

SILICON VALLEY INFOTECH LIMITED



22ND ANNUAL REPORT 2004 - 2005

SILICON VALLEY INFOTECH LIMITED

22nd Annual Report, 2005

BOARD OF DIRECTORS

SHRI ARIHANT JAIN, *Managing Director*

SHRI SANTOSH KUMAR JAIN

SHRI R. KALYANARAMAN

MS. SUMATHI SRIDHARAN

COMPANY SECRETARY

SHRI KAILASH CHANDRA JAISWAL

AUDITORS

P. K. AJITSARIA & CO.

Chartered Accountants

BANKERS

CANARA BANK

ABN AMRO BANK N. V.

REGISTERED OFFICE

10, PRINCEP STREET

2ND FLOOR

KOLKATA - 700 072

SILICON VALLEY INFOTECH LIMITED**NOTICE**

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **Silicon Valley Infotech Limited** will be held at Jhaharia Committee Room of Merchants Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on **Thursday, 25th day of August, 2005 at 11.00 A.M.** to transact the following business :-

ORDINARY RESOLUTION :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Shri Santosh Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS :

- 4) To consider and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED THAT Shri R. Kalyanaraman, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 23/03/2005 and who holds office in terms of Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri R. Kalyanaraman as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 5) To consider and if thought fit, to pass with or without modification, the following Resolution as Special Resolution :

"RESOLVED THAT Ms. Sumathi Sridharan, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 23/03/2005 and who holds office in terms of Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Ms. Sumathi Sridharan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered Office :

10 Princep Street,
2nd Floor,
Kolkata - 700 072

Dated : The 23rd day of May, 2005

By order of the Board
For Silicon Valley Infotech Ltd.
Kailash Chandra Jaiswal
Company Secretary

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.
- 2 The Register of Beneficial Owners, Register of Members and the share transfer books of the Company will remain closed from **20th August, 2005 to 25th August, 2005** (both days inclusive).
- 3 Members are requested to notify immediately any change in their addresses to the Registrars and Transfer Agent M/s. Maheshwari Datamatics Pvt. Ltd., 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001.
- 4 Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- 5 Members holding shares in physical form can avail of the nomination facility by filling Form 2B (in duplicate) with the Company or its Registrar & Transfer Agent which will be made available on request and in case of shares held in demat form, the nomination has to be lodged with their Depository Participant.
- 6 The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.

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SILICON VALLEY INFOTECH LIMITED**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Shri R. Kalyanaraman was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd March, 2005 under Section 260 of the Companies Act, 1956. Shri R. Kalyanaraman continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Company has received a notice from a member signifying his intention to propose Shri R. Kalyanaraman as a candidate for the office of Director of the Company and the requisite deposit of Rs. 500/- has also been received by the Company along with such notice. It is proposed that Shri R. Kalyanaraman will be liable to retire by rotation.

The Board is of the view that Shri R. Kalyanaraman's knowledge and experience will be of immense benefit and value to the Company and therefore, recommends his appointment to the shareholders.

None of the Directors, except Shri R. Kalyanaraman is, in any way, concerned or interested in the aforesaid resolution.

ITEM NO. 5

Ms. Sumathi Sridharan was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd March, 2005 under Section 260 of the Companies Act, 1956. Ms. Sumathi Sridharan continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. However, as required under Section 257, the Company has received a notice from a member signifying his intention to propose Ms. Sumathi Sridharan as a candidate for the office of Director of the Company and the requisite deposit of Rs. 500/- has also been received by the Company along with such notice. It is proposed that Ms. Sumathi Sridharan will be liable to retire by rotation.

The Board is of the view that Ms. Sumathi Sridharan's knowledge and experience will be of immense benefit and value to the Company and therefore, recommends his appointment to the shareholders.

None of the Directors, except Ms. Sumathi Sridharan is, in any way, concerned or interested in the aforesaid resolution.

Registered Office :

10, Princep Street,
2nd Floor,
Kolkata - 700 072

Dated : The 23rd day of May, 2005

By order of the Board
For Silicon Valley Infotech Ltd.
Kailash Chandra Jaiswal
Company Secretary

DIRECTORS' REPORT**Dear Shareholders,**

Your Directors have pleasure in presenting the 22nd Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

1. FINANCIAL HIGHLIGHTS :

The working results of the Company for the year stand as under :-

	(Rs.) Year ended 31.03.2005	(Rs.) Year ended 31.03.2004
Profit/(Loss) before Taxation	2,47,00,460.64	1,60,26,234.81
Less : Provision for Tax - Current	18,44,432.00	12,32,017.00
- Deferred	71,74,491.00	69,98,749.00
Profit/(Loss) after Taxation	1,56,81,537.64	77,95,468.81
Balance brought forward from previous year	(1,65,84,317.72)	(2,28,19,786.53)
Transfer to Reserve Fund	31,36,308.00	15,60,000.00
Provision for Taxation W/back for earlier year	(1,15,716.00)	—
Balance carried to Balance Sheet	(39,23,372.08)	(1,65,84,317.72)

2. DIVIDEND

In view of huge brought forward losses of the Company, the Directors have decided not to recommend any dividend for the year.

