

SILICON VALLEY INFOTECH LIMITED

T
W
E
N
T
Y
-
T
H
I
R
D

Report  junction.com

**ANNUAL REPORT
2005 - 2006**

SILICON VALLEY INFOTECH LIMITED

SILICON VALLEY INFOTECH LIMITED

23rd Annual Report, 2006

BOARD OF DIRECTORS

SHRI ARIHANT JAIN, *Managing Director*
SHRI SANTOSH KUMAR JAIN
SHRI R. KALYANARAMAN
SHRI B. P. JHUNJHUNWALA
SMT. SUMATHI SRIDHARAN

COMPANY SECRETARY

SHRI PRADYUT BANERJEE

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 Twenty-third Annual General Meeting of the Members of Silicon Valley Infotech Limited will be held at "Somani Conference Hall", Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Thursday, 7th September, 2006 at 11.00 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date together with the Reports of the Director's and Auditor's thereon.
2. To appoint a Director in place of Shri R. Kalyanaraman, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. P. K. Ajitsaria & Co., Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting 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 an **Ordinary Resolution**:

"RESOLVED THAT Shri Bhagwati Prasad Jhunjunwala, who was appointed as an Additional Director with effect from 26th August, 2005 and who holds office in terms of Section 260 of the Companies Act, 1956, up to 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 B. P. Jhunjunwala 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 : 27th July, 2006

By order of the Board
For Silicon Valley Infotech Limited

Santosh Kumar Jain
Director

NOTES :

1. A Member entitled to attend and vote at the Annual General Meeting may 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 at 10, Princep Street, 2nd Floor, Kolkata - 700 072, not less than forty-eight hours before the commencement of the Annual General Meeting.
2. Members/Proxies should bring duly filled Attendance Slips along with copy of the Annual Report & Accounts to the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 1st September, 2006 to Thursday, 7th September, 2006 (both days inclusive).

SILICON VALLEY INFOTECH LIMITED

4. The Register of Directors Shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the Annual General Meeting.
5. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
6. Members are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent, Maheshwari Datamatics Private Limited of 6, Mangoe Lane, 2nd Floor, Kolkata 700 001.
7. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
8. Additional information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/re-appointed, Members are requested to kindly refer Para 2 of the Report on Corporate Governance forming part of this Annual Report.

Annexure to Notice

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

Item No. 4

Shri Bhagwati Prasad Jhunjunwala was appointed as an Additional Director of the Company with effect from 26th August, 2005 and he holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 along with deposit of Rs.500/- from a shareholder of the Company intimating his intention to propose Shri B. P. Jhunjunwala as a candidate for the office of Director of the Company. Shri B. P. Jhunjunwala has filed his consent pursuant to Section 264 of the Act, to act as a Director if appointed.

Shri B. P. Jhunjunwala is a qualified Chartered Accountant. He has vast experience in the field of Corporate Finance and other related matters.

Considering the qualification, rich and varied experience of Shri B. P. Jhunjunwala, it will be in the interest of the Company to continue to avail of his contribution to the overall progress of the Company.

The Board is of the view that Shri B. P. Jhunjunwala'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 B. P. Jhunjunwala is, in any way, concerned or interested in the aforesaid resolution:

Registered Office :

10, Princep Street,
2nd Floor,
Kolkata - 700 072
Dated : 27th July, 2006

By order of the Board
For Silicon Valley Infotech Limited
Santosh Kumar Jain
Director

SILICON VALLEY INFOTECH LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-third Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2006.

1. FINANCIAL HIGHLIGHTS :

The working results of the Company for the year under review are given below :-

	Year ended 31.03.2006	Year ended 31.03.2005
Profit/(Loss) before Taxation	24,74,824.60	2,47,00,460.64
Provision for Tax - Current Tax	2,45,450.00	18,44,432.00
- Deferred Tax	1,69,452.00	71,74,491.00
Profit/(Loss) after Taxation	20,59,922.60	1,56,81,537.64
Balance brought forward from previous year	(39,23,372.08)	(1,65,84,317.72)
Transfer to Reserve Fund	4,11,985.00	31,36,308.00
Provision for Taxation written back for earlier year	—	(1,15,716.00)
Balance carried to Balance Sheet	(26,57,934.48)	(39,23,372.08)

2. DIVIDEND

In view of the brought forward losses of the Company the Board have decided not to recommend any dividend for the year under review.

