

INTRA INFOTECH LIMITED

ANNUAL REPORT

2005 - 2006

INTRA INFOTECH LIMITED

ANNUAL REPORT

2005-2006

BOARD OF DIRECTORS

MR. PRAMOD SHARMA	DIRECTOR
MR. RAHUL SINGH	DIRECTOR
MR. B. S. NEGI	DIRECTOR

REGISTERED OFFICE

**704, 7th Floor,
Deepali Building
92 Nehru Place
New Delhi -110019**

AUDITORS

**M/S Dinesh K Sharma & Associates
Chartered Accountants**

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INTRA INFOTECH LIMITED

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NOTICE

Notice is hereby given that the Annual General Meeting of the Company will be held as under:-

Day : Friday
Date : 29th September, 2006
Time : 10:00 a.m.
Venue : 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi-110019

To transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2006 together with Profit and Loss Account for the year ended on that date and the Reports of Directors' and the Auditors' thereon.
2. To appoint a Director in the place of Mr. Pramod Sharma who retires by rotation and being eligible offers themselves for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider & if thought fit pass with or without modification(s), following resolutions as Ordinary resolution.

"RESOLVED THAT Mr. B.S Negi who was appointed as an additional Director of the Company by the Board and who in term of section 260 of the Companies Act, 1956, hold office up to the date of Annual General Meeting and in respect of whom the Company recovered notice pursuant to the provisions of section 257 of the Companies Act, 1956 along with the requisite deposit proposing the candidate of Mr. B.S. Negi for the office of the Director be and is hereby appointed as Director to retire by rotation"

**By Order of the Board
for Intra Infotech Limited**

Place: New Delhi

Date: 20.08.2006

**Sd/-
(Pramod Sharma)
Director**

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The proxy form duly completed, stamped and signed should reach the Company's office at least 48 hours before the time of the meeting.**
- 3) All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 3.00 P.M. to 5.00 P.M.**
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2006 to 29th September, 2006 both days inclusive.**
- 5) The members are requested to bring their copies of Annual Report to the Meeting, as the same will not be redistributed at the venue of Annual General Meeting.**
- 6) The Members attending the General Meeting are requested to bring the enclosed attendance slip and deliver the same after filling in their folio number at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only after verification of the signature in the attendance slip. Duplicate Attendance Slip will be issued at the Registered Office of the Company up to a day preceding the day of Annual General Meeting.**
- 7) Members who hold shares in de-materialized form are requested to bring their client ID and DP-ID number for the purpose of identification and attendance at the meeting.**
- 8) Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the company.**

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED

Name : Mr. Pramod Sharma
Date of Birth : 18th December, 1967
Qualification : M. Com (Finance & Industry)
Profession : Business
Expertise : Wide experience & knowledge in finance.
Other Directorships : Nil

**By Order of the Board
for Intra Infotech Limited**

Place: New Delhi

Date: 20.08.2006

**Sd/-
(Pramod Sharma)
Director**

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT OT SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Shri B.S , Negi, was appointed as an Additional Director of the Company during the year. As per provisions of Section 260 of the Companies Act, 1956, he holds office as an Additional Director until the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature as a Director liable to retire by rotation in terms of section 257 of the Companies Act, 1956.

Shri B.S. Negi has vast experience in the managerial & financial field. The Company would be benefited by his presence on the Board and accordingly the resolution under Item no. 4 is recommended for your acceptance.

None of the Directors, except **Shri. B.S Negi** is concerned or interested in this resolution. Your Directors, therefore, recommend the resolution for your approval.

**By order of the Board of Directors,
For Intra Infotech Limited**

**Sd/-
Pramod Sharma
Director**

**Date: 20.08.2006
Place: New Delhi**

INTRA INFOTECH LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Annual Report together with the statement of accounts for the year ended 31st March 2006.

Financial Results

(Rupees in thousands)

Particulars	Year 2005-2006	Year 2004-2005
Income Earned	885.75	19722.01
Expenditure	2647.84	19566.10
Profit/ (Loss) Before Taxation	(1762.09)	155.91
Provision for Taxation	-	66.00
Profit/ (Loss) After Taxation	(1762.09)	89.91
Deferred tax Liability / (Asset)	-	(8.98)
Profit/ (Loss) Brought Forward from last year	418.05	319.17
Adjustment on Account of Income Tax	(1.78)	-
Fringe Benefit Tax	78.40	-
Balance carried to Balance sheet	(1424.22)	(418.05)

DIVIDEND

In view of the marginal profit or accumulated loss the Board of Directors does not recommend any Dividend on Equity Shares of the Company.