3. PERFORMANCE REVIEW

The performance of the Company during the current year has improved substantially in comparison to previous year. Your Directors are making all efforts to improve the performance of the Company further in current year.

4. DIRECTORS

Shri Prashant Jain was appointed as an Additional Director of the Company with effect from 11th December, 2004. He submitted his resignation and the same was accepted by the Board with effect from 24th March, 2005. The Board places on record its appreciation for the services rendered by him during the tenure of his Directorship with the Company.

Shri R. Kalyanaraman and Ms. Sumathi Sridharan were appointed as an Additional Directors of the Company with effect from 23rd March, 2005 and they vacate offices at the conclusion of ensuing Annual General Meeting. The Company has received a notice from a shareholder proposing them as the Directors of the Company.

Shri Shiv Kumar Luhariwala and Shri Niraj Kumar Jain submitted their resignations and the same were accepted by the Board with effect from 12th December, 2004. The Board places on record its appreciation for the services rendered by them during the tenure of their Directorship with the Company.

SILICON VALLEY INFOTECH LIMITED

Shri Santosh Kumar Jain, retires by rotation and being eligible, offers himself for re-appointment.

5. DIRECTOR'S 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 :

- i) That in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the profit of the Company for the year under review ;
- iii) That 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 ;
- iv) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2005 on a going concern basis.

6. AUDITOR'S REPORT

All the items on which the Auditors have commented in their report are self-explanatory.

7. AUDITORS

M/s. P. K. Ajitsaria & Co., Chartered Accountants, Auditors of the Company, hold the office until the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Audit Committee of the Board recommends the re-appointment of M/s. P. K. Ajitsaria & Co. as Auditors of the Company for a further period of one year. Your Directors recommend their re-appointment.

8. EMPLOYEES

None of the employees were in receipt of remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956.

9. STATUTORY INFORMATION

The Company being basically in the financial sector, requirement regarding the disclosures of particulars of conservation of energy and technology absorption prescribed by the rules is not applicable.

10. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on corporate governance alongwith a certificate from the Auditors and Management Discussion & Analysis is enclosed as Annexure "A" and forms a part of this report.

11. DELISTING OF EQUITY SHARES FROM DELHI AND JAIPUR STOCK EXCHANGES

The Equity Shares of the Company have been delisted from Jaipur Stock Exchange and Delhi Stock Exchange w.e.f. 31st day of March, 2005 as per the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

12. SUB-DIVISION OF SHARES

The Company has sub-divided one equity share having a face value of Rs. 10/- each into 10 equity shares of Face Value of Re. 1/- each w.e.f. 18th day of February, 2005, after obtaining necessary approvals from the appropriate authorities.

13. AMALGAMATION

The Board of Directors has decided to amalgamate M/s. Pentasoft Technologies Ltd., a Chennai Based Company w.e.f. 1st April, 2005 with the Company. As per the Share Valuation Report given by R. Swaminathan & Co., Chartered Accountants, Chennai and subject to the approval of the scheme of amalgamation by the respective Hon'ble High Courts of Calcutta and Chennai, the Shareholders of M/s. Pentasoft Technologies Ltd. would get one equity share of face value of Re. 1/- each of the Company for every two equity shares of face value of Rs. 10/- each held by them on a record date to be fixed later. The Company has filed the Scheme of Amalgamation with the Stock Exchanges with which the Company is listed. An application will be made in the Hon'ble Calcutta High Court after receiving no objection certificate from them and the necessary requirements under Section 391 to 394 will be complied accordingly.

14. EMPLOYER EMPLOYEE RELATIONSHIP

The Company maintained a cordial relationship with its employees which resulted in smooth flow of business operations during the period under review.

15. FOREIGN EXCHANGE

The Company has had no foreign exchange outflow or inflow during the year under review.

16. ACKNOWLEDGEMENTS

Your Directors acknowledge the support and owe a debt of gratitude to the Shareholders, Investors & Bankers. Your Directors are also thankful to its clients for their continued faith and support reposed in us. Last but not the least, your Directors place on record their sense of appreciation of the valuable contribution made by the employees of the Company.

