



SHLOKA INFOTECH LIMITED

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2004 – 2005

13th Annual Report

BOARD OF DIRECTORS

1. Shri Arun Jain
2. Shri K.P. Chokhani
3. Shri. B. L. Varma
4. Shri L. R. Daga

COMPANY SECRETARY

Mr. Rakhesh R.

AUDITORS

M/s. D. L. Arora & Co.
Chartered Accountants,
Mumbai

BANKERS

Bank of Baroda
State Bank of India

Regd. Office

Industry House,
159, Churchgate Reclamation,
Mumbai - 400 020
Tel.: 22026340 / 22023793
Fax : 22828865

Corporate Office

Dalamal House, 1st Floor,
206, J B Marg, Nariman Point,
Mumbai - 400 021.
Phone : 22821173

**Share Registrar and Transfer Agent:
M/s. BigShare Services Private Limited**

E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072
Tel.: 28470652 / 53
Fax: 28475207

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NOTICE

NOTICE is hereby given that Thirteenth Annual General Meeting of the Members of the **SHLOKA INFOTECH LIMITED** will be held on Thursday, 29th September 2005 at 5.00 P.M.. at Gopi Birla Memorial School, 68, Walkeshwar Road, Mumbai-400 006 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Arun Jain, 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 with or without modification(s), the following resolution as an **Ordinary Resolution**.

“RESOLVED THAT M/s. D.L. Arora & Co. Chartered Accounts, Mumbai, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be determined by the Board of Directors.”

**By order of the Board
Shloka Infotech Limited**

Date : 2nd September 2005
Place : Mumbai

Director

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself and the proxy need not be a member of the company. Proxies, in order to be effective, must be received by the company at its Registered Office, not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from Monday 26th September 2005 to Thursday 29th September 2005 (both days inclusive).

3. Members holding shares in physical form are requested to notify immediately any change in their address with pin code to the Company's Share Transfer Agents M/s Bigshare Services Private Limited, E – 2/3, Ansa Industrial Estate, Sake Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 and in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants (DPs) and not to the Company.
4. Members, who hold shares in dematerialized form, are requested to write their Client ID Numbers and those who hold shares in physical form are requested to write their Folio Number in Attendance Slip for attending the meeting.
5. The Equity Shares of the Company are listed at The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The listing fee for the year 2005 –2006 has been paid to the above Stock Exchange.
6. Members are requested to write to the company at least seven days in advance before the date of meeting in case they need any information as regards to the Audited Accounts for the financial year ended on 31st March 2005 to enable us to keep the information ready.

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DIRECTORS' REPORT

**To
The Members,**

Your Directors are pleased to present the audited Statement of Accounts for the financial year ended 31st March, 2005.

Financial Results

(Rs. in Lakhs)

Particulars	As on 31.3.2005	As on 31.3.2004
Total Income	120.57	111.56
Less :- Total Expenditure	87.74	195.23
Interest	–	11.23
Profit / (Loss) before Tax and Depreciation	32.83	(95.60)
Less :- Depreciation	21.61	22.28
Profit / (Loss) before Tax	11.22	(117.88)
Less :- Provision for Taxation	–	–
– Current Year Tax	–	–
– Deferred Tax	5.36	(2.19)
Profit / (Loss) after Tax	5.86	(115.69)
Add :- Balance brought forward from last year	(134.01)	(18.32)
Balance carried to Balance Sheet	(128.15)	(134.01)
Earning per share (In Rs.)	0.14	(3.05)

DIVIDEND

In view of inadequate profit, your Directors do not recommend any dividend for the financial year ended 31st March, 2005.

BUSINESS REVIEW & FUTURE PROSPECTS

The company has developed a curriculum based educational software programme viz 'Vidhopasana' as per the syllabus prescribed by different Educational Boards which is designed to impart academic knowledge through electronic media.

To cope up with the increased business opportunities your company has made considerable investment in Research and Development Areas, ongoing quality enhancement program and infrastructural facilities, etc.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(i) Industry Structure and developments

Your Directors are glad to inform you that major developments have been made by the Company in software programmes. The educational software developed by the Company has been installed in schools to provide knowledge through electronic media. The new strength are in e-commerce/ e-business, digital content development, R&D Services, telecom software and IT enabled services.

(ii) Opportunities and Threats

With many developments in economy, cut throat competition, the prime opportunity lies in meeting customer's expectations in terms of high quality, prompt response time, services & performance and the same opportunities were regularly grabbed by your Company. The threats faced by the software sector is global downturn with small players more severely hit.

