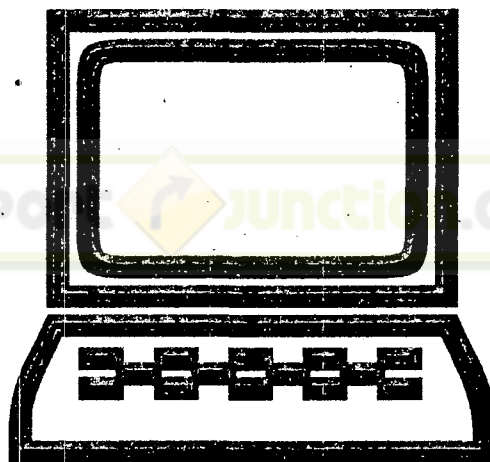


SHYAM SOFTWARE INDUSTRIES LIMITED



THIRTEENTH ANNUAL REPORT 2007-08

THIRTEENTH ANNUAL REPORT

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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,
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.

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SHYAM SOFTWARE INDUSTRIES LIMITED

NOTICE

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

Date : 20th September, 2008
 Day : Saturday
 Time : 12.00 Noon
 Place : At the Registered Office
 of the Company at:
 Plot No. B-13 & 14,
 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 2007-08 ended on 31st March, 2008 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. Pankaj Bulani, 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.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of the Central Government under the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from 'Shyam Software Industries Limited' to 'Shyam Industries Limited' or any other name that may be allowed by the Central Government and acceptable to the Board of Directors and accordingly wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name 'Shyam Industries Limited' or any other name that may be allowed by the Central Government and acceptable to the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is authorised to take all necessary steps/actions for the effective implementation of the Resolution."

Registered Office:

Plot No. B-13 & 14,
 Phase – II, GIDC Industrial Area,
 Naroda, Ahmedabad 382 330.
 Date : 12th August, 2008

By Order of the Board,

VISHNU SHARMA
 Chairman & Managing Director

NOTES

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item No. 4 set out in the Notice is annexed hereto.
2. 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.
3. 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 2nd September, 2008 to Saturday, the 20th September, 2008 (both days inclusive).

THIRTEENTH ANNUAL REPORT

4. 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.
5. 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.
6. 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.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying notice dated 12th August, 2008 and should be taken as forming part of the notice.

In respect of Item No. 4:

The Company was originally incorporated on 26th April, 1995 as 'Matrix Software System Limited'. Thereafter, the name of the Company was changed to 'Shyam Software Industries Limited' w.e.f. 20th October, 1997 vide fresh Certificate of Incorporation on change of name dated 21st November, 1997 issued by the Registrar of Companies, Gujarat.

The High Court of Gujarat, Ahmedabad vide its Order dated 7th July, 2008 in Company Petition No. 104 of 2008 in the matter of Composite Scheme of Arrangement under Section 100 to 103 read with Section 391 to 394 of the Companies Act, 1956 have approved Composite Scheme of Amalgamation of Majesty Agro Foods Private Limited with the Company and also Reconstruction of Capital of the Company. The said Scheme also includes approval of High Court of Gujarat for Change of Name of the Company from 'Shyam Software Industries Limited' to 'Shyam Industries Limited'.

There is already an existing Company registered with the name 'Shyam Industries Limited'. As per the provision of the Companies Act, 1956, the name of the Company should not be such which is identical with or nearly resembles with the name by which a company in existence has been previously registered. The Board of Directors, therefore, may be authorised to apply for other name if 'Shyam Industries Limited' as approved in the Scheme is not available to the Company.

As per Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the approval of members by way of Special Resolution is necessary for change of name of the Company. The Company, thereafter, will approach the Central Government for its approval.

Copy of the Memorandum and Articles of Association of the Company are open for inspection at the Registered office of the Company on all working days during normal business hours.

No Director is concerned or interested in the said resolution.

The Board recommends the Resolution for your approval.

Registered Office:

Plot No. B-13 & 14,
Phase - II, GIDC Industrial Area,
Naroda, Ahmedabad 382 330.
Date : 12th August, 2008

By Order of the Board,

VISHNU SHARMA
Chairman & Managing Director

SHYAM SOFTWARE INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

The Directors present the THIRTEENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2007-08 ended on 31st March, 2008.

1. COMPOSITE SCHEME OF AMALGAMTION OF MAJESTY AGRO FOODS PRIVATE LIMITED WITH THE COMPANY AND RECONSTRUCTION OF CAPITAL OF THE COMPANY:

The High Court of Gujarat, Ahmedabad vide its Order dated 7th July, 2008 in Company Petition No. 104 of 2008 connected with Company Application No. 65 of 2008 in the matter of Composite Scheme of Arrangement under Section 100 to 103 read with Section 391 to 394 of the Companies Act, 1956 have approved Composite Scheme of Amalgamation of Majesty Agro Foods Private Limited with the Company and also Reconstruction of Capital of the Company. This Composite Scheme of Arrangement provides for the Amalgamation of Majesty Agro Foods Private Limited with the Company and Reconstruction of Capital of the Company including Reduction of Equity Share Capital of the Company pursuant to Section 391 to 394 read with Section 100 to 103 of the Companies Act, 1956 respectively.

