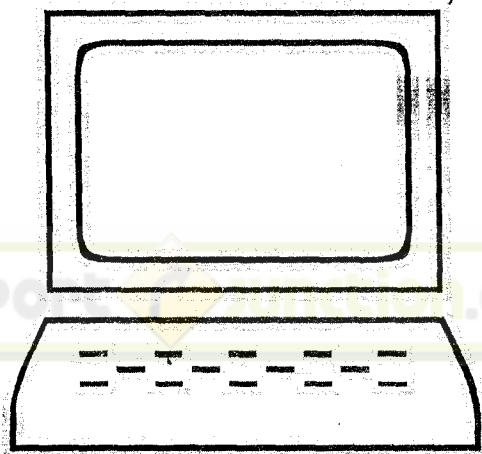


SHYAM SOFTWARE INDUSTRIES LIMITED



ELEVANTH ANNUAL REPORT 2005-06

ELEVENTH ANNUAL REPORT

ELEVENTH ANNUAL REPORT 2005-06

Board of Directors	:	Shri Vishnu Sharma	<i>Chairman & Managing Director</i>
		Shri Amit Khaksa	<i>Director</i>
		Shri Pankaj Bulani	<i>Director</i>
		Shri Deepak Sharma	<i>Director</i>
		Shri Shyamkishor Delhiwala	<i>Director</i>

Bankers : Citi Bank

Auditors : M/s. B. S. Rajput & Associates
Chartered Accountants
Ahmedabad

Registered Office : Plot No. B-13/14/15,
Phase – II, GIDC Industrial Area,
Naroda, Ahmedabad-382 330.

**Registered and Share
Transfer Agents** : M/s. Pinnacle Share Registry Pvt. Ltd.
Near Asoka Mills Premises,
Naroda Road,
Ahmedabad - 380 025.

SHYAM SOFTWARE INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the ELEVENTH ANNUAL GENERAL MEETING of the Members of SHYAM SOFTWARE INDUSTRIES LIMITED will be held as scheduled below:

Date : 26th September, 2006
Day : Tuesday
Time : 12.00 Noon
Place : At the Registered Office
of the Company at:
Plot No. B-13/14/15,
Phase – II, GIDC Industrial Area,
Naroda, Ahmedabad-382 330.

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the Financial Year 2005-06 ended on 31st March, 2006 and the Balance Sheet as on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Shyamkishore Delhiwala, who retires by rotation and, being eligible, offers himself for re appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

Plot No. B-13/14/15,
Phase – II, GIDC Industrial Area,
Naroda, Ahmedabad 382 330.
Date : 30th June, 2005.

By Order of the Board,

VISHNU SHARMA

Chairman & Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Shares Transfer Books of the Company will remain closed from Tuesday, the 5th September, 2006 to Tuesday, the 26th September, 2006 (both days inclusive).
3. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
4. Members are requested to:
 - a) Intimate, if Shares are held in the same name or in the same order and names, but in more than one account to enable the Company to club the said accounts into one account.
 - b) Notify immediately the Change in their registered address, if any, to the Company.
5. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE301B01012.

ELEVENTH ANNUAL REPORT

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the ELEVENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2005-06 ended on 31st March, 2006.

1. FINANCIAL RESULTS :

	2005-06	(Rs.in Lacs) 2004-2005
Operating Loss (Before Interest & Depreciation)	0.47	0.10
Less:Interest	—	—
Loss before Depreciation	0.47	0.10
Less:Depreciation	—	—
Loss	0.47	0.10
Add:Balance brought forward from previous year	19.92	19.82
Loss carried to Balance Sheet	20.39	19.92

No provision has been made during the year under review for Depreciation and Deferred Tax liability.

2. DIVIDEND:

In view of losses suffered by the Company during the year under review and accumulated losses of the Company, the Board of Directors are unable to recommend any dividend on Equity Shares of the Company for the year under review.

3. OPERATIONS:

During the year 2005-06, the Company has generated income of Rs. 1.38 lacs by way of Student fees and other income as compared to Rs. 2.50 lacs during 2004-05. The Company suffered Operating Loss of Rs. 0.47 lacs during 2005-06 compared to Rs. 0.10 lacs during 2004-05. The Company incurred Net Loss of Rs. 0.47 lacs during 2005-06 compared to Rs. 0.10 lacs during 2004-05.