OPERATIONS

During the year under review the company was undertaking a Big Project of film Production. Because of the significant work in progress and additional expenditures pursuant to the same lead to a loss of Rs. 1762087.00 as compared to profit in the previous year. Due to the losses in the period under review no provision for taxation has been made. However, fringe benefit tax for Rs. 78404.00 has been paid for the period.

FIXED DEPOSIT

Your Company has not accepted any fixed deposits from the public during the year under review.

CHANGE IN REGISTERED OFFICE

During the year Company has changed its Registered office from C – 109 , L.G.F Shivalik Geetanjali Road, New Delhi – 110017 to 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi – 110019.

DIRECTORS

Shri Pramod Sharma, retires by rotation and being eligible, offer himself for re-appointment.

Shri. B.S Negi, who was appointed as an additional director was appointed as a Director retiring by rotation.

Shri. Amitabh Das Mundra has resigned as director of the company during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under sub section 2AA of Section 217 of the Companies Act, 1956 with respect to the Directors Responsibility Statement , it is hereby confirmed:-

- a) That in preparation of Annual Accounts for the financial year ended on 31st March 2006, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- b) That the Directors 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 & fair view of the state of affairs of the Company at the end of Financial year and of the profit of the Company for the year under report.
- c) That the Directors had 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 by preventing. & detecting fraud and other irregularities.
- d) That the Directors had prepared the accounts for the financial year ended on 31st March 2006 on a going concern basis.

AUDITORS REPORT

The observations of the auditor's report are self explanatory and therefore, does not call for any further comments or clarification.

AUDITORS

M/s Dinesh K Sharma & Associates, Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting The Company has received communication from them to the effect that their appointment, if made , would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. They are proposed to be appointed as Auditors of the Company for the Financial Year 2006-2007 from the conclusion of this meeting until the conclusion of next Annual General Meeting.

CORPORATE GOVERNANCE

Good governance is a core philosophy of the management. In view of this, the Company is complying with the conditions of Corporate Governance as contained in clause 49 of the Listing Agreement. A separate Report each on Corporate Governance & Management Discussion & analysis along with Auditors Certificate are given elsewhere in this report as Annexure and form part of the Annual Report.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

There was no employee drawing Rs. 2,00,000/- or more per month as salary during the year and therefore information as required under section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not given. The relation with the employees remained cordial throughout the year. The Directors wish to place on record their thanks for all the support & co – operation received from the employees at all levels.

CONSERVATION OF ENERGY, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTDO

In the absence of any manufacturing activity, no information is required to be given under section 217 (1) (e) of the Companies Act, 1956 and rules framed there under in respect of Conservation of Energy and Technology Absorption. There has been no inflow or outflow of Foreign Exchange during the year.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation to the Banks, and other authorities, agencies, and departments for the valuable co- operation and support received from them. We would also like to express thanks to our Shareholders for their confidence and understanding.

For & on Behalf of the Board

**Place: New Delhi
Date: 20.08.2006**

**Sd/-
Pramod Sharma
Chairman**

CORPORATE GOVERNANCE FOR THE YEAR 2005-2006
(As required under clause 49 of the Listing Agreement)

CORPORATE PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good corporate governance practices enable the Management to Direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. The Company constantly makes efforts to improve the Corporate Governance Practices. The Company also believes in synergizing the economic and social returns by creating harmony between the individual, corporate and community goals.

BOARD OF DIRECTORS

- ❖ More than 50% of Directorship in the Board is held by Independent Directors.
- ❖ None of the Director on the Board is a member on more than 10 committees or Chairman of more than 5 Committees as specified in Clause 49. Necessary disclosures regarding Committee positions have been made by the Directors.
- ❖ The Names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and committee memberships held by them in other Companies after the said date is given below. Other Directorships does not include alternate Directorships, Directorships of Private Limited Companies, and of Companies incorporated outside India. Chairmanship/ Membership of Board Committees include membership of Audit, Remuneration and Shareholders/ Investors Grievance Committees.

Name	Category	No. of meetings during the period		Whether attended last AGM held on September 30, 2005	No. of Directorship in Public Companies	No. of Committee Positions held in other public Companies
Mr. Pramod Sharma	Non Executive Director	13	13	Yes	2	1
Mr. Rahul Singh	Independent Non- Executive Director	13	13	Yes	0	0
Mr. B.S Negi	Independent Non- Executive Director	1	1	No	0	0
Mr Amitabh Das Mundra	Independent Non- Executive Director	12	12	Yes	7	4

- ❖ Ten Board Meetings were held during the period 1st April 2005 to 31st March 2006 and the gap between two meetings did not exceeded four months. The dates on which the Board Meetings were held are as follows:

8th April, 2005, 28th April, 2005, 15th June 2005, 8th July 2005, 29th July 2005, 20th August 2005, 28th September 2005, 10th October 2005, 29th October 2005, 20th December 2005, 7th January 2006, 28th January 2006, 7th March 2006.

