



SHLOKA INFOTECH LTD.

15TH ANNUAL REPORT

2006 – 2007

SHLOKA INFOTECH LIMITED

BOARD OF DIRECTORS

1. Shri. K.P.Chokhani
2. Shri. Shishir Dalal
3. Shri. Anuj Batra

COMPANY SECRETARY

Mr. Roy Jacob

AUDITORS

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

BANKERS

Bank of Baroda
State Bank of India

REGD. OFFICE :

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

CORPORATE OFFICE :

Dalamal 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 15th Annual General Meeting of the members of SHLOKA INFOTECH LIMITED will be held on Saturday 29th day of September 2007 at 10.30 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 2007 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 Mr. Shishir Dalal 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. Anuj Batra, 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 pursuant to the provisions of Sec.21 and other applicable provisions if any of the Companies Act, 1956 and further subject to the approval of the Central Government, the name of the Company be and is hereby changed from ‘Shloka Infotech Limited’ to ‘Birla Shloka Edutech Limited’”.

“RESOLVED FURTHER THAT the name “Shloka Infotech Limited” wherever it occurs in the Memorandum and Articles of Association of the Company be

substituted by the new name 'Birla Shloka Edutech Limited'

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

"RESOLVED THAT pursuant to the provisions of section 94(1)(a) and other applicable provisions, if any of the Companies Act, 1956 the Authorised Share Capital of the company be and is hereby increased from existing Rs.10,00,00,000/- (Rupees10 Crores) divided into 1,00,00,000 Equity Shares of Rs.10/-(Rupees ten only) each to Rs.30,00,00,000/-(Rupees Thirty Crore) divided into 3,00,00,000(Three Crore) Equity Shares of Rs.10/-(Rupees Ten only) each by creation of 2,00,00,000 (Two Crore) Equity Shares of Rs.10/-(Rupees Ten only) each ranking pari passu with the existing Equity Shares of the Company."

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

"RESOLVED THAT pursuant to provisions of Section 16 of the Companies Act, 1956, clause V of the Memorandum of Association of the Company, be and is hereby altered to read as follows:

"The Authorized share capital of the company is Rs. 30,00,00,000/-(Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) equity shares of Rs. 10/-(Rupees Ten only) each, with power to increase or reduce capital from time to time in accordance with the provisions of the companies Act, 1956,"

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

"RESOLVED THAT pursuant to provisions of Section 31 of the Companies Act, 1956, Article 3 of the Article of Association of the company, be and is hereby altered to read as follows:

"The Authorized share capital of the company is Rs. 30,00,00,000/-(Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) equity shares of Rs. 10/-(Rupees Ten only) each.

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

"RESOLVED AS A SPECIAL RESOLUTION THAT in accordance with the provisions of Section 81, 81(1A) and other applicable provisions, if any of the Companies Act, 1956 (including any amendment thereto or modification (s) or re-enactment(s) thereof and in accordance to the provisions of the Memorandum and Articles of Association of the company and rules and regulations and Guidelines issued by the Securities Exchange of Board of India and subject to the requisite approval, consent, permissions and sanctions, if any of the Government of India, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other appropriate authorities, Institutions or bodies under any applicable laws, rules

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and terms, condition, stipulations and modifications as may be prescribed by any of them while granting such approvals consents, permissions and/or sanctions and which may agreed to the Board of the Directors of the Company (hereinafter referred to as "The Board" which expression shall be deemed to include any Committee (s) constituted / to be constituted by the Board for the time being and from time to time to which all or any of its power including the power referred by the Resolution may have been delegated by the board) consent of the Company be and is hereby accorded to the Board of the Directors, or Committee to create, issue, offer and allot or dispose off at its sole discretion equity Shares, Redeemable preference Shares, Partly or fully Convertible debentures, other securities or securities, at Par and/or such premium, including any combination of securities and on such terms and conditions as the Board may, from time to time, determine for an amount not exceeding Rs. 50 Crores (Fifty Crores) in aggregates (including premium if any) to the Members, Employees, Promoters Group and their associates, business associates, Non Resident Indians, Foreign Institutional Investors (FIIs), Mutual Funds, Investment/ financial Institutions, Companies, Banks, general public, other entities/ authorities and to such other select group of persons, whether through Public Issue, Right Issue, Private Placement, or on Preferential basis or otherwise or by any one or more of the above methods whether subscribed in Indian and/or foreign Currencies, and in one or more trenches/ series whether on the same terms and conditions or with varying terms and conditions and whether at one time or from time to time and in such manner as the board may in its discretion decide and consider proper and most beneficial to the company.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, matters as the board may in its absolute discretion consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any Question, doubt or difficulty that may arise in this regard, if any, in such manner and in such persons(s) as the Board may deem fit and proper in its absolute desecration to be most beneficial to the Company.

