



Lee & Nee
Softwares (Exports) Ltd.

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TWENTY EIGHTH
28th

ANNUAL
REPORT & ACCOUNTS
2015-2016



BOARD OF DIRECTORS : AJAY KUMAR AGARWAL — Executive Director
S. M. GUPTA — Promoter Director
ARPITA GUPTA — Non-Executive Director
VIKASH KAMANI — Independent Director
SUSHIL KUMAR GUPTA — Independent Director
LEELA MURJANI — Independent Director

AUDITORS : JAIN SONU & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS : ICICI BANK LTD.
UNION BANK OF INDIA
INDIAN OVERSEAS BANK
INDUSIND BANK LTD.
ROYAL BANK OF SCOTLAND
ORIENTAL BANK OF COMMERCE
ALLAHABAD BANK

REGISTERED OFFICE : 14B, CAMAC STRET, KOLKATA - 700 017
TEL : 033-40650377/0374, FAX : 033-40650378
EMAIL : investors@lnsel.com, WEBSITE : www.lnsel.com

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

REGISTRAR & SHARE TRANSFER AGENTS : MAHESHWARI DATAMATICS PVT. LTD.
6, MANGOE LANE, 2ND FLOOR
KOLKATA - 700 001

CORPORATE IDENTITY NUMBER (CIN) : L70102WB1988PLC045587



NOTICE

NOTICE is hereby given that the Twenty Eighth 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 -700091 on Saturday the 24th September, 2016 at 11 A.M. to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Sagar Mal Gupta (DIN 00536428), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT M/s. Jain Sonu & Associates, Chartered Accountants (Registration No. 324386E) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company."

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

Place: Kolkata
Date: The 23rd July, 2016.

Pritika Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or a member.
2. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) in respect of the director seeking re-appointment at the Annual General Meeting scheduled to be held on September 24, 2016 forms part of the notice. The director has furnished consent/ declaration for his reappointment as required under the Companies Act, 2013 and the Rules thereunder.
3. Members/Proxies are requested to bring the Attendance Slip duly filled in and handover the same at the entrance to the venue of the meeting.
4. 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.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. Members are requested to notify any change in their address and their e-mail id immediately mentioning their name and folio no., to the Registrar and Share Transfer Agents, M/s. Maheshwari Datamatics Pvt. Ltd. 6, Mangoe Lane, Kolkata-700001.



7. Members who hold shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
8. 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.
9. 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.
10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2016 to 24.09.2016 (both days inclusive).
12. The Securities And Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder and transmission/transposition of shares. Members holding shares in physical form shall submit their PAN details to the Registrar and Share Transfer Agent of the Company.
13. 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.
14. As per SEBI's directive, w.e.f June 26,2000 all investor can offer delivery of Company's shares in dematerialized form only. 54011322 number of Company's shares (96.84%) have been dematerialized as on 31.03.2016.

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.
15. Send all share transfer lodgement (physical mode) correspondences to the Registrar and Shares Transfer Agents of the Company.
16. Corporate members are requested to forward a certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
17. To support the "Green Initiative" of the Government, 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 their e-mail id to the Registrar and Share Transfer Agents, M/s Maheshwari Datamatics Pvt. Ltd.
18. The Notice of the AGM, the Annual Report 2015-16 along with the Attendance slip and Proxy form, are being sent by electronic mode to those Members whose email address are registered with the Company/Depositories, unless any Member has requested for physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Annual Report will also be available on the Company's website viz. www.lnsel.com.
19. All documents referred to in the accompanying Notice shall be open for inspection at the registered office of the Company during business hours except on holidays, up to and including the date of the Annual General Meeting of the Company.
20. **Information and other instructions relating to e-voting are as under :**
 - I. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). Necessary arrangements have been made by the Company with NSDL to facilitate remote e-voting.



- II. The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the AGM. Members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. Members who have already cast their vote through remote e-voting may attend the AGM but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Smt. Rasna Goyal, Practicing Company Secretary (C.P No 9209) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting in a fair and transparent manner.

- III. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. September 17, 2016.
- IV. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. September 17, 2016 only shall be entitled to avail the facility of remote e-voting / voting through ballot or polling paper at the Meeting.
- V. Any person who become members of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 17, 2016, may obtain the User ID and password for e-voting by sending email intimating DP ID and Client ID / Folio No. at evoting@nsdl.co.in or can vote through ballot paper to be downloaded from the Company's website www.lnsel.com.
- VI. The e- voting period begins on 21st September, 2016 at 9.00 AM and ends on 23rd September, 2016 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 17, 2016, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- VII. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses who are not in employment of the Company and make, not later than three days of conclusion of the Meeting, a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.lnsel.com and on the website of NSDL www.evoting.nsdlindia.com. The results shall simultaneously be communicated to the Stock Exchanges.
- VIII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 24, 2016.