AUDIT COMMITTEE

- ❖ The Audit Committee of the Company was constituted in line with the provisions of Clause 49 of the Listing Agreements with the stock Exchanges read with Section 292A of the Companies Act, 1956
- ❖ The terms of reference of the Audit Committee are broadly as under :
 1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements reflect a true & fair view position and that sufficient and credible information are disclosed.
 2. Recommending the appointment and removal of external auditors, fixation of Audit fees and also approval for payment of any other services.
 3. Discussion with external Auditors before the audit commences, of the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.
 4. Review with Management the annual financial Statement before submission to the Board.
 5. Reviewing the Company's Financial and Risk Management Policies.
 6. Disclosure of Contingent Liabilities.
- ❖ In its meetings, the Audit Committee considered audit reports covering operational, financial and other business areas. The Audit Committee meetings are usually held at the registered office of the Company and are usually attended by the Directors of the Company, representatives of Statutory Auditors. The operations head are invited to the meetings, as required. The Company Secretary acts as the secretary of the Audit Committee.
- ❖ The Composition of the Audit Committee and particulars of the meeting attended by the members of the Audit Committee after that date are given below.

Name	Category	No. of Meetings during the period	
		Held	Attended
Mr. Pramod Sharma	Non - Executive Director	4	4
Mr. Rahul Singh	Independent Non-Executive Director	4	4
Mr. Amitabh Das Mundra	Independent Non-Executive Director	3	3
Mr. B S Negi	Independent Non-Executive Director	1	1

- ❖ Four Audit Committees were held during the year. The dates on which the said meetings are held are as follows: 15th July 2005, 20th October 2005, 20th January 2006, 31st March 2006.

REMUNERATION COMMITTEE

No Remuneration or sitting fees was paid to any of the Directors during the year 2005-2006.

SHAREHOLDERS / INVESTOR GRIEVANCES COMMITTEE

- ❖ A Shareholders / Investors Grievances Committee of Directors was constituted to specifically look into the redressal of complaints such as Transfer or credit of Shares to Demat accounts non receipt of Dividend/Notices/ annual reports etc. if any.
- ❖ One Meeting of the shareholders/ investor Grievances Committee was held during the year
- ❖ The Composition of Shareholders/ Investor Grievances Committee and the number of meetings attended by its members is given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Pramod Sharma	Non - Executive Director	1	1
Mr. Rahul Singh	Independent Non-Executive Director	1	1
Mr. Amitabh Das Mundra	Independent Non-Executive Director	1	1
Mr. B S Negi	Independent Non-Executive Director	0	0

GENERAL BODY MEETINGS

- ❖ The Last Three Annual General Meetings of the Company were held at the registered office of the Company as per the following schedule:

Date of AGM	Day	Time
29 th September 2003	Monday	11.00 A.M
29 th September 2004	Thursday	10.00A.M
28 th September 2005	Wednesdays	10.00 A.M

DISCLOSURES

- ❖ Details of Non Compliance by the Company, penalties, strictures imposed by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years. **NIL**
- ❖ **Secretarial Audit**

A Qualified Company Secretary in Practice carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and Listed Capital. The Audit confirms that the total issued / paid up capital of the Company is in agreement with the total number of shares in physical form and the total number of shares in Dematerialized shares held with NSDL & CDSL.

MEANS OF COMMUNICATION

The Quarterly, Half yearly and Annual Results, Book Closure, other notices, if any, of the Company are published in leading newspapers which includes PIONEER and VIR ARJUN.

GENERAL SHAREHOLDER INFORMATION

- **Annual General Meeting :**
 - Date : 29th September 2006
 - Time : 10.00 A.M
 - Day : Friday
 - Venue : 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi – 110019

- **Financial Calendar**

First Quarter (April – June) Results : July 2006

Second Quarter (July – September) Results : October 2006

Third Quarter (October – December) Results : January 2006

Fourth Quarter (January – March) Results : April 2007

Alternatively

Annual Results for the year

Ended on 31st March 2007 : 29th June 2007

- Date of Book Closure : September 25, 2006 to September 29, 2006

- Listing on Stock Exchanges : The Stock Exchange , Mumbai

Applied for delisting

{ : The Delhi Stock Exchange Association Limited,
: The Stock Exchange, Ahmedabad
: The Jaipur Stock Exchange Limited
: The Hyderabad Stock Exchange Limited.

