



SHLOKA INFOTECH LTD.

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14TH ANNUAL REPORT

2005-2006

BOARD OF DIRECTORS

1. Shri. K.P.Chokkani
2. Shri. Manish Malani
3. Shri. Shishir Dalal
4. Shri. Ajay V Jain

COMPANY SECRETARY

Mr. Roy Jacob

AUDITORS

M/s L.K.M. & Co
Chartered Accountants.
Mumbai.

BANKERS

Bank of Baroda
State Bank of India
UCO BANK

REGD. OFFICE.

Industry House
159, Churchgate Reclamation
Mumbai-400 020
Tel: 22026340
Fax: 22047835

CORPORATE OFFICE

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

SHARE REGISTRAR AND TRANSFER AGENT:

M/s. Bigshare services Private Limited
E-2/3 Ansa Industrial Estate,
Saki Vihar Road, Sakinaka,
Andheri(E), Mumbai-400 072
Tel:28470652/53
Fax: 28475207

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NOTICE

Notice is hereby given that fourteenth Annual General Meeting of the members of SHLOKA INFOTECH LIMITED will be held on Saturday 23rd September 2006 at 10.00 A.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 2006 and the profit and Loss account for the year ended on that date together with the Report of Directors and Auditors thereon
2. To appoint a Director in place of Shri. K.P. Chokkani, 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 L.K.M. & Co, Chartered accountants, Mumbai be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors”.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution.

“ RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions of Companies Act, 1956 or any statutory modification(s) or enactment thereof, Mr. Manish Malani, who was appointed as an Additional Director Pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the company subject to retirement by rotation under the provisions of articles of the Company”.

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution.

“ RESOLVED THAT in accordance with the provisions of section 257 and all other applicable provisions of Companies Act, 1956 or any statutory modification(s) or enactment thereof, Mr. Shishir Dalal, who was appointed as an Additional Director Pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the company subject to retirement by rotation under the provisions of articles of the Company”.

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

28th August 2006
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 19th September 2006 to 23rd September 2006 (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, Saki 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 holds shares in physical form are requested to write their folio Number in Attendance Slip for attending the meeting.
5. 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 2006 to enable us to keep the information ready.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

Item No.4

The Board of Directors of the company has appointed, pursuant to the provisions of section 260 of the companies act, 1956 and Article 115 of the Articles of association of the Company, Mr. Manish Malani as an additional Director of the company with Effect from 31st July 2006.

In terms of provisions of section 260 of the Companies act, Mr. Manish Malani would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs.500/-, proposing the candidature of Mr. Manish Malani for the office of Director of the company under the provisions of section 257 of the Act.

Mr. Manish Malani has, to his credit, more than 12 years of experience in management. Keeping in View his enriched expertise and knowledge, it will be in the interest of the Company that Mr. Manish Malani is appointed as a Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of Articles of association of the company.

A brief resume of Mr. Manish Malani, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/Chairman-ships of Board Committees, as stipulated under Clause 49 of Listing agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board commends the resolution set out at Item No.4 of the Notice for your approval. Save and expect Mr. Manish Malani, none of the other Directors of the company is, in any way, concerned or interested in the resolution.

Item No. 5

The Board of Directors of the company, has appointed, pursuant to the provisions of section 260 of the companies act, 1956 and Article 115 of the Articles of association of the Company, Mr. Shishir Dalal as an additional Director of the company with Effect from 29th December 2005.

In terms of provisions of section 260 of the Companies act, Mr. Shishir Dalal would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from a member along with a deposit of Rs.500/-, proposing the candidature of Mr. Shishir Dalal for the office of Director of the company under the provisions of section 257 of the Act.

Mr. Shishir Dalal a Practicing Chartered Accountant has, to his credit, more than 25 years of experience in Accounts and management. Keeping in View his enriched expertise and knowledge, it will be in the interest of the Company that Mr. Shishir Dalal is appointed as a Director, who if appointed, shall be liable to retire by rotation, in accordance with the provisions of Articles of association of the company.

A brief Resume of Mr. Shishir Dalal, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/Chairmanships of Board Committees, as stipulated under Clause 49 of Listing agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board commends the resolution set out at Item No.5 of the Notice for your approval. Save and expect Mr. Shishir Dalal, none of the other Directors of the company is, in any way, concerned or interested in the resolution.

DIRECTORS REPORT

To

The Members

Your Directors are pleased to present the audited Statement of Accounts for the financial year ended 31st March 2006.