IX. The process and manner for remote e-voting are as under:

A. In case a Member receives an email from NSDL (for members whose e-mail ID's are registered with the Company/ Depository Participants):

- (i) Open the e-mail and open pdf file "Lee and Nee e-voting.pdf" with your Client ID or Folio No. as password. The pdf file contains your user ID and password/PIN for e-voting. Please note that this password is an initial password.
- (ii) The shareholder should launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- (iii) Click on "Shareholder – Login".
- (iv) Type User ID and password as initial password/ PIN noted in step (i) above. Click Login.
- (v) You will now reach Password Change Menu, wherein you are required to mandatorily change your password/ PIN with new password of your choice. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). On first login, the system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. in the user profile details of the folio, which may be used for sending future communications. You will also need to enter a secret question and answer of your choice to retrieve your password in case you forget it. Note your new password. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (vi) You need to login again with the new credentials. Home page of e-voting will open. Click on "e-voting: Active Voting Cycles".



- (vii) Select the "EVEN" (Electronic Voting Event Number) of Lee & Nee Softwares (Exports) Limited. Now you are ready for e-voting as Cast Vote page opens.
 - (viii) On the voting page, you may cast your vote by selecting an appropriate option "For" or "Against" and click "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message "Vote Cast Successfully" will be displayed.
 - (ix) You can similarly vote in respect of all other resolutions forming part of the Notice of the Annual General Meeting. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
 - (x) If you wish to log out after voting on a few resolutions and continue voting for the balance resolutions later, you may click on "RESET" for those resolutions for which you have not yet casted the vote.
 - (xi) Corporate/ Institutional Members (i.e., other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at the email address: 'evoting@lnsel.com' with a copy marked to 'evoting@nsdl.co.in'. The scanned image of the above mentioned documents should be in the naming format: Corporate Name_EVEN NO.
- B. In case a Member receives physical copy of the Notice of the AGM (for Members whose e-mail addresses are not registered with the Company / Depositories):**
- (i) Initial password is provided in the enclosed attendance slip: EVEN (E-voting Event Number) + USER ID and PASSWORD
 - (ii) Please follow all steps from Sl. No. (ii) to (xi) as mentioned in (A) above, to cast your vote.
- C. Members who are already registered with NSDL for e-voting can use their existing User ID and password/ PIN for casting their votes. If they forgot the password, they can reset it by using "Forgot User Details/ Password" option available on www.evoting.nsdl.com.**
- D. In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of <https://www.evoting.nsdl.com>.**
- X. The Voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date of September 17, 2016.

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

Place: Kolkata
Date: The 23rd July, 2016.

Pritika Gupta
Company Secretary



ADDITIONAL INFORMATION OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS, 2015 IS GIVEN BELOW:

Name of the Director	Mr. S.M.Gupta
Date of Birth	01.07.1950
Appointed On	15.12.1991
Qualification	B.COM (Hons.), FCA, LLB (Advocate)
Expertise	He is an expert in Law, commerce and finance and widely travelled throughout the globe and has experience in a software business since 1989.
Directorship held in other Companies	RITURAJ SHARES AND SECURITIES LTD.
Committee Memberships, if any, with position	Member of Audit Committee and Stake holder Relationship Committee of Lee & Nee Softwares (Exports) Ltd.
Shareholding	1193817 Equity shares of Rs. 10 each



DIRECTORS' REPORT

To,
The Shareholders

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Financial Statements and their Report thereon for the financial year ended 31st March, 2016.

Financial Results

Amount in (₹)

Particulars	<u>Consolidated</u>		<u>Standalone</u>	
	<u>2015-16</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2014-15</u>
Balance Brought Forward from the Last Year	(24753200.34)	(25086541.74)	(25608352.52)	(25393339.57)
Profit/(Loss) Before Depreciation and Taxation	723462.52	1175078.62	591375.49	411507.27
	(24029737.82)	(23911463.12)	(25016977.03)	(24981832.30)
Less: Depreciation	(391148.00)	(540944.00)	(375760.00)	(457082.00)
Less: Taxation	-	-	-	-
Add: Taxes relating to earlier year	-	89578.78	-	89578.78
Less: Adjustment on account of Schedule II	-	(390372.00)	-	(259017.00)
Profit / (Loss)	(24420885.82)	(24753200.34)	(25392737.03)	(25608352.52)

Company's Performance

During the period under review, at consolidated level, the company achieved revenue of Rs. 24,467,839.24, EBDITA Rs.723,462.52, PBT of Rs. 332,314.52 and PAT of Rs. 332,314.52 as against a revenue of Rs. 23,838,167.97, EBDITA Rs.1,175,078.62, PBT of Rs. 634,134.62 and PAT of Rs 723,713.40 respectively in the previous year.