- Stock Codes / Symbol : The Stock Exchange , Mumbai 531959

- **Market Price Data**

Month	The Stock Exchange Mumbai		
	High (Rs)	Low (Rs.)	Total No. of Shares Traded
Apr 05	121.71	112.66	2393630
May 05	96.62	88.91	935720
June 05	67.89	65.91	26240
July 05	N/A	N/A	N/A
Aug 05	43.51	42.9	26860
Sep 05	48.61	52.46	32940
Oct 05	51.86	51.63	4303
Nov 05	17.41	16.84	1121
Dec 05	N/A	N/A	N/A
Jan 06	N/A	N/A	N/A
Feb 06	N/A	N/A	N/A
Mar 06	N/A	N/A	N/A

*N/A – Not Available

- Registrar & Share Transfer Agent:
Name & Address : M/s Beetal Financial & Computer Services Pvt Ltd
111rd Floor 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi – 110062
Tel : 011-29961281
Contact Person : Mr. Gupta

- Share Transfer System

Presently the share transfer instruments, which are received in physical form, are processed and the shares certificates returned with in the period of 30 days from the date of receipt subject to the documents being complete and valid in all respects. The request for Dematerialisation of Shares are also processed within the stipulated time period. In terms of clause 47 (c) of the Listing Agreement Company Secretary in practice examines the records and processed of hare transfer and issues half yearly certificates which are sent to the stock exchange(s).

Categories of Shareholders (As on 31st March 2006)

Category	No. of Shares	% of Holding
Promoters	11305000	19.90%
FIs/ Banks/ MF/ UTI	10	0.00
Corporate Bodies	11299168	19.90%
NRIs/OCBs/FII	10	0.00

- Dematerialisation of Shares

As on 31st March,2006 the number of Shares in Demat form was 41447000 and in physical form was 15335000 equity Shares.

Compliance under Listing Agreement

Company is regularly complying with the various clauses of the Listing Agreement, information, certificates, returns as required under various clauses are sent to the stock exchanges within the prescribed period.

- Auditor Certificate on Corporate Governance

The auditor's certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an annexure to the Directors Report.

For Intra Infotech Limited

Sd/-

Pramod Sharma

Chairman

Place: New Delhi

Date: 20.08.2006

Management Discussion & Analysis

A. INDUSTRY STRUCTURE & DEVELOPMENT:

The film and television industry continued to be upbeat outpacing the GDP (Gross Domestic Product) growth of the total Indian Production and service sectors. The entertainment industry has certainly benefited from the rapid Indian economic growth. A paradigm shift is seen in the way content is distributed which in turn will affect the way content is distributed which in turn will affect the way content is created. For the big screen content has to have high production values, involving all the senses, for the family screen (TV) content has to get interactive and have a hook that keeps the viewer wanting to see the next episode, for the personal screen (lap top and mobile) content has to be compelling, relevant and compressed.

The growth in the multiplexes continued at a significant pace with about 100 in the already operational In India and another 100 in the pipeline. Owing to the high ARPU (Average Realisation per Unit) in the multiplexes, the larger number of shows, lower tax structures they are already contributing well over 50% of the theatrical collections for big release and over the next few years may account for over 75% of the gate collections for big releases.

The other area where significant growth was seen during the year is downloads on mobile phone, of ring tones, sing tones, polyphonic tones, video clipping, MMS (Multimedia Messaging Service) etc. The downloads of ring tones provides a silver lining to the otherwise faltering music industry and may bring significant revenues from mobile phones in years to come reviving the fate of the music industry and helping the film producers.

Television: Many new channels were launched during the year. The biggest gainers though seem to be the News channels. CAS (Conditional Access System) after being given an unceremonious burial may be revived thanks to the Court ruling directing the Government to implement the law on CAS. DTH (Direct to Home) has taken off which two active operators despite several issues mainly relating to the must carry directions of TRAI (Telecom Regulatory Authority of India). More players are expected to get operational soon, key among them being TATA Sky in which Star has a stake and SUN. Pay Per view has also made an entry through the DTH route.

Piracy continues to be a major factor affecting the music and movie industry and will continue to affect the growth of VCD's, DVD's and other physical and non physical formats. The Physical formats are increasingly likely to be replaced by then on physical formats including downloads via the net and the mobile phone.

B. SWOT ANALYSIS

Strength: The Company is having long term vision. Good management team and excellent network and the UPS for contents creation, distribution and marketing is strength for the company.

Weakness: External factors are playing an important role in assisting the Company's future performance. Also, the heavy dependence on film production.

Opportunities: Management sees great opportunities in Animation, Special Effects, Gaming, Mobile Content, Advertisement , media Education, New Technologies including HD, 3D, Digital Film Making etc. and is working towards appropriate tie-ups to be able to cash in on these opportunities.

