

: JAY SAI RAM :

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ANNUAL REPORT
2005-2006



VEL SOFTWARE LTD.

VEL SOFTWARE LIMITED

FIFTEENTH ANNUAL REPORT

2005-06

BOARD OF DIRECTORS

Mr. V. O. Patil (Chairman & Managing Director)

Mrs. A.V. Patil. (Director)

Mr. V. P. Patil. (Director)

Mr. M.V. Patil (Director)

Mrs. L. O. Patil (Director)

AUDITOR

Mr. Ashok S. Lohade

Chartered Accountant

Nashik - 422 001.

FOURTEENTH ANNUAL GENERAL MEETING

Date: 30th Aug., 2006 Time :11.00 A.M.

Day : Saturday. Venue: 8, Parmanand, Purbai Rajendra Complex

Opp. Hotel Vasco, Nashik Road, 422 101.

BANKERS

Canara Bank Ltd. Nashik Road.

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REGISTERED OFFICE :

Vijay Laxmi, Artillary Center Road,

Nashik Road - 422 101.

VEL SOFTWARE LIMITED

NOTICE

NOTICE is hereby given that the Fifteen Annual General Meeting of the Members of VEL SOFTWARE LIMITED. Will be held AT: Purbai Rajendra Complex Opp. Hotel Vasco, Nashik Road 422 101, on Wednesday 30th August, 2006 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Director Report and Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the year ended 31st March 2006.
- 2 To appoint a director in place of Mr. Onkar V. Patil, who expired during the year.
- 3 To appoint a director in place of Mrs. Laxmibai V. Patil, who retires by rotation and being eligible, offers himself for reappointment.
- 4 To appoint auditors and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, A FORMS APPOINTING PROXIES MAY BE FILED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. PROXY NEED NOT BE A MEMBER.
2. No account was required to be transferred by the Company to the Investors Education and Protection Fund U/s205 (c).
3. The Members Register and Share Transfer books of the company will remain closed from 23.08.2006 To 30.08.2006 (Both days include)
4. Shareholders are advised to bring the attendance slip enclosed with the Annual report without fail for the purpose of administrative convenience.
5. Members' proxies are requested to bring their copy of the Annual report to the meeting.

On Behalf of the Board of Directors

Date : 08th August, 2006

Place: Nashik Road

(1)

Sd/-

(Chairman & Managing Director)

VEL SOFTWARE LIMITED

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fourteenth Annual report of your Company together with the audited annual account of the company for the year ended 31st March, 2006.

1) FINANCIAL HIGHLIGHTS:

| | Rs. In lacs. |
|--|--------------|
| Sales & Other Incomes | 09.85 |
| Profit before Depreciation & Tax | (0.23) |
| Less: Depreciation | 49.55 |
| Profit Before Taxation | (49.77) |
| Less : Provision For Taxation | 0.00 |
| Profit After Tax | (49.77) |
| Surplus Carried over to Balance Sheet. | (49.77) |

2) OPERATION :

As on today portal is in working conditions but it is required to go up to the grass root level hence there is less turnover. The company is on the move of marketing its portal in global market. This portal contains the details of eye surgeons, eye banks etc. all over the world. Hence every eye surgeon, eye bank, eye patient, optician & related ophthalmic business organization will use this site. Also your Directors are happy to inform you that the said portal has been successfully launched in the month of April, 2002. It expected that this would result in a substantial growth in performance of the company in future.

2) DIVIDEND :

As the company incurring losses Directors do not propose any dividend for the year ended 31st March 2006.

4) DIRECTORS

Mrs. Laxmibai Onkar Patil additional Director of your Company retired by rotation and being eligible, offer themselves for reappointment.

5) INDUSTRIAL RELATIONS

The company continues to maintain cordial relation with its workers, supervisors & officer in all division to enable it to achieve better performance.

6) PARTICULARS OF EMPLOYEES

The company has no employees in the category specified U/S 217 (2A) of the companies Act, 1956 read with the companies (particulars of employees Amendment Rules. 1988.)

VEL SOFTWARE LIMITED

7) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO

- | | |
|----------------------------|------|
| 1) Foreign exchange earned | Nil |
| 2) Foreign exchange outgo | Nil. |

8) DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the companies Act, 1956, your Directors Based on representation received from the operating management, and after due enquiry, confirm that;

1. in the preparation of the annual account for the financial year ended 31st march , 2006 the applicable accounting standards have been followed, and proper explanation are given for material departure therefore ;
2. in the selection of accounting policies, consulted the statutory Auditors and, read with paragraph (i) above, these have been applied consistently and reasonable and prudent judgment and estimates have been made, so as to give a true and fair view of the state of affairs of the company for the year ended on that date;
3. Proper and sufficient care has been taken for the 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.
4. The annual accounts have been prepared on a going concern basis.

