

SILICON VALLEY INFOTECH LIMITED

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**24TH
ANNUAL REPORT
2006-2007**

SILICON VALLEY INFOTECH LIMITED

24th Annual Report, 2007

BOARD OF DIRECTORS

SHRI SANTOSH KUMAR JAIN, *Managing Director*
SHRI B. P. JHUNJHUNWALA
SHRI TAPOSH KUMAR MULLICK
SHRI HARI RAM AGARWAL

COMPANY SECRETARY

SHRI SHIV KUMAR LAKKAR

AUDITORS

P. K. AJITSARIA & CO.
Chartered Accountants

BANKERS

CANARA BANK
HDFC BANK

REGISTERED OFFICE

10, PRINCEP STREET
2ND FLOOR
KOLKATA - 700 072
Phone : (033) 2212-8030
Fax : (033) 2213-2125
E-mail : info@siliconvalleyinfo.net

REGISTRAR & SHARE TRANSFER AGENTS

MAHESHWARI DATAMATICS PRIVATE LIMITED
6, Mangoe Lane, 2nd Floor,
Kolkata - 700 001
Phone : (033) 2243-5029 / 5809
Fax : (033) 2248-4787

SILICON VALLEY INFOTECH LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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 Tuesday, 18th September, 2007 at 11.00 a.m. to transact the following businesses :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 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 Bhagwati Prasad Jhujhunwala, 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 Ordinary Resolution :

"RESOLVED THAT Shri Taposh Kumar Mullick, who was appointed as an Additional Director with effect from 26th June, 2007 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 Taposh Kumar Mullick 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 Ordinary Resolution :

"RESOLVED THAT Shri Hari Ram Agarwal, who was appointed as an Additional Director with effect from 26th June, 2007 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 Hari Ram Agarwal 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."

6. To consider, and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment thereof,

SILICON VALLEY INFOTECH LIMITED

Shri Santosh Kumar Jain be and is hereby appointed as a Managing Director of the Company in non-retiring basis for a period of five years from 2nd December, 2006, on such terms and conditions as set out in the explanatory statement annexed to the Notice convening this meeting with absolute liberty to the Board of Directors to alter and vary the terms and conditions of said appointment in accordance with the limits specified in schedule XIII of the Companies Act, 1956 or any amendments thereto as may be agreed to between the Board of Directors and Shri Santosh Kumar Jain.

Registered Office :

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

Dated : 30th June, 2007

By order of the Board
For Silicon Valley Infotech Limited
Shiv Kumar Lakkar
Company Secretary

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 14th September, 2007 to 18th September, 2007 (both days inclusive).
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.

SILICON VALLEY INFOTECH LIMITED**Annexure to Notice****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 4**

Shri Taposh Kumar Mullick was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th June, 2007 under Section 260 of the Companies Act, 1956 to hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a notice from members signifying his intention to propose Shri Taposh Kumar Mullick as a candidate for the office of Director of the Company under section 257 of the Companies Act, 1956 along with requisite deposit of Rs.500/-. It is proposed that Shri Taposh Kumar Mullick will be liable to retire by rotation.

None of the Directors, except Shri Taposh Kumar Mullick is, in any way, concerned or interested in the aforesaid resolutions.

Item No. 5

Shri Hari Ram Agarwal was appointed as an Additional Director of the Company by the Board of Directors with effect from 26th June, 2007 under Section 260 of the Companies Act, 1956 to hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a notice from members signifying his intention to propose Shri Hari Ram Agarwal as a candidate for the office of Director of the Company under section 257 of the Companies Act, 1956 along with requisite deposit of Rs.500/-. It is proposed that Shri Hari Ram Agarwal will be liable to retire by rotation.

None of the Directors, except Shri Hari Ram Agarwal is, in any way, concerned or interested in the aforesaid resolutions.

Item No. 6

Shri Santosh Kumar Jain was appointed as Managing Director for five years with effect from 2nd December, 2006. The Board of Directors of the Company at its meeting held on 2nd December, 2006 have decided to appoint Shri Santosh Kumar Jain as a Managing Director. In view of his vast experience and knowledge in the field of Investment and Finance it was thought prudent to appoint Shri Santosh Kumar Jain as a Managing Director of the Company not liable to retire by rotation for a period of five years with effect from 2nd December, 2006 on the terms and conditions as set out below and incorporated in the agreement dt. 22nd December, 2006 entered into by the Company with Shri Santosh Kumar Jain.

a) Basic Salary :

Rs. 1,00,000/- (Rupees One Lac only) per month with such annual increments in the salary effective from 1st April every year thereafter as the Board or the Committee of Directors may decide.

b) Perquisites :

The Managing Director shall also be entitled to following perquisites :

- i) Use of free furnished residential accommodation owned or leased or taken on leave and license basis by the Company. In case no accommodation is provided by the Company, the Managing Director shall receive House Rent Allowance at a rate not exceeding 60% of the Salary.