Threats: Independent Producers, Media Corporate Houses, International Players entering the Indian media space, New Technologies and failure to keep pace with them, churn of key personnel. Management is fully aware of and takes these threats seriously and is continuously working to keep its powders dry.

External factors are playing an important role in assisting the Company's future performance. The appreciations for Indian made films and shows, especially amongst expatriates, has increased in other countries, thereby creating a new demand for Company's products. Stricter Law enforcement and consumer and awareness have resulted in a drop in music piracy.

However, the Company is not an exception to the threats that are inherent in the industry like piracy. Enterprises making music, movies and software loose sizeable business due to backdoor sales and illegal copying. The nature of the business is such where timely availability of low cost finance by way of borrowing from Banks/ Financial institutions remains a constraint.

C. INTERNAL CONTROL SYSTEM & THEIR ADEQUACE:

Adequate systems of internal controls that are commensurate with in size of operations & the nature of business of the Company have been implemented. The internal control systems lay down such policies, authorizations & approvals procedures to safeguard and protect all assests from loss or from any unauthorized use or dispositions. These also ensure that the transaction are properly recorded & reported.

D. FINANCIAL PERFORMANCE:

During the year under review, the company has incurred a loss for Rs. 1762090.00

E. HUMAN RESOURCE MANAGEMENT:

The Company places a major emphasis on providing a safe & a healthy working environment to all its employees. We encourage our employees to balance their work and personal relations. The field being one which requires absolute creativity, the performance of its employees is reviewed so as to provide them job enrichment opportunities. Further we endeavors to create an environment where employees can use their capabilities in support of the business.

F. CAUTIONARY STATEMENT:

Certain statements made in the Management Discussion & Analysis report relating to the Company's objectives, projections, outlook, expectations etc, may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc, whether express or implied. Several factors could make a significant difference to the Company's operations. These includes climate conditions, economic conditions, Government regulations and taxation, natural calamities etc. over which the Company does not have any direct control.

For Intra Infotech Limited

**Place; New Delhi
Date: 20.08.2006**

**Sd/-
Pramod Sharma
Chairman**

AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S)

**To,
The Members,
Intra Infotech Limited
704 Deepali Building,
92 Nehru Place,
New Delhi- 110 019.**

We have reviewed the implementation of Corporate Governance procedures by Intra Infotech Limited during the year ended 31st March 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibilities of the Management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information's and explanations given to us, and the representations made by the Directors and the Management, the conditions of corporate governance clause 49 of the Listing Agreement (s) with the stock exchange(s) have been complied with by the Company and that no investor grievance(s) is / are pending for a period exceeding one month against the Company as per the records maintained by the investor grievance committee.

We further state that such compliance is neither an assurance, as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

**For N. C. Pandey & Associates
(Company Secretaries)**

Sd/-
**N.C. Pandey
Proprietor**

**Place: New Delhi
Date: 23.08.2006**

DINESH K SHARMA & ASSOCIATES
CHARTERED ACCOUNTANTS
83, IIIrd FLOOR, DARYAGANJ, NEW DELHI-2,
PHONE-23258696/23258697

To
The Members,
Intra Infotech Limited
New Delhi.

We have audited the attached balance sheet of M/s Intra Infotech Ltd as at 31st March, 2006 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books;
- (c) The Balance Sheet and the Profit & Loss account dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on 31st March, 2006 from being appointed as director under section 274(1)(g) of the Companies Act, 1956.

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(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
- (ii) in the case of Profit & Loss Account, of the Loss for the year ended on that date.

For Dinesh K Sharma & Associates
Chartered Accountants

Sd/-
(D.K. Sharma)
Proprietor

Place: New Delhi
Date : 20.08.2006

ANEXURE TO THE AUDITORS' REPORT

In terms of the information & explanations given to us and the books of records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. As the company is not having fixed assets therefore para 4(i) of the Order is not Applicable.
2. The nature of the Company's operation does not require it to hold inventories and as such para 4(ii) of the Order is not applicable.
3. The company has not granted/ taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods. Further, during the course of our audit we have neither come across nor have we been informed of any major weakness in the internal controls.
5. In case of transactions exceeding the value of five lakh rupees in the financial year in respect of any party (a) the transactions that need to be entered into a register in pursuance of section 301 of the Act, have been so entered (b) in our opinion, each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

Contd. to page no-2---

6. In our opinion, and according to the information and explanations given to us, the company has not accepted deposits from public. Therefore, the para (vi) of the Order is not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues are either not applicable to the the company or have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31st March, 2006 for a period of more than six months from the date of becoming payable.
10. The company has not taken any Loans from F.I./Banks therefore this clause is not applicable.
11. The company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, para 4(xiii) of the Order is not applicable.
13. The company has not dealt or trading in shares, securities, debentures and other investments.
14. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee to any bank/FI's.
15. In our opinion, and according to the information and explanations given to us, the company has not taken any term loan. Accordingly, the para 4(xvi) of the Order is not applicable.