3. PERFORMANCE REVIEW

The performance of the Company during the year has substantially reduced due to high volatility in the market. Your Directors are making all efforts to improve the performance of the Company in the current year.

4. FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

5. DIRECTORS**(i) Re-appointment :**

As per the provisions of the Article of Association of the Company, Shri R. Kalyanaraman, retire by rotation and being eligible offers himself for re-appointment at this Annual General Meeting. The Board recommends his re-appointment for consideration of the shareholders.

(ii) Appointment :

Shri B. P. Jhunjunwala was appointed as an Additional Director of the Company by the Board of

SILICON VALLEY INFOTECH LIMITED

Directors at its meeting held on 26th August, 2005 with immediate effect and he vacates office at the conclusion of ensuing Annual General Meeting. The Company has received a notice from a member proposing him as a Director of the Company.

6. 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:

- a. That in the preparation of the accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- b. That 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 at the end of the financial year and of the profit of the Company for the year under review;
- c. 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;
- d. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2006 on a going concern basis.

7. PREFERENTIAL ISSUE

During the financial year the Company had proposed to issue 7,50,00,000 convertible Equity Share Warrants on preferential basis. The allotment of the same could not be made due to non-receipt of in-principle approval for listing from the stock exchanges.

8. AUDITORS' REPORT

All the items on which the Auditors have commented in their report are self-explanatory and no further explanation is required by the Board of Directors.

9. AUDITORS

Messrs. P.K. Ajitsaria & Co., Chartered Accountants, Auditors of the Company, who retire at the conclusion of the forthcoming Annual General Meeting, have consented to continue in office, if appointed. They have confirmed that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

10. 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 read along with Companies (Particulars of Employees) Rules, 1975.

11. STATUTORY INFORMATION

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

SILICON VALLEY INFOTECH LIMITED**12. FOREIGN EXCHANGE**

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

13. CORPORATE GOVERNANCE

As per the Listing Agreement with the Stock Exchange, the Company has implemented the Code on Corporate Governance. The Corporate Governance compliance certificate obtained from the Auditors of the Company is attached to this report.

The Management Discussion and Analysis Report and the Report on Corporate Governance are given in the annexure attached to this report. The Code of Conduct is available on the Company's website www.siliconvalleyinfo.net. The Board members and Senior management personnel have confirmed compliance with the said code.

14. EMPLOYER EMPLOYEE RELATIONSHIP

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

15. ACKNOWLEDGEMENTS

Your Directors acknowledge the support and owe a debt of gratitude to the Shareholders, Investors and Bankers. Your Directors are also thankful to its clients for their continued faith and support reposed in them. 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.

Report  junction.com

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : 27th July, 2006

On behalf of the Board

For **Silicon Valley Infotech Limited**

SANTOSH KUMAR JAIN
Director

B. P. JHUNJHUNWALA
Director

SILICON VALLEY INFOTECH LIMITED

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the guidelines prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is as follows :-

Para 1. CORPORATE GOVERNANCE PHILOSOPHY

Effective Corporate Governance is how an organisation is managed, which includes its culture, structure, policies and manner in which it deals with its stakeholders and not just mere compliance. It also relates to processes and systems that directs the resources of the organization and strategies of the management for maximizing the wealth of the stakeholders. Your Company firmly believes that such practices are founded upon the core values of transparency, accountability, independence, responsibility and fairness.

Your Company makes best endeavours to implement these core values in all facets of its operations. The Company continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

Para 2. BOARD OF DIRECTORS

(i) 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 and have good standing.

The composition of the Board of Directors as on 31st March, 2006 is given below :

Sr. No.	Name of the Director	Executive/ Non-Executive	No. of other		
			Directorships(+)	Committee(++)	
				Chairman	Member
1	Shri Arihant Jain - Managing Director	Executive	2	1	1
2	Shri Santosh Kumar Jain	Non-Executive	6	1	2
3	Shri R. Kalyanaraman	Non-Executive & Independent	2	—	—
4	Shri B. P. Jhunjhunwala (\$)	Non-Executive & Independent	—	—	—
5	Smt. Sumathi Sridharan	Non-Executive & Independent	4	—	—

(\$) Appointed as an Additional Director with effect from 26th August, 2005.

(+) Excluding directorship held in private limited/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

(++) Represents Chairmanship / Membership of the Audit Committee and Shareholder's/ Investors' Grievance Committee of other companies, in which they are Director.

SILICON VALLEY INFOTECH LIMITED

(ii) The attendance of the Directors at the Board meetings and the last Annual General Meeting held are given below :

Name of the Director	No. of Meetings		Attendance at last AGM - Held on 25th August, 2005
	Held	Attended	
Shri Arihant Jain - Managing Director	16	10	No
Shri Santosh Kumar Jain	16	16	Yes
Shri R. Kalyanaraman	16	16	No
Shri B. P. Jhunjhunwala	6	6	NA
Smt. Sumathi Sridharan	16	16	No

Particulars of the Directors to be appointed/re-appointed at the ensuing Annual General Meeting pursuant to revised Clause 49 of the Listing Agreement :

Name of the Director	Shri R. Kalyanaraman (Re-appointment)	Shri B. P. Jhunjhunwala (Appointment)
Date of Birth	14th April, 1950	29th April, 1960
Date of Appointment	23rd March, 2005	26th August, 2005
Qualification	Graduate in Electrical & Electronic Engineering	Chartered Accountant
Expertise in specific functional area	Shri R. Kalyanaraman is having experience of around 30 years in the field of research & development, project management and ancillary development. He has worked in BHEL for around 18 years.	Shri B. P. Jhunjhunwala is having vast knowledge and experience in the field of Corporate Finance, Accounts, Audit and Taxation.
Directorship of other Companies (*)	MFB Industries Limited Wellwin Industry Limited	None
Chairman/Membership in the Committees	None	None
Shareholding in Equity Shares of the Company and % of holding	Nil	Nil

(*) Excludes directorships in private limited companies and organisations other than public limited companies.

(iii) Directors' membership in board/committees of other companies :

In terms of the Listing Agreement, none of the directors of your Company were Members in more than 10 (ten) committees nor acted as chairman of more than 5 (five) committees across all companies in which they were Directors. Details of other directorships/committee membership/chairmanship held by them are given in Para 2(i) above.

SILICON VALLEY INFOTECH LIMITED

(iv) Number of Board meetings held, dates on which held :

As per the Listing Agreement, the Board of Directors must meet at least four times a year, with a maximum gap of four months between any two meetings.

During the financial year 2005-06, Board met (16) sixteen times on 09.04.2005, 18.04.2005, 21.04.05, 28.04.05, 02.05.05, 20.05.05, 23.05.05, 22.07.05, 29.07.05, 18.08.05, 16.09.05, 21.09.05, 29.09.05, 20.10.05, 28.10.05 and 27.01.06.

The gap between any two Board Meetings did not exceed four months.

Para 3. AUDIT COMMITTEE

(i) Brief description of the terms of reference:

The terms of reference of the Audit Committee cover the matters specified under revised Clause 49 of the Listing Agreement with Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Audit Committee reviews, acts and reports to the Board of Directors with respect to :

- a. the appointment of statutory auditors of the Company,
- b. provide Board with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems,
- c. it acts as a link between the management, statutory auditors and the Board of Directors,
- d. Company's compliance with the statutory requirements.

(ii) Composition and name of members:

The Audit Committee, presently, consists of 3 (three) Independent Members. The following directors are the present Members of the Committee :

Name of the Members	Designation	Nature of Membership
Shri B. P. Jhunjunwala (*)	Chairman	Independent & Non-Executive
Shri R. Kalyanaraman (**)	Ex-Chairman	Independent & Non-Executive
Smt. Sumathi Sridharan	Member	Independent & Non-Executive
Shri Santosh Kumar Jain	Member	Non-Executive

(*) Appointed as Member and Chairman of the Audit Committee with effect from 24th March, 2006.

(**) Ceased to be a Member and Chairman of the Audit Committee with effect from 24th March, 2006.

All the Members of the Audit Committee are financially literate and Shri B. P. Jhunjunwala, Chairman possesses financial /accounting expertise.

(iii) Meetings held and attendance during the year:

During the financial year 2005-06, the Audit Committee met (6) six times on 18.04.2005, 23.05.2005, 29.07.2005, 28.10.2005, 27.01.2006 and 24.03.2006.

Sr. No.	Members of Audit Committee	No. of meetings held	No. of meetings attended
1	Shri Bhagwati Prasad Jhunjunwala - Chairman	1	1
2	Shri R. Kalyanaraman	5	5
3	Smt. Sumathi Sridharan	6	6
4.	Shri Santosh Kumar Jain	6	6