



SILVERLINE TECHNOLOGIES LIMITED

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**16th
ANNUAL REPORT
2007-2008**

SILVERLINE TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Ravi Subramanian, Chairman
Krishnakumar Subramanian
Mohan Subramanian
Nallicheri J. Shivgiri
Jagdish P.Gandhi

AUDITORS

M/s: CNGSN & Associates
Chartered Accountants
Agastyar Manor, 20, Raja Street
T Nagar, Chennai-600 017.

REGISTERED OFFICE

Unit No. 121, SDF IV,
SEEPZ, Andheri (East),
Mumbai-400 096.

REGISTRAR & SHARE TRANSFER

Intime Spectrum Registry Ltd.
C-13, Kantilal Maganlal Industrial Estate
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W)
Mumbai-400 078.

SILVERLINE TECHNOLOGIES LIMITED**From the Desk of Ravi Subramanian,
Chairman of the Board**

Good Morning, everybody!



I welcome you to the Sixteenth Annual General Body Meeting of Silverline Technologies Limited

Before I begin my address today, let us take a minute in silence to show respect to all our fellow country men and women who sacrificed their lives to protect our city and our country.

It has been a very trying year for all of us, internationally! There has been resistance to growth everywhere. After leading the turnaround successfully, the credit crisis from the West has affected the lives of each and every family, worldwide. Your Company is no exception! But, amongst all adversity, the Company is working hard to continue to perform!

Though, far from what your Company's leadership was expecting, I am happy to inform you're your Company continued to grow over the course of the fiscal year, both in revenues as well as profitability. The Company's subsidiaries have a healthy pipeline of growth for the next fiscal year.

That said, let us brace for some severe challenges that will come our way due to the recession fears during the course of the next fiscal year. To minimize the impact, the organization efficiency measures that were put into action have improved the operating performance of the subsidiaries. This effort will continue to be enhanced in the coming year.

Business Highlights: Current Business

1. *There has been a YoY growth of 120% in revenue and 100% increase in profitability before the extraordinary expense;*
2. **Technical Service Management (Millennium Care Inc.)**
 - a. *This subsidiary has continued to grow steadily and holds a healthy pipeline for the next 2 quarters with a mix of new customers and additional business from existing clients due to consistent top-class delivery;*
 - b. *I-Care, a SaaS-based technical service desk solution's current product is being upgraded to support the latest international standards in the Service Management Space – ITIL 3. It competes with the best in the industry and is well respected by its clients. There are major plans for growth organically/through strategic partnerships for I-Care solutions delivery – as a Service Delivery platform for IT and vertical industries. This solution will empower managers to have extremely high standards in IT value, as well as high financial quality in day to day IT operations, and,*
 - c. *The subsidiary is well on its way on the vertical industry strategy and plans to announce its vertical industry solutions during the course of the next fiscal year.*
3. **IT Software Development and Consulting (Innovative BPO Solutions Inc.)**
 - a. *The business in this subsidiary has been consistent with its growth targets and has a healthy pipeline of business;*

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- b. *The focus on India-based delivery for growth and efficiencies is delivering results that are beginning to surpass expectations, and,*
- c. *The subsidiary has tied up with strategic partners to implement solutions in the Recruitment Process Outsourcing, Product Lifecycle Management and Homeland Security Management space.*

4. Business Service Management (OMDR Inc.)

During the year, this acquisition was expected to assist us in establishing a strong presence in financial and insurance markets. However, the fluctuation in the currency markets and the credit crisis has impacted this subsidiary drastically, especially its financial services clients which attributes to major source of revenue and profitability. Keeping the corporate commitment to keep the Company profitable, the Company has acted on this non-performing subsidiary and has asked the management to take remedial tasks to improve the performance and, if necessary, in the worst case, dispose of the asset so that it does not become a drain on the Company. The Company will take adequate steps to address the situation that is in the best interest of the Company and thus, you, the shareholders.

I take this opportunity to thank the unselfish attitude, dedication and effort of each and every stakeholder of the Company, namely the employees, the business partners, the Board of Directors and above all, you, my shareholders. I thank each of you for your loyalty and your trust in this Company.

To sum up, You and I have worked very hard to bring the Company back to its past glory. We are faced numerous challenges. On behalf of your Company, leading from the front, I and my management continue to be committed to the growth the company. I once again thank one and all for the support that we have received from you. We look forward to growing in this relationship.