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : The 23rd day of May, 2005

On behalf of the Board
For Silicon Valley Infotech Ltd.

ARIHANT JAIN
Managing Director

SANTOSH KUMAR JAIN
Director

ANNEXURE "A"**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's report on Corporate Governance :

1. CORPORATE GOVERNANCE PHILOSOPHY :

The Company is strongly committed to effective Corporate Governance. The Basic Philosophy of Corporate Governance in the Company is to achieve business excellence and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places emphasis on business ethics.

2. BOARD OF DIRECTORS :**(a) Composition of the Board**

The Composition of the Board of Directors of the Company consists of qualified executive and non executive directors. The Board comprises of persons who have excelled in their respective areas having good standing.

The composition of the Board of Directors as at 31st March, 2005 is as follows :

Sr. No.	Name of Director	Executive/ Non-Executive	No. of other		
			Directorships+	Committee++	
				Chairman	Member
1	Sri Arihant Jain - M.D.	Executive	3	1	1
2	Sri Santosh Kumar Jain	Non-Executive	8	2	3
3	Sri R. Kalyanaraman #	Non-Executive & Independent	2	—	2
4	Ms. Sumathi Sridharan #	Non-Executive & Independent	4	—	2

Appointed w.e.f. 23/03/2005.

+ Excluding Directorship held in Private Limited / Foreign Companies and companies incorporated under Section 25 of the Companies Act, 1956.

++ Represents Membership/Chairmanship of the Audit Committee, Compensation Committee and Shareholder's/Investor's Grievance Committee of other Companies.

(b) Changes in the composition of the Board of Directors since last Annual General Meeting :

Shri Shiv Kumar Luhariwala and Shri Niraj Kumar Jain resigned from the post of Director during the financial year under consideration. Shri Prashant Jain also resigned from the post of Directorship who was appointed as the Additional Director during the year. The Board appointed Shri R. Kalyanaraman and Ms. Sumathi Sridharan as Directors w.e.f. 23rd March, 2005.

Mr. R. Kalyanaraman, Director is a Graduate in Electrical & Electronic Engineering from Madras University. He has worked in BHEL from 1975 to 1993 in various fields including research & development, project management and ancillary development. He has presented several technical papers in various national conferences. He has also worked as a project consultant.

Ms. Sumathi Sridharan completed Master of Engineering in computer science in 1986 from Regional Engineering College, Trichy. She was in REC-Trichy as a Lecturer in the department of Computer

Science. She has over 19 years of professional experience in various fields such as Software Development Education & Training, Animation content production and marketing.

(c) Board Meetings held in the Financial Year 2004-2005 and attendance of Directors :

The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. During the year under review, 14 board meetings were held on 20/04/2004, 18/06/2004, 23/07/2004, 29/07/2004, 24/09/2004, 07/10/2004, 15/10/2004, 30/10/2004, 11/12/2004, 23/12/2004, 15/01/2005, 28/01/2005, 14/03/2005 and 23/03/2005.

Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting :

Director	No. of Meetings		Attendance at last AGM - Held on 17th September, 2004
	Held	Attended	
Sri Arihant Jain - M.D.	14	14	No
Sri Santosh Kumar Jain	14	14	Yes
Sri Shiv Kumar Luhariwala	9	9	No
Sri Niraj Kumar Jain	9	9	No
Sri Prashant Jain	5	5	NA
Sri R. Kalyanaraman	1	—	NA
Ms. Sumathi Sridharan	1	—	NA

(d) Details of sitting fees, remuneration etc. paid to Directors :

The details of remuneration paid to the Managing Director of the Company during the year 2004-2005 are given below :

<u>S. No.</u>	<u>Name of the Director</u>	<u>Salary & Perquisites (Rs.)</u>
1.	Shri Arihant Jain – Managing Director	3,36,000

3. DIRECTORS' INTEREST IN THE COMPANY :

Except Shri Arihant Jain and Shri Santosh Kumar Jain, no other director is related to any other director. None of the directors received any loan and advances from the Company during the year.

4. COMMITTEES OF DIRECTORS :

In accordance with requirements of the Listing Agreements with Stock Exchanges on Corporate Governance, following 2 committees were operational during the year :

- (a) Audit Committee
- (b) Shareholders' / Investors' Grievance Committee

a. Audit Committee :

The present Audit Committee of the Board of Directors fulfills the requirements of section 292(A) of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement. The Audit Committee of the Company consists of 3 Non-executive Directors out of which two are Independent Directors. 4 Audit Committee meetings were held during the Financial Year 2004-2005.