

SHYAM SOFTWARE INDUSTRIES LIMITED



TENTH ANNUAL REPORT 2004-2005

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Board of Directors : Shri Shyamkishor Delhiwala *Chairman*
Shri Niraj Delhiwala *Director*
Shri Ajay Nandurkar *Director*
Shri Vinit Bansal *Director*

Company Law Consultant : Shri Kashyap R. Mehta
Company Secretary,
Ahmedabad

Bankers : Bank of Baroda
Nutan Nagrik Sahakari Bank Ltd.

Auditors : M/s. S. V. Dave & Associates
Chartered Accountants
Ahmedabad

Legal Advisors : Shri S.A. Desai
Advocate,
Ahmedabad

Registered Office : C-1, Sonarika Apartments
IIM Road,
Polytechnic Cross Roads,
Ahmedabad 380 015

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

NOTICE

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

Date : 20th September, 2005
Day : Tuesday
Time : 12.00 Noon
Place : At the Registered Office
of the Company at:
C - 1, Sonarika Apartments,
IIM Road, Polytechnic Cross Roads;
Ahmedabad - 380 015.

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the Financial Year 2004-05 ended on 31st March, 2005 and the Balance Sheet as on that date alongwith Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Shyamkishor 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:
C - 1, Sonarika Apartments,
IIM Road,
Polytechnic Cross Roads,
Ahmedabad - 380 015.
Date : 30th June, 2005.

By Order of the Board,

NIRAJ DELHIWALA
Director

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 6th September, 2005 to Tuesday, the 20th September, 2005 (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.

DIRECTORS' REPORT

Dear Shareholders,

The Directors present the TENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2004-05 ended on 31st March, 2005.

1. FINANCIAL RESULTS :

	2004-05	(Rs.in Lacs) 2003-2004
Operating Loss (Before Interest & Depreciation)	0.10	0.25
Less:Interest	---	---
Loss before Depreciation	0.10	0.25
Less:Depreciation	---	---
Loss	0.10	0.25
Add:Balance brought forward from previous year	19.82	19.57
Loss carried to Balance Sheet	19.92	19.82

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 2004-05, the Company has generated income of Rs. 2.50 lacs by way of Student fees and other income as compared to Rs. 3.92 lacs during 2003-04. The Company suffered Operating Loss of Rs. 0.10 lacs during 2004-05 compared to Operating Loss of Rs. 0.25 lacs during 2003-04. The Company incurred Net Loss of Rs. 0.10 lacs during 2004-05 compared to Net Loss of Rs. 0.25 lacs during 2003-04.

4. DIRECTORS:

One of your Directors viz. Shri Shyamkishor 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 alongwith 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, 2005 being end of the financial year 2004-05 and of the Loss 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.

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.

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7. LISTING:

The Equity Shares of the Company are listed on Ahmedabad and Mumbai Stock Exchanges. The Company has paid Annual Listing Fees in time to Mumbai Stock Exchange upto the year 2004-05, while for Ahmedabad Stock Exchange it is paid upto the year 1998-99.

8. CORPORATE GOVERNANCE:

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

9. GENERAL:**9.1 INSURANCE:**

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

9.2 AUDITORS:

The present Auditors of the Company M/s. S. V. Dave & Associates, Chartered Accountants, Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. S. V. Dave & 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 and management offers the following explanations:

1. The management is hopeful of the recovery in due course of time Advances of Rs. 1,02,46,030/-, which are overdue for payment, hence no provision has been made in the accounts for the financial year 2004-05.
2. In view of the losses suffered by the Company, the Company has not provided Depreciation of Rs. 66,789/- in the accounts for the financial year 2004-05.
3. As the Company does not anticipate future taxable profit in the coming years, no provision has been made during the year to comply with Accounting Standard - 22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India.
4. The Investments have been classified by the management as 'Strategic Long-term Investments' and decline in their value not being of permanent nature, the management is of the opinion that no provision is required for diminution in the value of Investments.

9.3 PARTICULARS OF EMPLOYEES:

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

9.4 DEPOSITS:

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

10. 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.

11. 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, 2005.

SHYAMKISHOR DELHIWALA
Chairman

TENTH 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 24-09-2004 Yes(Y)/ No(N)
Shyamkishor Delhiwala Chairman	Non-executive	---	---	4	Y
Niraj Delhiwala	Non- executive	---	---	4	Y
Ajay Nandurkar	Non- executive Independent	---	---	4	Y
Vinit Bansal	Non- executive Independent	---	---	4	N

* Private companies excluded.

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

Name of Director	Shyamkishor 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	Audit Committee, Remuneration Committee and Shareholders/Investors' Grievances 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 30-04-2004, 31-07-2004, 29-10-2004 and 28-01-2005.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Director	Expertise	Functions of the Committee	Attendance
Ajay Nandurkar	All members are Non-executive. Chairman is independent Director and majority are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s) which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members and Internal Auditors were present at the meeting held on 31-07-2004, 29-10-2004 & 28-01-2005
Shyamkishor Delhiwala			
Vinit Bansal			

4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Ajay Nandurkar, Chairman - Non-executive Independent
2. Shyamkishor Delhiwala, Member - Non-executive
3. Vinit Bansal, Member - Non-executive Independent

All the members attended the meetings held on 31st July, 2004 and 28th January, 2005.

Details of remuneration paid:

1. No managerial remuneration has been paid during the year 2004-05.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

Shri Shyamkishor Delhiwala, Chairman and Shri Niraj Delhiwala, Director are the Members of the Committee.

The Company received 18 complaints during the year and all were resolved to the satisfaction of the shareholders. There was no valid request for transfer of shares pending as on 31st March, 2005.

Shri Niraj Delhiwala, Director is the Compliance Officer for the above purpose.

6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2001-2002	26-09-2002	12 Noon.	C - 1, Sonarika Apartments, IIM Road, Polytechnic Cross Roads, Ahmedabad - 380 015.
2002-2003	26-09-2003	12 Noon.	
2003-2004	24-09-2004	12 Noon.	

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

7. DISCLOSURES:

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.