4. DIRECTORS:

- 4.1 Mr. Vishnu Sharma was appointed, through Postal Ballot, as Managing Director of the Company w.e.f. 1st April, 2006 for a period of 5 years after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- 4.2 Mr. Amit Khaksa, Mr. Pankaj Bulani and Mr. Deepak Sharma were appointed, through Postal Ballot, as Directors of the Company w.e.f. 1st April, 2006 after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- 4.3 Mr. Vinit Bansal and Mr. Ajay Nandurkar ceased to be Director upon resignation w.e.f. 1st April, 2006. Mr. Niraj Delhiwala and Ms. Rashmi Goyal (who was appointed as Director w.e.f. 20th September, 2005) ceased to be Director upon resignation w.e.f. 15th June, 2006. The Board placed on record its sense of appreciation for the guidance, advice and services rendered by them during their tenure as Directors of the Company.
- 4.4 One of your Directors viz. Mr. Shyamkishore Delhiwala retires by rotation in terms of Articles 137, 138 and 139 of the Articles of Association of the Company. He, however, being eligible, offers himself for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that 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 31st March, 2006 being end of the financial year 2005-06 and of the Loss of the Company for the year;

SHYAM SOFTWARE INDUSTRIES LIMITED

(iii) that the Directors have taken proper and sufficient care for 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) that the Directors have prepared the annual accounts on a going concern basis.

6. DEMATERIALISATION OF EQUITY SHARES:

To facilitate holding of securities in dematerialised/electronic form, the Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Thus, shareholders have an option to dematerialise their shares with either of the depositories. The ISIN No. allotted is INE301B01012.

7. LISTING:

The Equity Shares of the Company are listed on Ahmedabad and Mumbai Stock Exchanges. The Company has paid Annual Listing Fees upto the year 2005-06.

8. SHIFTING OF REGISTERED OFFICE:

The Board of Directors in their meeting held on 15th June, 2006 have shifted the Registered Office of the Company to Plot No. B-13/14/15, Phase – II, GIDC Industrial Area, Naroda, Ahmedabad-382 330.

9. CHANGE OF MAIN OBJECTS OF THE COMPANY:

The Main Objects of the Company has been changed by way of substituting the object of manufacturing, marketing and dealing in all types of Bakery Products, Confectionery Items, Grains, Pulses, Pharmaceuticals and Biological Products.

10. CORPORATE GOVERNANCE:

The Report on Corporate Governance required under Clause 49 of the Listing Agreement is annexed.

11. GENERAL:

11.1 INSURANCE:

The Company's properties continue to be adequately insured against risks such as fire, riot, strike, civil commotion, malicious damages etc.

11.2 AUDITORS:

The present Auditors of the Company M/s. B. S. Rajput & Associates, Chartered Accountants, Ahmedabad were appointed as Auditors at the Extra Ordinary General Meeting held on 3rd May, 2006 and will retire at the ensuing 11th Annual General Meeting. M/s. B. S. Rajput & Associates, Chartered Accountants, have submitted certificate for their eligibility for appointment under Section 224 (1B) of the Companies Act, 1956. The notes and remarks of Auditors are self explanatory. **The specific remarks of the Auditors for non provision of certain overdue advances aggregating to Rs. 1,88,32,670/-, non provision of depreciation of Rs. 64,252/- and non provision of diminution in value of investments amounting to Rs. 1,25,50,000/- have been explained in the notes on accounts for the year 2005-06.**

11.3 PARTICULARS OF EMPLOYEES:

There is no person drawing remuneration requiring disclosure under Section 217(2 A) of the Companies Act, 1956.

11.4 DEPOSITS:

At the end of the Financial Year under Report, no Fixed Deposit remains unpaid which was due for repayment.

12. PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

Your Company being in the industry of software development, the particulars relating to Conservation of Energy, Technology absorption etc. required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. The Company has not earned or spent any foreign exchange during the year under report.

13. ACKNOWLEDGMENT:

Your Directors express their sincere gratitude for the assistance and co operation extended by Promoters, Banks, Government Authorities, Employees and Shareholders.

For and on behalf of the Board,

Place : Ahmedabad
Date : 30th June, 2006.

VISHNU SHARMA
Chairman & Managing Director

ELEVENTH ANNUAL REPORT

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis a vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1)Membership/(2)Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 20-09-2005 Yes(Y)/ No(N)
Vishnu Sharma +	Chairman & Managing Director Executive	1	-	-	N
Amit Khaksa +	Non Executive Independent	-	-	-	N
Pankaj Bulani +	Non Executive Independent	-	-	-	N
Deepak Sharma +	Non Executive Independent	-	-	-	N
Shyamkishore Delhiwala	Non Executive Independent	-	-	8	Y

+ Appointed w.e.f. 1st April, 2006.

* Private companies excluded.

b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Name of Director	Shyamkishore Delhiwala
Date of Birth	04-10-1938
Date of Appointment	26-04-1995
Expertise in specific functional areas	Administration & Finance
List of Public Limited Companies in which Directorships held	—
Chairman/Member of the Committees of the Board of Directors of the Company	—
Chairman/Member - of the Committees of Directors of other companies.	—

c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/ Director briefs the Directors at every Board Meeting about the overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 30-06-2005, 28-07-2005, 01-09-2005, 20-09-2005, 27-10-2005, 13-01-2006, 20-01-2006 and 11-02-2006.