The following are salient features of the Composite Scheme:

- a) The Appointed Date of the Composite Scheme is 1st April, 2006.
- b) Capital Reduction:

In view of the impairment of current assets and accumulated losses necessitated restructuring of Share Capital as under so as to present realistic picture of Financial Affairs:

- i) The existing paid up capital shall be reduced from Rs. 4,41,11,000/- to Rs. 1,23,51,080/- i.e. 72% of the existing capital shall be reduced from the Share Capital Account and shall be transferred to Reconstruction Account and only 28% of the existing capital shall be retained
- ii) The Company shall issue 14 new shares of Re. 1/- each against 5 existing equity shares of Rs. 10/- each. The Share Capital shall therefore be reduced to Rs. 1,23,51,080/- divided into 1,23,51,080 equity shares of Re. 1/- each.
- iii) No fractional entitlements shall be issued. The Directors of the Company shall consolidate all such fractional entitlements and allot shares in lieu thereof, which in turn shall be sold at the best available price for distributing amongst the members in proportion of their fractional entitlements.
- iv) The new equity shares of Re. 1/- each will be issued in dematerialised form to the existing shareholders who hold the share in dematerialised form and in physical form to the existing shareholders who hold the share in physical form.

- c) Amalgamation:

The following are salient points of the Amalgamation of Majesty Agro Foods Private Limited with the Company under Section 391 to 394 of the Companies Act, 1956:

- i) All the assets / liabilities of Majesty Agro Foods Private Limited as a going concern shall be transferred to and vested in or deemed to be transferred to and vested in the Company w.e.f. 1st April, 2006.
- ii) The Authorised Share Capital of the Company of Rs. 5,70,00,000/- shall be increased to Rs. 9,20,00,000/- consequent to the Scheme of Amalgamation.
- iii) The Company shall allot at par 10 equity share of Re. 1/- each against 1 equity share of Rs. 10/- each to the shareholders of Majesty Agro Foods Private Limited. Accordingly 3,34,60,000 equity shares of Re. 1/- each shall be allotted to shareholders of Majesty Agro Foods Private Limited thereby increasing the paid up capital of the Company to Rs. 4,48,11,080/- divided into 4,48,11,080 equity shares of Re. 1/- each.
- iv) The new equity shares shall rank pari passu in all respects.
- d) The Board of Directors will fix the 'Record Date' in consultation with the Stock Exchanges for the purpose of issue of new shares of Re. 1/- each to Shareholders of the Company (upon Reduction of Capital as well as Splitting of Shares) and Shareholders of Majesty Agro Foods Private Limited (upon Amalgamation of Majesty Agro Foods Private Limited with the Company).
- e) Subject to completion of necessary formalities the name of the Company shall be changed to 'Shyam Industries Limited'.

THIRTEENTH ANNUAL REPORT

2. POST-AMALGAMATION FINANCIAL RESULTS:

	2007-08 (Post Amalgamation)	(Rs.in' Lacs) 2006-07* (Pre Amalgamation)
Operating Profit / (Loss) (Before Interest & Depreciation)	35.83	(0.82)
Less: Interest	0.46	—
Profit / (Loss) before Depreciation	35.37	(0.82)
Less: Depreciation	29.08	—
Profit / (Loss) before Extraordinary items	6.29	(0.82)
Less: Loss on Sale of Investment/ written off Advances	-	301.26
Profit / (Loss) before Tax	6.29	(302.08)
Less: Provision for Taxation	1.20	-
Add: Deferred Tax Assets	1.19	-
Less: Prior Period Adjustment	1.18	-
Net Profit / (Loss) after Tax	5.10	(302.08)
Add: Balance brought forward from previous year	-	(20.39)
Profit / (Loss) carried to Balance Sheet	5.10	(322.47)

* These results are not comparable as the same are Pre-amalgamation results.

3. DIVIDEND:

In view of insufficient profits earned during the year under review and also to conserve the resources for the expansion of the activities and working capital requirement of the Company, the Board of Directors have not recommended dividend for the year under review.

4. OPERATIONS:

As per the Composite Scheme of Arrangement under Section 100 to 103 read with Section 391 to 394 of the Companies Act, 1956 the entire business of M/s. Majesty Agro Foods Private Limited as merged with the business of the Company.

The Company is now in the business of Bread, Bakery products and Confectionaries. The Company has franchisee agreement with Unilever Limited for manufacturing and marketing of Modern Bread in Gujarat. The Company also has marketing franchisee agreement with Parle Agro Private Limited for their Confectionery Division for Gujarat and Uttar Pradesh.