Contd. to page no-3---

16. According to information and explanations given to us and based on the overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment, and vice-versa.
17. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
18. The company has not issued debentures during the year or in earlier years. Accordingly the para 4(xix) of the Order is not applicable.
19. The company has not raised any money through public issue during the year.
20. According to information and explanations given to us no fraud has been noticed during the year under report.

For DINESH K SHARMA & ASSOCIATES
Chartered Accountants

Sd/-
(Dinesh K Sharma)
Proprietor

Place: New Delhi
Date : 20.08.2006

INTRA INFOTECH LIMITED

BALANCE SHEET AS AT 31st March, 2006

<u>SOURCE OF FUND</u>	<u>SCHEDULE</u>	<u>AS ON 31.3.2006</u>	<u>AS ON 31.3.2005</u>
<u>SHAREHOLDERS FUND</u>			
Share Capital	1	49,187,500	46,076,000
<u>RESERVES & SURPLUS</u>			
Credit Balance in P&L Account		-	418,052
Deferred Tax Liability		102,744	102,744
		<u>49,290,244</u>	<u>46,596,796</u>
<u>APPLICATION OF FUNDS</u>			
<u>FIXED ASSETS</u>			
	2	665,443	731,899
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
	3	59,055,101	50,462,732
Less:			
<u>Current Liabilities & Provisions</u>	4	13,606,220	6,662,458
Net Current Assets		<u>45,448,881</u>	<u>43,800,274</u>
Debit Balance in Profit & Loss A/c		1,424,222	-
<u>MISCELLANEOUS EXPENSES</u> (To the extent not written off or adjusted)			
<u>Intangible Assets</u>			
Copyright		500,000	500,000
Preliminary/Preoperative Expenses	5	1,251,699	1,564,623
NOTES ON ACCOUNTS	7	<u>49,290,244</u>	<u>46,596,796</u>

As per our Report of even date

For **DINESH K. SHARMA & ASSOCIATES**
Chartered Accountants

For & on behalf of the Board
For Intra Infotech Limited

Sd/-

DINESH SHARMA
PROPRIETOR
Place :- New Delhi
Date :- 20.08.2006

Sd/-

Pramod Sharma
Director

Sd/-

Rahul Singh
Director

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INTRA INFOTECH LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD 01.04.2005 TO 31.03.2006

Particulars	Schedule	Amount (Rs.)	Amount (Rs.)
	No.	31-3-2006	31-3-2005
A. INCOME			
Gross Receipt		695,750	19,232,756
Closing Stock		190,000	489,250
		885,750	19,722,006
B EXPENDITURE			
Opening stock		489,250	1,845,250
Administrative & Establishment Expenses	6	1,315,295	1,127,380
Cost of Film Amortised		-	12,000,000
Purchases		250,962	3,980,737
Preliminary Expenses/Defferd rev.expdt W/off		16,815	16,815
Preoperative Expenes Written off		296,109	296,109
Depriciation		279,406	299,804
		2,647,837	19,566,095
C Net Profit/(Loss) before taxation		(1,762,087)	155,911
Provision for Taxation		-	66,000
Profit/(Loss) after taxation		(1,762,087)	89,911
Deferred tax Liability/ (Asset)		-	(8,975)
Profit/(Loss) brought forward from Last Year		418,052	319,166
Adjustment on Account of Income Tax		(1,783)	-
Fringe Benefit Tax paid		78,404	-
Balance Carried to Balance Sheet		(1,424,222)	418,052
NOTES ON ACCOUNTS	7		

As per our Report of even date

For DINESH K. SHARMA & ASSOCIATES
Chartered Accountants

For & on behalf of the Board
For Intra Infotech Limited

Sd/-

DINESH SHARMA
PROPRIETOR

Place :- New Delhi
Date :- 20.08.2006

Sd/-

Pramod Sharma
Director

Sd/-

Rahul Singh
Director

INTRA INFOTECH LIMITED
for the Period 1.04.2005 to 31.03.2006

SCHEDULE 1 SHARE CAPITAL
AUTHORISED

65,00,000 Equity Shares of Rs. 10/- each

ISSUED, SUBSCRIBED & PAIDUP

5678200 Equity Shares of

Rs. 10/- each fully paid up

Less: calls in arrears

	AS ON 31.3.2006	AS ON 31.3.2005
	65,000,000	65,000,000
	56,782,000	56,782,000
	7,594,500	10,706,000
	49,187,500	46,076,000