At standalone level, the company achieved revenue of Rs. 14,821,362.35, EBDITA Rs.591,375.49, PBT of Rs. 215,615.49 and PAT of Rs. 215,615.49 as against a revenue of Rs. 15,778,989.21, EBDITA Rs. 411,507.27, PBT of Rs. (45,574.73) and PAT of Rs 44,004.05 respectively in the previous year.

At the Standalone level the sales of the Company have marginally decreased as compared to previous year. The export sales were comparatively lower as compared to previous year whereas domestic sales have comparatively increased in this year being the equally focused area. And at the Consolidated level the sales of the Company has increased as compared to last year, as Company has equally focused on the business of both the subsidiary companies.

A detailed Management Discussion and Analysis Report forms part of this report is annexed as Annexure-1.

Dividend

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

Quality Initiatives & Achievements:

The Company successfully achieved annual enterprise-wide ISO certification for ISO 9001:2008 (Quality Management) for Software Development, ERP Solution, Website Development, Medical Transcription & Search Engine Optimization.

Reserves

No amount was transferred to the reserves during the financial year ended on 31st March, 2016.

Future Prospects

Your company have achieved good amount of business from domestic market in this year. The Company has also explored the U.K market recently to expand its share of business in the overseas market. The Company has identified new avenues of software business i.e Oracle and HRMS Services. Ecommerce business is picking up in India helping the company to get more software business from the domestic market. Oracle is another new area in which the company has entered since last year and is hopeful in completing the projects successfully.



Here is a list of what your company plans for the coming years:

- Your Company is looking forward to work in the areas of ERP Solutions, Digital Marketing and Mobile Apps development as there is huge potential in these areas.
- Your Company is now focused on successfully completing and expanding Oracle Applications business both in domestic as well as in overseas market.
- Your Company has developed specific products for leather exports, Dry flowers exports and LED lights industry.
- Your Company is further developing more customized solutions using dot net & PHP as a cloud based solutions for various business verticals relating to manufacturing and trading sector.
- Your Company is also approaching for the business to the public sector enterprises for their business in oracle and other digital based projects.

Your Company is constantly striving for new fields of innovation, improved performance with a continued sense of commitment to a higher standard. 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 efficiency and delivering excellence in project execution.

Subsidiary companies

The Company has two subsidiaries namely Linsel Web Services Pvt Ltd and Rituraj Shares Broking Pvt. Ltd. as on March 31, 2016. The Company does not have any Associate or Joint Venture Companies. There has been no material change in the nature of the business of the subsidiaries.

Pursuant to the provision of Section 129(3) of Companies Act, 2013, a statement containing salient features of the Financial Statements of the Company's subsidiaries in Form AOC-1 is attached to the Financial Statements of the Company as Annexure-2.

The audited financial statements of each of its subsidiary companies are available for inspection at the Company's registered office and also at registered offices of the respective companies.

The Company has adopted a policy for determining the criteria of material subsidiaries which can be viewed at the Company's website at the link: <http://www.linsel.com>

Deposits

Your Company has not accepted any Public Deposits during the year. Hence, there is no outstanding amount of principal or interest as on the date of Balance Sheet.

Particulars of loans, guarantees and investments

There are no Loans, Guarantees and Investments made under the provisions of Section 186 of the Companies Act, 2013 during the year under review.

Related Party Transactions

There are no contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 save and except the carry forward balances appearing in the notes to accounts.

Corporate Social Responsibility Initiatives

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) and 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;



- (b) the Directors have selected such accounting policies and applied them consistently and made judgments 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 period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Directors

Your Director Mr. S.M. Gupta retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Additional information and brief profile as required under the SEBI Regulations for the Director seeking reappointment is annexed to the Notice of AGM.

Board and Committee Meetings

Five meetings of the board were held during the year. For details of the meetings of the board and its Committees, please refer to the Corporate Governance Report, which forms part of this report.

Board Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the directors and the working of its Committees on the evaluation criteria defined by the Nomination and Remuneration Committee for performance evaluation process of the Board, its Committee and Directors.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were assessed on the degree of fulfillment of key responsibilities, adequacy of Committee Composition and effectiveness of Meetings. The Directors including the Chairman of the Board were evaluated on parameters such as level of attendance, engagements and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the directors being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Policy on Appointment of Director and Remuneration

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise, skills, knowledge and experience of the person for appointment as Director and Key Managerial Personnel. The appointment of a Director as recommended by the Nomination and Remuneration Committee requires approval of the Board.

The remuneration determined for Executive/ Independent Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors. The Non-Executive Directors appointed on the Board are paid sitting fees for attending the Board and Board Committee meetings. No other remuneration or commission is paid to the Non-Executive Directors.