9) AUDITORS :

M/s. Ashok S. Lohade, Chartered Accountant is appointed as Auditor of the Company. The company has received his confirmation that his appointment if made and approved would be within the prescribed limits under section 224(1B) of the Companies Act 1956. Accordingly the said Auditor may be re-appointed as Auditor of the Company at this Annual General Meeting. The company has received notice from a shareholder proposing that Mr. Vaibhav Garge, Chartered Accountant, Nashik shall be appointed in place of the retiring auditor.

10) ACKNOWLEDGEMENTS

Your directors would like to express their appreciation for the assistance and co-operation received from the Central & State Government and Banker during the year under review. The directors also express their gratitude to the company customers and suppliers who have supported the company to achieve more efficiency and productivity.

The Board of Directors place on record their appreciation for the continued co-operation and support extended to the company by its shareholders, staff members & workers for maintaining cordial relation.

Date :08th August, 2006

On Behalf of the Board of Director.

Place : Nasik

Sd/-
Vasant O. Patil.
Managing Director

VEL SOFTWARE LIMITED

CORPORATE GOVERNANCE

VEL Software Ltd. looks on Corporate Governance as a necessary tool for achieving all round business excellence reflected in enhanced shareholder value, without compromising the needs & interest of the stakeholders. Your Company is focusing on a wide spectrum of activity, covering various business areas, through a combination of good practices and legal compliances, in a manner that would spell corporate fairness, - transparency and accountability. A report on the implementation of the code of Corporate Governance introduced by SEBI and incorporated in listing agreement is given below.

1) BOARD OF DIRECTORS:

The Board approves and reviews strategy and oversees the actions and results of management to ensure that the long term objectives of maximising profit and enhancing stakeholder value is met with. The Company presently has Five Directors. The Chairman & Managing Director and the two Directors are whole time directors.

Apart from the reimbursements of expenses incurred in the discharge of their duties, the remuneration that these Directors were paid for the reporting year is as under: -

- 1) Mr. Vasant Onkar Patil. Rs. 70,000 P.A.
- 2) Mrs. Arpana Vasant Patil. Rs. 50,000 P.A.
- 3) Mr. Vijay Pandhripath Patil, Rs. 60,000 P.A.

The company has not entered into any materially significant transactions with its promoters, Directors or relatives, etc. which may have potential conflict with the interest of the company at large.

2) BOARD MEETINGS:

During the year under review, 5 Board meetings were held as against the minimum of four meetings and the gap between any two consecutive meetings did not exceed four months.

3) THE AUDIT COMMITTEE.

Board of Directors of the Company has constituted an Audit Committee comprising of Shri V. O. Patil, (Chairman of the committee), Shri V. P. Patil, Smt. A.V. Patil. The Constitution of the Audit Committee also meets with the requirements under Section 292 (A) of the Companies Act, 1956.

4) REMUNERATION COMMITTEE

: Not adopted.

(4)

VEL SOFTWARE LIMITED**5) SHARE HOLDERS INFORMATION****A) Details of Fifteen Annual General Meeting -**

Date : 30th August, 2006

Time : 11.00 A.M.

Venue: Purbai Rajendra Complex, Opp. Hotel Vasco, Nashik Road. 422 101.

B) Dates of Books Closure.

23rd Aug. 2006 to 30th Aug. 2006 (Both Days Inclusive)

C) Financial Year.

The Financial year covers the period from 1st April to 31st March.

D) Listing of Equity shares on Stock Exchanges.

The company's shares are listed on the stock Exchange at Mumbai. As per the E.O.G.M. held on 1st January 2003, The Face value of the shares have been reduced from Rs. 10/- to Rs. 2.50.

E) Stock Price data.**i) Year wise Stock Prices Data.**

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-----------|------|-------|------|------|------|------|------|------|
| High(Rs.) | 7.75 | 10.70 | 4.15 | 9.60 | 8.10 | 1.29 | 2.65 | 0.70 |
| Low Rs.) | 2.00 | 01.65 | 2.25 | 1.35 | 1.55 | 0.08 | 0.30 | 0.29 |

ii) Month wise Stock Prices Data for the year 2005-2006

| Month | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
|----------|------|------|------|------|------|------|------|------|------|------|------|------|
| High(Rs) | 0.73 | 0.62 | 0.95 | 0.71 | 2.65 | 2.13 | 0.88 | 0.97 | 0.69 | 0.70 | 0.55 | 0.47 |
| Low(Rs) | 0.42 | 0.40 | 0.47 | 0.50 | 0.48 | 0.92 | 0.58 | 0.64 | 0.50 | 0.53 | 0.42 | 0.33 |

F) Stock CodeThe Stock Exchange Mumbai (BSE) : **530769****G) Registrar and Transfer Agent :**

Sharex India Pvt.Ltd.,

17/B, Dena Bank Building, 2ns Floor, Horniman Circle, Fort Mumbai - 400 001.

H) Share Transfer System

The Trading in equity shares of the company is permitted only in Dematerialised form. Shares sent for transfer in physical form are registered and returned within the period of 30 days from the date of receipt of the documents, provided all document are valid and complete in all respects.