SCHEDULE 3
CURRENT ASSETS LOANS & ADVANCES

Current Assets

Sundry Debtors

Work In Progress

Closing Stock

	7,501,796	7,548,033
	725,191	-
	190,000	489,250
	8,416,987	8,037,283

(A) LOANS & ADVANCES

Loan & Advances

(Unsecured considered good & recoverable by the Management)

	49,614,101	41,736,383
	49,614,101	41,736,383

(B) CASH & BANK BALANCES

Cash & Bank Balance

	1,024,013	689,066
	1,024,013	689,066

GRAND TOTAL

	59,055,101	50,462,732
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Sd/-
Pranod Sharma
Director

Sd/-
Rahul Singh
Director

SCHEDULE 4
CURRENT LIABILITIES & PROVISIONS

Expenses Payable

Sundry Creditors

TDS Deducted/ Payable

Provision for Income Tax

	344,268	392,506
	12,840,876	5,782,876
	421,076	421,076
	-	66,000
	13,606,220	6,662,458

SCHEDULE 5
MISCELLANEOUS EXPENDITURE
(To the extent written off or adjusted)

Intangible Assets

Copyright for the Movie Tauba Tauba

Amortisation of Film Tauba Tauba

	500,000	12,500,000
	500,000	12,500,000
	-	12,000,000
	500,000	500,000

Preliminary Expenditure

Preliminary Expenses &

Deferred Revenue Expenditure

	84,075	100,890
	84,075	100,890
	16,815	16,815
	67,260	84,075

Less: Written off

BALANCE (A)

Schedule 2

FIXED ASSETS

As per Companies Act

Particulars	Op Balance at 1.04.05	Add.During the year	Sale During the year	Gross Value as at 31.3.2006	Depriciation	Closing Balance as at 31.3.2006
Vending Machine	0	14200		14,200	1103.96	13,096
Fax Machine	0	25000	0	25,000	1829.26	23,171
Furniture Fixture	0	90150		90,150	2358.38	87,792
Land	15,726	-	-	15,726	-	15,726
Computers	638,150	632,100	548,500	721,750	263,261	458,489
Office Equipments @ 13.91	78,023	-	-	78,023	10,853	67,170
Total	731,899	761,450	548,500	944,849	279,406	665,443

PREOPERATIVE EXPENSES

(To the extent written off or adjusted)

Preoperative Expenses	1,480,548	1,776,657
	<u>1,480,548</u>	<u>1,776,657</u>
Less: Written off	296,109	296,109
BALANCE (B)	<u>1,184,439</u>	<u>1,480,548</u>
TOTAL (A+B) Carried to Balance Sheet	<u>1,251,699</u>	<u>1,564,623</u>

Sd/-
Pramod Sharma
Director

Sd/-
Rahul Singh
Director

INTRA INFOTECH LIMITED

for the Period 1.04.2004 to 31.03.2006

SCHEDULE 6**Administrative & Establishment Expenses**

	AS ON 31.3.2006	AS ON 31.3.2005
Advertisement Expenses	29,742	27,496
Audit Fees	15,000	15,000
Bank Charges	7,945	26,833
Books & Periodicals	11,359	-
Business Promotion	313,515	375,170
Computer Fax Maintenance	1,980	-
Connectivity Charges	19,795	10,062
Depository Service charges	23,143	11,450
Electricity Expenses	37,863	2,560
Filing Fees	1,500	5,000
Legal & Professional Charges	30,451	91,136
Listing Fees	35,000	69,500
Misc. Expenses	10,717	11,286
office Maintenance	2,300	-
Postage & Telegram	10,338	1,849
Printing & Stationery	1,221	17,530
Rent Account	49,746	-
Salaries	276,400	140,081
Staff welfare Expenses	-	52,546
Telephone Expenses	96,684	116,559
Travelling & Conveyance	333,596	153,322
Typing & Photostat	7,000	-
	<u>1,315,295</u>	<u>1,127,380</u>

Sd/-
Pramod Sharma
Director

Sd/-
Rahul Singh
Director

SCHEDULE VIII:

NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE ANNUAL ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

(A) Accounting Assumptions:

The accounts are prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant laws as well as the guidelines prescribed by the Department of companies affairs, Ministry of Law & Justice and companies affairs & ICAI.

Further, the Accounts have been prepared under the historic cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual, including adjustments for which obligations and amounts determined, as payable or receivable during the year.

(B) SYSTEM OF ACCOUNTING:

The Company adopts the accrual system of accounting:

- a) Revenue recognition- The Company's income from operation is accounted on accrual basis.
- b) Expenses- All expenses are provided for on accrual basis.
- c) Valuation Stock - The stock of softwares are valued at cost or market value which ever is less.
- d) Depreciation- Depreciation on fixed assets is provided on written down method in terms of section 350 of companies act, 1956 at the rates prescribed in Schedule XIV to the said Act.
- e) Preliminary Expenses & Pre-operative Expenses are written off at the amount admissible under the Income Tax Act, 1961.
- f) Intangible Assets in the form of copyrights are written off against the income generated from related business and in equal four installments.