(iii) Segment-wise or Product-wise performance

The Company had already discontinued its Finance Division from April 1, 2004, so in the Financial Year under review no segment wise reporting has been done.

(iv) Outlook

The overall future business outlook for the Company is in development of following areas

- supply of educational software in schools,
- an interactive multimedia learning system,
- supply of software as per customer specifications,
- supply of hardware of reliable peripheral component products sourced from across the globe and those of designed and developed by the Company.

(v) Risk and concerns

The major risks which prevail in the industry are high fluctuations in the prices of software programmes, hardware components. The Company faces risks due to competition in the Indian market. Your Company is taking due care for prevailing risks in the industry by

adopting new technology and latest knowhow in development of the software programmes.

(vi) Internal Control System and their adequacy

The Company has set up an adequate internal control systems to safeguard the Assets of the Company and to conduct checks on the maintenance of accounting records. A continuous process of checking is introduced in the Company. The Company has an independent appraisal system to examine and evaluate the adequacy and effectiveness of Internal Control Systems .

(vii) Financial performance with respect to Operational performance

The Company has achieved a turnover of Rs. 1.05 crores during the year 2004-2005. To get an overall view on Financial performance, please refer the Financial Results as given above.

(viii) Material Development in Human Resources/Industrial Relations front, including number of people employed.

The working environment of the Company was cordial during the year. The Company has taken steps to provide training to all the levels of employees of the Company in various fields. The workforce of the Company including workers, staffs and executive were 110 during the year under review.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchange is attached as a separate annexure and forms a part of this Report.

The Corporate Governance Compliance Certificate obtained from the Auditors of the Company is also attached to this report.

FIXED DEPOSITS

Your Company has not accepted any deposits from public under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

TAXATION

The Company has not made a provision for taxation during the current year.

DIRECTORS

Shri S. L. Khunteta resigned from Directorship of the Company with effect from 29th April, 2004 and Shri Manish Malani resigned from Directorship of the Company with effect from 2nd May 2005. The Board of Directors has expressed sincere appreciation for the services received by them during their tenure as Directors of the Company.

Shri Arun Jain retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as a Director of the Company. Your Directors recommend the aforesaid appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 , your Directors confirm :

- (1) that in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (2) that they had 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 loss of the Company for the period.
- (3) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) that they had prepared the annual accounts on a going concern basis.

AUDITORS

The observation made in the Auditors Report are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Messrs D. L. Arora & Co., Chartered Accountants, retire as Auditor at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment as Auditors of the Company.

PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration exceeding the limit specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :

Energy Conservation is always given focus from point of view of cost control and also a social responsibility. Strict control and monitoring of usage, good upkeep and tuning of equipments results in optimum usage of electrical power.

To enhance its capability and customer services, the Company continues to make significant investments in Research and Development. The Company will continue to invest in the latest technologies to suit the business needs in the market place. Training employees in the latest relevant technologies would continue to remain a focus area.

There was no Foreign Exchange earning and outgo during the year under review.

ACKNOWLEDGEMENT :

Your Directors are thankful for the support and co-operation received from Shareholders, Bankers, Government Authorities, Customers, Dealers and Employees.

**On behalf of the Board
FOR SHLOKA INFOTECH LIMITED**

Date : 2nd September, 2005
Place : Mumbai

Director

Director

CORPORATE GOVERNANCE REPORT
(Pursuant to clause 49 of the Listing Agreement with
The Stock Exchange, Mumbai)

1. Company's Philosophy on Code Of Corporate Governance

The Company believes in adopting and adhering to the best corporate governance practices and continuously benchmarking itself against each such practices. The Company understands and respects its fiduciary role and responsibility to shareholders and strives hard to meet their expectations. We believe that best board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value.

The Company has infused the philosophy of corporate governance in all its activities. The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc serve as the means for implementing the philosophy of corporate governance in letter and spirit.

2. Board of Directors

Composition of Directors

The present strength of the Board consists of four Directors. All the Directors on the Board of the Company comprises fully of Non-Executive and Independent Director with considerable experience in their respective field.

Board Meetings and Procedures

The Board of Directors of your Company met five times during the year under review and the time gap between any two Meetings did not exceed four months. The Board meetings were held on 29th April 2004, 30th July 2004, 26th August 2004, 29th October 2004 and 31st January 2005.

None of the Board of Directors is Member of more than ten (10) Committees and a Chairman of more than five (5) committees, across all the Companies in which he is Director.

The details relating to name and category of Directors, Board Meetings attended by them, their presence at last Annual General Meeting, number of Directorship held by them on the Board and Committee in other Companies is as follows: