTWARES (EXPORTS) LIMITED



Pioneering Indian IT Towards World's Excellence.....



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Lee & Nee Softwares (Exports) Ltd.

BOARD OF DIRECTOR : V. K. GOYAL (SINCE RESIGNED w.e.f. 29.04.04)
S. M. GUPTA
RAJESH AGARWAL — Chairman
PARESH AGARWAL
AJAY KUMAR AGARWAL — Executive Director

AUDITORS : PATANJALI & CO.
CHARTERED ACCOUNTANTS

BANKERS : ICICI BANK LTD.
UNITED COMMERCIAL BANK
ALLAHABAD BANK
UNION BANK OF INDIA
INDIAN OVERSEAS BANK
INDUSIND BANK LTD.
ABN AMRO BANK N.V.
ORIENTAL BANK OF COMMERCE

**REGISTERED OFFICE
AND SOFTWARE
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. 416
4TH FLOOR, KUMTHEKAR ROAD
776/A, SADASHIV PETH
PUNE - 411 030



Lee & Nee Softwares (Exports) Ltd.

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of Lee & Nee Softwares (Exports) Limited will be held at the Registered Office of the Company at Saltlake Electronics Complex, Block GP, Sector-V, SDF Building, 4th Floor, Bidhannagar, Kolkata-700 091 on Thursday the 29th day of September, 2005 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, 2005 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. S. M. Gupta 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 29th day of August, 2005

Sd/-
(Rajesh Agarwal)
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 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 22.09.2005 to 29.09.2005 (both days inclusive).
7. 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.
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. 23799723 number of Company's shares (89.33%) have been dematerialized as on 31.03.2005.

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



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DIRECTORS' REPORT

To,
The Shareholders

Your Directors have pleasure in presenting the 17th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

Working and Financial Results

Total Income during the year was Rs. 1,18,25,818/- as compared to Rs. 1,33,36,541/- in the previous year.

The net impact of the above, has resulted in loss during the year compared to the earlier year due to Call Centre Project which is yet to be stabled 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	(1,79,30,720.07)	(2,09,33,139.63)
Profit / (Loss) Before Depreciation	(63,24,569.69)	32,28,849.76
	(2,42,55,289.76)	(1,77,04,289.87)
Add :		
Depreciation	(2,07,461.23)	(2,26,430.20)
Profit/Loss	<u>Rs. (2,44,62,750.99)</u>	<u>Rs. (1,79,30,720.07)</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 targeting ITES based services, both voice & non-voice based projects from several organisations in USA, UK & Australia.

The Call Centre operation of Company is going on and is in the process of getting stabled but will take time to gain economies of scale.

Expansion

The Company has commenced operation of a Call Centre at 'BBSR' and another BPO unit at 'Pune' keeping an eye to develop and tap the B.P.O. segment in E-accounting and animation project, which will optimise the project cost and reduce the losses.

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 2005-06.

Fixed Deposits

The Company has not accepted any deposit from the Public.

Directors

Your Director Mr. S. M. Gupta retire at the ensuing Annual General Meeting and being eligible offer himself for re- appointment.

Directors' Responsibility Statement

Your Directors confirm :

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



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- (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 safe guarding 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 31.03.2005 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 'C' 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. (CDSIL) 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. 67,26,246.69 (including sale of other 100% EOU units)
(b) Foreign Exchange Outgo : Rs. 49,68,311.38 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.

Place : Kolkata

Dated : The 29th day of August, 2005

Sd/-
(RAJESH AGARWAL)
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 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 31.03.2005 to the various Stock Exchanges aggregating to Rs. 96,750/- 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 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 Board and report deviation, if any, to the Board.

2. BOARD OF DIRECTORS :

2.1 Composition

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

Name of the Director	Position
Mr. Ajay Agarwal (Appointed on 29.4.2004)	Executive Director
Mr. Paresh Agarwal	Non Executive Director
Mr. Rajesh Agarwal	Non Executive Director
Mr. Sagarmal Gupta	Promoter Director

2.2 Meeting and attendance record of each Director

- (i) 6 Meetings of the Board of Directors were held during the year ended on 31st March, 2005.

These were held on :

1. 29th day of April, 2004
2. 31st day of July, 2004
3. 23rd day of August, 2004
4. 30th day of October, 2004
5. 25th day of January, 2005
6. 19th day of February, 2005



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(ii) The attendance record of the Directors at the Board meetings during the year ended on 31st March, 2005 and the last Annual General Meeting (AGM) is as under :

NAME OF THE DIRECTOR	ATTENDANCE AT BOARD MEETINGS	ATTENDANCE AT LAST A G M
Mr. Ajay Agarwal	6	Yes
Mr. S. M. Gupta	6	Yes
Mr. Rajesh Agarwal	6	Yes
Mr. Paresh Agarwal	2	Yes

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 DIRECTOR	NO. OF OTHER DIRECTORSHIP	BOARD CHAIRMAN	COMMITTEE MEMBER	OTHER COMMITTEE
Mr. Ajay Agarwal	—	—	Investors' Grievance Committee, Remuneration Committee	—
Mr. Sagarmal Gupta	2	—	Investors' Grievance Committee, Remuneration Committee	—
Mr. Paresh Agarwal	—	—	Audit Committee, Chairman	—
Mr. Rajesh Agarwal	2	—	Audit Committee	—

1.2 Remuneration of Directors

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

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1.3 Re-appointment of Directors

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

Sri Sagarmal Gupta, aged 55 years, is a Chartered Accountant and widely experienced and is long associated and actively engaged with your Company.

1.4 Committees

Only three committees, namely, Audit Committee, Investors' Grievance Committee and Remuneration committee are constituted.

2. AUDIT COMMITTEE

(i) The Audit Committee was constituted on 31.01.2002. The Committee comprises of two member viz Mr. Rajesh Agarwal & Mr. Paresh Agarwal.

All the members of the Audit committee are independent and non-executive Directors. They possess adequate knowledge of accounts, audit, finance etc. Mr. Paresh Agarwal is the Chairman of the audit Committee.

(ii) During the year Three Audit Committee meetings were held and all the three meetings were attended by both Mr. Paresh agarwal and Mr. Rajesh Agarwal.

The role and powers of the Audit Committee are as laid down under the relevant clauses of the Listing Agreement and Section 292 (A) of the Companies Act, 1956.

3. SHAREHOLDERS AND INVESTORS' GRIEVANCE COMMITTEE :

The Shareholders and Investors' Grievance Committee was constituted on 31.01.2002 to look into the redressal of investors' complaints.

Miss Leena Gupta is designated as the Compliance Officer who at present is overseeing the investors' grievances. As on 31st July, 2005 there were no Complaints pending to reply. There were no share transfers pending for registration as on today beyond 30 days of receipt of such transfer.