The operations reflect mainly the operations carried out by Majesty Agro Foods Private Limited during the year 2007-08. During the year 2007-08, total sales of the Company was Rs. 713.95 lacs.

The Company earned Operating Profit of Rs. 35.83 lacs during 2007-08. As the Company had to provide for Interest of Rs. 0.46 lacs during the year under review, the Profit before Depreciation stood at Rs. 35.37 lacs during the year under review. The Company provided Rs. 29.08 lacs for Depreciation and, therefore, Profit before tax stood at Rs. 6.29 lacs during the year under review. After taking into account Provision for taxation, Deferred Tax Assets and prior period Adjustments, the Net Profit for the year under review stood at Rs. 5.10 lacs.

5. FUTURE PLANS:

The Company has recently acquired from another franchisee of Unilever Limited rights for manufacturing and marketing of Modern Bread in South Gujarat and border area of Rajasthan, Madhya Pradesh and Maharashtra. The Company is also planning to put up another unit in Uttar Pradesh for Bread and Bakery products with Branded Retail Outlet.

The Company is also exploring the possibility of exporting Bakery products in Gulf, South Asian and African Countries.

The Company is also planning to diversify its activities for manufacturing and marketing of Packed Namkeen.

SHYAM SOFTWARE INDUSTRIES LIMITED

6. DIRECTORS:

One of your Directors viz. Mr. Pankaj Bulani 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.

7. 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, 2008 being end of the financial year 2007-08 and of the Profit of the Company for the year;
- (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.

8. 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.

9. 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 2008-09.

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 and will retire at the ensuing Annual General Meeting. M/s. B. S. Rajput & Associates, Chartered Accountants, have submitted certificate for their eligibility for appointment under Section 224(1-B) of the Companies Act, 1956. The notes and remarks of Auditors are self-explanatory. The specific remarks of the Auditors for non-provision of depreciation of Rs. 64,252/- and Related Party Disclosure as per Accounting Standard - 18 have been explained in the notes on accounts for the year 2007-08.

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 IS AT ANNEXURE - I:

13. ACKNOWLEDGMENT:

Our 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 12th August, 2008.

VISHNU SHARMA
Chairman & Managing Director

THIRTEENTH ANNUAL REPORT

ANNEXURE - I

1. CONSERVATION OF ENERGY:

- A. Energy Conservation measures taken: The Company gives top most priority to energy conservation and has undertaken continuous measures in this respect, which has shown positive result. New measures are planned to achieve further reduction in energy consumption.
- B. Additional investment and proposal if any being implemented for reduction in consumption of energy: NIL.
- C. Energy Consumption in terms of electricity, LDO and Gas has been reduced.
- D. Total energy consumption and energy consumption per unit of production: Form A is annexed.

2. TECHNOLOGY ABSORPTION:

- A. Adoption and innovation: Only the latest technology has been adopted in the Company.
- B. Research and Development (R & D): NIL

FORM - A

Disclosure of particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

Particulars	2007-08	2006-07
Electricity :		
Purchased Units (kwh/lacs)	1.3568	NIL
Total Amount (Rs, in Lacs)	7.66	NIL
Rate / Unit (Rs.)	5.64	NIL
LDO : (Light Diesel Oil)		
Purchased (Ltr./ lacs)	NIL	NIL
Total Amount (Rs, in Lacs)	NIL	NIL
Rate / Ltr (Rs.)	NIL	NIL
GAS :		
Total Calorific / lacs	1.19	NIL
Total Amount (Rs, in Lacs)	29.78	NIL
Rate / Ltr (Rs.)	25.00	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION :

Production of Bread (Kg)	2820997	NIL
Total Consumption Cost per Kg	1.33	NIL

SHYAM SOFTWARE INDUSTRIES LIMITED

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 Director ships *	Committee (1)Membership/ (2)Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM held on 24 th September, 2007 Yes(V)/No(N)
Vishnu Sharma Chairman & Managing Director	Executive	1	-	8	Y
Amit Khaksa	Non Executive Independent	-	-	8	Y
Pankaj Bulani	Non Executive Independent	-	-	7	Y
Deepak Sharma	Non Executive Independent	-	-	7	Y
Shyamkishore Delhiwala	Non Executive	-	-	5	Y

* Private companies excluded.

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

Name of Director	Pankaj Bulani
Date of Birth	17-08-1977
Date of Appointment	01-04-2006
Expertise in specific functional areas	Accounts & Finance
List of Public Limited Companies in which Directorships held	-
Chairman/Member of the Committees of the Board of Directors of the Company	Audit & Remuneration Committee
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 01-04-2007, 16-04-2007, 29-06-2007, 31-07-2007, 31-10-2007 16-01-2008, 31-01-2008 and 14-02-2008