FINANCIAL RESULTS

Particulars	As on 31.03.2006	As on 31.03.2005
Total Income	106.90	120.57
Total Expenditure	77.64	87.74
Interest		
Profit/(Loss) before Tax and Depreciation	29.24	32.83
Less: Depreciation	23.96	21.61
Profit/(Loss) Before Tax	5.27	11.22
Less: Provision for Taxation	-	-
Current Year Tax	-	-
Deffered Tax	-	5.36
Profit/(Loss) After Tax	5.27	5.86
Add:- Balance brought forward from last Year	(128.15)	(134.01)
Balance Carried to Balance Sheet	5.27	(128.15)
Earning Per Share	0.14	0.14

DIVIDEND

In view of inadequate profit, your Directors do not recommend any dividend for the financial year ended 31st March, 2006.

BUSINESS REVIEW& FUTURE PROSPECTS

The company has developed a curriculum based educational software program Viz, 'Vidhyopasana' as per the syllabus prescribed by different Educational Boards that 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 development

Your directors are glad to inform you that major developments have been made by the company in software developments. 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 in time, services & performance and the same opportunities were regularly grabbed by your company. The threats faced by the software sector are 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
- Interactive multimedia learning system
- Supply of software as per customer specifications
- Supply of hardware of reliable peripheral component products sourced across the globe and those designed and developed by the company.

(i) 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 know how in development of the software programmes.

(ii) Internal control system and their adequacy.

The company has set up 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.

(iii) Financial Performance with respect to Operational Performance.

The company has achieved a turnover of Rs. 1.06 Crores during the year 2005-06. To get an overall view on financial performance, please refer the Financial Results as Given above.

(iv) 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 part of this report. Corporate Governance Compliance certificate obtained from the Auditors of the company is also attached to this report.

Fixed Deposit

The Company does 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 any provision for taxation during the current year.

Directors

Shri K.P.Chokhani - Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. Manish Malani was appointed as additional Director of the company w.e.f 31st July 2006, Shri Ajay Jain was appointed as an Additional Director of the Company w.e.f. 30th September, 2005. Shri.Shishir Dalal was also appointed as an Additional Director of the Company w.e.f. 29th December 2005. Shri Arun Jain, Shri B.L.Varma, and Shri. L.R. Daga resigned as Directors during the year under consideration. Your Directors place on record their deep appreciation for the invaluable contributions made by Shri. Arun Jain, Shri. B.L. Varma and Mr. L.R.Daga during their tenure as Directors of the Company.

A brief resume of the Director(s) retiring by rotation / seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas, and names of companies in which they hold the directorship and the membership/Chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the section on Corporate Governance elsewhere in the Annual Report.

Directors' Responsibility Statement:

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

- (i) in the preparation of the accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March., 2006 and of the profit of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care 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; and
- (iv) the Directors have prepared the annual accounts of the company on a 'going concern' basis.

Auditors

M/s L.K.M & Co, Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s.L.K.M. & Co, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956. The notes to the accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further comments.

Particulars of Employees

There are no employees covered by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings 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 and relevant technologies would continue to remain a focus area.

There was no foreign exchange earning and out go during the year under review.

Acknowledgements:

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance during the year.

**For and on behalf of the Board of Directors
Of SHLOKA INFOTECH LIMITED**

Mumbai

Dated: 28th August, 2006

Director

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49
of the listing agreement with the Bomaby stock exchange)

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders. The Company is committed to achieve the highest international standards of Corporate Governance. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2. Board of Directors

I. Composition and Category

The Board of the Company at present consists of Directors, all being Non-Executive and three of them are independent

II. Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies

Sr No.	Name of Director	Category	No. of meetings attended	Whether attended previous AGM	No. of external Directorship held as on 31 st March 2006		No. of other committees in which chairman/ Member as on 31 st March 2006	
					Publi	Private	Member	Chairman
*1.	B.L.Varma	Non-Executive	5	Yes	N.A	N.A	N.A	N.A
*2.	Arun Jain	Non-Executive	5	Yes	N.A	N.A	N.A	N.A
*3.	L.R.Daga	Non-Executive	3	No	N.A	N.A	N.A	N.A
4.	Manish Malani	Non-Executive	1	No	3	9	1	Nil
5	K.P.Chokhari	Non-Executive	6	No	6	7	2	1
6	Ajay Jain	Non-Executive	5	Yes	2	0	Nil	Nil
7	Shishir Dalal	Non-Executive	4	No	1	Nil	Nil	Nil