By order of the Board of Directors of
Shloka Infotech Limited

Sd/-
Director

Date: 3rd September, 2007
Mumbai

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 **25th September 2007 to 29rd September 2007** (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 hold 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 2007 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. Anuj Batra as an additional Director of the company with Effect from 31st July 2007. In terms of provisions of section 260 of the Companies act, Mr. Anuj Batra 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. Anuj Batra for the office of Director of the company under the provisions of section 257 of the Act.

Mr. Anuj Batra has, to his credit, more than **20 years of experience** in management. Keeping in View his enriched expertise and knowledge, it will be in the interest of the Company that Mr. Anuj Batra 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. Anuj Batra, 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 recommends the resolution set out at Item No.4 of the Notice for your approval.

Save and except Mr. Mr. Anuj Batra, none of the other Directors of the company is, in any way, concerned or interested in the resolution.

Item No.5

The company is in the process of a major corporate restructuring including the merger of other six companies with the company, all in the same field, education and allied activities. Now the company is mainly concentrated on the Development and marketing of educational software "Vidhyopasana" and further after merger the company will carry on printing and publishing content development business also.

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Hence it is proposed that the name of the Company has to be changed from Shloka Infotech Limited to Birla Shloka Edutech Limited so as it will reflect the main business activity and Group Identity of the company.

The Board recommends the resolution set out at Item No.4 of the Notice for your approval.

None of the other Directors of the company is, in any way, concerned or interested in the resolution.

Item No.6, 7 & 8

As part of the ongoing expansion and corporate restructuring Company will have to meet the capital expenditure and working capital requirements as and when the need arises. Present authorized share Capital Rs. 10,00,00,000/- (1,00,00,000 equity shares of Rs.10/- each) is required to be increased to Rs.30, 00,00,000/- (3,00,00,000 equity shares of Rs.10/- each) to raise the funds for the said purposes. Such increase requires Alteration of Clause V of the Memorandum of Association and Article 3 of Articles of Association of the company

The Board recommends the resolutions set out at Item No.6, 7 and 8 of the Notice for your approval.

None of the other Directors of the company is, in any way, concerned or interested in the resolution.

Item No. 9

Your Company is concentrating on product enhancement of its Multi Media Learning Systems. Features like live interactivity in the class and performance tracking of students over the period of time will be added to the existing features list of the product will be developed as modules and will be sold according to the requirement of the school.

Publishing business will be grown by market penetration strategy. Consumer research shows that Informational books, story books, Fiction (story books, picture novels) are preferred by the parents for their children. Hence, company will publish new titles based on the present requirement of the customers. Also, company Plans to setup a strong distribution network. You company will entice the distribution channel to promote its books by giving good schemes/incentives

Company's ongoing expansion plans necessitates capital expenditure and working capital funding and the company is part financing it by further Issue of shares by way of rights issue, public issue, FCCB, GDR or in any combination thereof. Since further issue of shares requires to be approved by the shareholders in general meeting by means of special resolution it is placed before the shareholders to approve the issue of shares to the extent of Rs. 50,00,00,000/- (Fifty Crores) including premiums if any, decided by the board in consultation with the merchant bankers and other intermediaries.

The Board recommends the resolutions set out at Item No.9 of the Notice for your approval.

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 2007.

FINANCIAL RESULTS

Particulars	As on 31.03.2007	As on 31.03.2006
Total Income	104.32	106.90
Total Expenditure	73.71	77.64
Interest		
Profit/(Loss) before Tax and Depreciation	30.61	29.24
Less: Depreciation	25.04	23.96
Profit/(Loss) Before Tax	5.57	5.27
Less: Provision for Taxation	(0.42)	-
Current Year Tax		-
Deferred Tax		-
Profit/(Loss) After Tax	5.99	5.27
Add:- Balance brought forward from last Year	(123.40)	(128.15)
Balance Carried to Balance Sheet	(117.41)	(123.40)
Earning Per Share	0.16	0.14

DIVIDEND

In view of inadequate profit, your Directors do not recommend any dividend for the financial year ended 31st March, 2007.

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 infrastructure facilities, etc.

Board of directors of your company have approved a scheme of amalgamation between other six companies and an application for directions has been filed before the High court of Judicature at Mumbai, for its directions.

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 development. 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.

- 1 Supply of educational software in schools
- 2 Interactive multimedia learning system
- 3 Supply of software as per customer specifications
- 4 Supply of hardware of reliable peripheral component products sourced across the globe and those 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 know how in development of the software programmes.

(vi) 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.

(vii) Financial Performance with respect to Operational Performance.

The company has achieved a turnover of Rs 1.04 Crores during the year 2006-07. 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 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. Shishir Dalal - Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. Anuj Batra was appointed as additional Director of the company w.e.f 31st July 2007, Mr. Ashutosh malpani Joined in the Board of Directors on 23-03-2007 and he resigned on 23rd July 2007 Mr. Manish Malani who was appointed as a director in last Annual General Meeting is also resigned on 3rd July 2007.

A brief resume of the Director(s) 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, 2007, 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,, 2007 and of the profit of the Company for the year under review;