SILICON VALLEY INFOTECH LIMITED**ii) Contribution to Provident Fund :**

The Managing Director shall be entitled to Provident Fund, Superannuation Fund or Annuity Fund to the extent these contributions either singly or put together are not taxable under the Income Tax, 1961.

iii) Gratuity :

Gratuity would be payable at a rate not exceeding half a month's salary for each completed year of service subject to the maximum permissible amount under Payment of Gratuity Act, 1972.

iv) Leave Travel Concession :

Leave travel concession shall be allowed once in year for self and family in accordance with the Rules as may be specified by the Company. Leave accumulated and not availed of during his tenure shall be allowed to be encashed at the time of retirement as per Rules of the Company.

v) Medical reimbursement :

Reimbursement of Medical expenses incurred for self and the family subject to a ceiling of 1 month's salary in a year or 3 month's salary over a period of 3 years.

vi) Club fees :

Fees of Clubs subject to a maximum of 2 Clubs. This will not include admission and life membership fees.

vii) Personal Accident Insurance :

Personal Accident Insurance Policy with a Premium not exceeding Rs. 4,000/- per annum.

Minimum Remuneration :

Where in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay to Managing Director minimum remuneration by way of salary and perquisites not exceeding the limits specified above.

The Board is of the view that Shri Santosh Kumar Jain'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 of the Company other than Shri Santosh Kumar Jain, is interested in the aforesaid Resolution.

Registered Office :

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

Dated : 30th June, 2007

By order of the Board

For Silicon Valley Infotech Limited

Shiv Kumar Lakkar
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

1. FINANCIAL HIGHLIGHTS :

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

	Year ended 31.03.2007 Rs.	Year ended 31.03.2006 Rs.
Profit/(Loss) before Taxation	(52,65,02,257)	24,74,824.60
Less : Provision for Tax - Current	—	2,45,450.00
- Deferred	—	1,69,452.00
- Fringe Benefit Tax	10,176.00	—
Profit/(Loss) after Taxation	(52,75,198.57)	20,59,922.60
Balance brought forward from previous year	(26,57,934.48)	(39,23,372.08)
Transfer to Reserve Fund	—	4,11,985.00
Filing Fees for increase in Authorised Capital	—	3,82,500.00
Provision for Taxation W / Back for earlier year	(1,69,949.00)	—
Balance carried to Balance Sheet	(77,63,184.05)	(26,57,934.48)

2. DIVIDEND

In view of the loss of the Company, the Board has decided not to recommend any dividend for the year under review.

3. PERFORMANCE REVIEW

The performance of the Company during the current year is not satisfactory. Your Directors are making all efforts to improve the performance of the Company in future.

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

Shri Santosh Kumar Jain, Director of the Company has been appointed as Managing Director of the Company with effect from 2nd December, 2006. Further, the appointment of Shri Santosh Kumar Jain as Managing Director is being put up to the Members for their approval.

Shri Taposh Kumar Mullick and Shri Hari Ram Agarwal have been appointed additional directors by the Board on 26th June, 2007. By virtue of Section 260 of the Companies Act, 1956 they hold office upto the

SILICON VALLEY INFOTECH LIMITED

date of the ensuing Annual General Meeting of the Company and are eligible for appointment. The Company has received notices under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- for each of them from a member of the Company proposing their names as candidates for the office of Director.

Shri R Kalyanaraman and Shri Sumathi Sridharan resigned with effect from 26th June, 2007. The Board places on record its appreciation for the services rendered and guidance provided by them during their tenure as Directors of the Company.

As per the provisions of the Article of Association of the Company, Shri Bhagwati Prasad Jhunjhunwala, 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.

Shri Arihant Jain resigned from the post of Managing Director as well as from Board of Directors of the Company with effect from 2nd December, 2006. The Board placed on record its appreciation for the valuable contribution made by Shri Arihant Jain during his tenure as 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, 2007, 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, 2007 on a going concern basis.

7. AUDITORS' REPORT

There are no items on which Auditors have commented which need further explanation from the Board of Directors.

8. 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.

9. 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.

10. 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.

11. FOREIGN EXCHANGE

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

12. 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.

13. 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.

14. 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 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.

Registered Office :

10, Princep Street
2nd Floor
Kolkata - 700 072

Dated : 30th June, 2007

On behalf of the Board
For Silicon Valley Infotech Limited

SANTOSH KUMAR JAIN
Managing Director

B. P. JHUNJHUNWALA
Director

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, 2007 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	Shri Santosh Kumar Jain - Managing Director #	Executive	6	2	2
3	Shri R. Kalyanaraman **	Non-Executive & Independent	—	—	—
4	Shri B. P. Jhunjunwala (\$)	Non-Executive & Independent	1	—	—
5	Smt. Sumathi Sridharan **	Non-Executive & Independent	—	—	—
6	Shri Hari Ram Agarwal \$	Non-Executive & Independent	1	—	—
7	Shri Taposh Kumar Mullick \$	Non-Executive & Independent	—	—	—

* Resigned as a Managing Director and from the Board of Directors w.e.f 02.12.2006

** Resigned from the Board of Directors w.e.f 26.06.2007.

Appointed as a Managing Director w.e.f 02.12.2006

\$ Appointed as Directors w.e.f 26.06.2007

(+) 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.