(C) NOTES ON ACCOUNTS:

1. The directors of the Company have certified that the current assets, Loans and Advance have a value on realization, at least equal to the amount at which they are stated in the Balance Sheet as all these accounts are in the ordinary course of Business & provisions of all known liabilities have been accounted for in the regular books of accounts.

2. Details of Closing Stock

S.No.	Description	31.03.2006		31.03.2005	
		Qty	Amount	Qty	Amount
1.	Exim Encyclopedia	1	8000.00	18	146250.00
2.	Ompac Soft	1	182000.00	2	343000.00
Total			190000.00		489250.00

3. Certain balances in the accounts of Debtors, Loan & Advances, Investment and Creditors are subject to reconciliation from the respective parties.

4. Previous Year figure have been regrouped/ rearranged wherever necessary in order to make them comparable.

5. Auditor's Remuneration-	<u>2005-06</u>	<u>2004-05</u>
	15000.00	15000.00

6. (a) Expenditure in Foreign Currency	Nil
(b) Earning in Foreign Currency	Nil

7. On the basis of the information available with the company, there is no outstanding balance for more than 30 days in case of small scale industries.

8. Earning/loss per share:

	<u>31-03-2006</u>	<u>31-03-2005</u>
Earning/(loss) for the year (Lacs)	(17.62)	1.56
Basic/ (diluted) weighted average of shares (Rs. In Lacs).	56.78	56.78
Basic/(diluted) EPS	(0.03)	0.02
Nominal Value of shares (Rs. In Lacs)	567.82	567.82

9. Segment Reporting: The Company is mainly engaged in the business of trading of Hardware & Software. However, during the year the company in the first Qtr continued in the production of motion picture but stopped the same business due to non-availability of time schedule with the star-cast. Therefore, the related segment-wise information is as follows:

a) Segment Revenue:	2005-06	2004-05
1. Income from Hard-ware/Software business	7.00	85.05
2. Income from Motion Picture business	0.00	127.27
Total	7.00	192.32
b) Segment results Before Tax & Interest	2005-06	2004-05
1. Hard-ware/Software business	(1.62)	(5.71)
2. Motion Picture business	(15.85)	7.27
Total	(17.47)	1.56
c) Capital Employed:	2005-06	2004-05
1. Hard-ware/Software business	339.07	357.75
2. Motion Picture business	152.81	103.01
Total	491.88	460.76

For Intra Infotech Ltd

Sd/-
Pramod Sharma
Director

Sd/-
Rahul Singh
Director

Place :- New Delhi
Date :- 20.08.2006

For DINESH K. SHARMA & ASSOCIATES
Chartered Accountants

Sd/-

DINESH SHARMA
PROPRIETOR

INTRA INFOTECH LIMITED

(Regd Office: 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi – 110019)

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting venue)

I /we hereby record my/ our presence at the **ANNUAL GENERAL MEETING** of the Company to be held at 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi – 110019 on Friday the 29th day of September 2006 at 10.00 a.m

Full name of the Shareholder / Proxy
(in Block letters)

Folio No.
DPID No.
Client ID No.

No. of Shares Held

Signature of Shareholder / Proxy

Note

1. You are requested to sign and hand this over at the entrance.
2. If you are attending the meeting in person or by proxy, your Copy of notice may please be brought by you / your proxy for reference at the meeting.

* Applicable to Investors holding Shares in Electronic Form.

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INTRA INFOTECH LIMITED

(Regd Office: 704, 7th Floor, Deepali Building, 92 Nehru Place, New Delhi – 110019)

PROXY FORM

DPID
Client ID

Folio No	
----------	--

I/ we _____ of
_____ in the district of
_____ being a member / members of
the above named Company, hereby appoint _____ of
_____ in the district of
_____ or failing him
_____ of _____ in the district of
_____ as my / our proxy to vote for me/ us on my/ our behalf at the
ANNUAL GENERAL MEETING of the Company to be held on Friday, the 29th day of September
2006 at 10.00 a.m and to any adjournment thereof.

Signed this _____ day of _____ 2006

Folio No.
DPID No.*
Client ID No.*

Affix Revenue Stamp

Signature _____

NOTE

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. The proxy must be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting.
3. This form is to be used in favour of/ against the resolution. Unless otherwise directed, the proxy will vote as it thinks fit.
4. A proxy need not be a member.

* Applicable to Investors holding Shares in Electronic Form.