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Regards,

Ravi Subramanian

SILVERLINE TECHNOLOGIES LIMITED**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of SILVERLINE TECHNOLOGIES LIMITED will be held on Wednesday, 31st December 2008 at 11.00 A.M at The Shanmukhanada Fine Arts and Sangeetha Sabha Conventional Hall, Flank Road, Sion (E), Mumbai – 400 022. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss account of the Company for the year ended 30th June 2008 and the Balance Sheet at the date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishnakumar Subramanian , who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nallicheri Shivgiri, who retires by rotation, and being eligible offers himself for re-appointment.
4. Appointment of Auditors:

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

“RESOLVED THAT CNGSN & ASSOCIATES. Chartered Accountants, who retire at this meeting being eligible and willing to act as Auditors, be hereby appointed Auditors of the Company to hold office till conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors”

On behalf of the Board

Place: Mumbai
Date : 29 November 2008

Krishnakumar Subramanian
Director

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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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE ANNUAL GENERAL MEETING.
2. The Register of Members of the Company will remain closed from 19th December 2008 to 22nd December 2008 (both days inclusive).
3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Director of the Company at the Company's Registered Office, so as to reach atleast 7days before the date of the meeting, so that the information required may be made available at the meeting to the best extent possible.

On behalf of the Board

Place: Mumbai
Date : 29 November 2008

Krishnakumar Subramanian
Director

SILVERLINE TECHNOLOGIES LIMITED**DIRECTORS REPORT**

Your Directors are pleased to present you the Sixteenth Annual Report with the Audited Accounts for the period of twelve months from 1st July 2007 to 30th June 2008.

Financial Results

Particulars	I. Year ended 01/07/2007 to 30/06/2008 Rs. In million	Year ended 01/07/2006 to 30/06/2007 Rs. In million
Total Income Gross Profit (PBDIT)	1499.5	724.3
Less : Finance Charges	10.3	4.8
Depreciation	11.9	26.6
Preliminary & Deferred Revenue Expenses	7.5	4.8
Profit before taxation and Extra-ordinary items	207.5	125.1
Less : Provision for taxation	12.2	14.2
Add: Extra-ordinary items Net Profit/Loss		
Add : Balance brought forward	(115.1)	19.8
	80.2	130.7
	130.7	
Profit available for appropriation/ Adjustment	210.9	130.7
Appropriation /Adjustment	-	
Share Capital Account	399.9	299.9
Capital Reserve Account	381.0	
	688.7	
Less :		
Miscellaneous Expenses (Deferred)	9.3	14.1
Total	982.5	1105.1

Performance

Your Company's service income for the year ended June 30, 2008 increased by Rs. 818 mn as compared to the previous year ended June 30, 2007. The profit before extraordinary item increased as a percentage by 76% over previous year.

The review of the performance for the year ended June 30, 2008 and the business outlook of the company is included in section on Management Discussion and Analysis included in Annexure "C" to this report. The company partly repairing of he performance.

Fixed Deposits:

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

Directors:

Mr. Krishnakumar Subramanian retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment

Mr. Nillicheri J.Shivgiri. retires by rotation at the ensuing Annual General Meeting and eligible offers himself for re-appointment.

Auditors:

The Auditors M/s. CNGSN & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

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Directors Responsibility Statement:

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that they 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 and fair view of the state of affairs of the Company at the end of the year as on 30 June 2008 and of the profit or loss of the company for that year;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that they had prepared the annual accounts on a going concern basis.
- v) the assets mortgage to the Banks for securing the loan were settled through apportionment of the assets of the company.

Corporate Governance:

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report on Corporate Governance is given in Annexure "B"

Management Discussion and Analysis

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a section on management discussion and analysis is given in Annexure "C"

Employee Particulars

Particulars of employees as required under section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employee) Rules, 1975, as amended, forms part of this report.

However, in pursuance of section 219(a)(b)(iv) of the Companies Act, 1956, this report is being sent to all the shareholders of the Company excluding the aforesaid information. The members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are set out in Annexure "A" included in this report.

Acknowledgements

Your directors place on record their appreciation of the support extended by Customers, Investors, Bankers, Business Associates, Vendors, Share Holder's and various Government Agencies. Your directors would also like to place on record the contribution made by the employees at all levels for the success of your Company during the year.

On behalf of the Board

Krishnakumar Subramanian
Director

Date 29 November . 2008

Place : Mumbai,

SILVERLINE TECHNOLOGIES LIMITED**ANNEXURE "A" TO THE DIRECTORS' REPORT**

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy:

The Company's operations are not power intensive. Nevertheless, your Company has introduced various measures to conserve and minimize the use of energy.

Measures introduced include using energy efficient computer terminals, purchasing energy efficient equipment, incorporating the latest technology, time clock operation, staggered start up of equipments, purchase of energy saving air conditioners, treating air conditioned areas with heat resistant materials to reduce heat absorption and preventive maintenance program for all electrical and mechanical equipment. All office lighting equipments have been fixed with electronic ballasts to conserve power.

B. Research & Development (R & D):

- a) Specific areas in which R & D is carried out by the Company:

R&D activities are integrated with the software development process with the object of devising efficient methods of product development. The Company has in place a quality assurance team to ensure adherence to stringent quality norms.

- b) Benefits derived as a result of the above R&D:

Reduction in cost and improvement in quality adaptability of Software Systems and Packages.

- c) Future Plan of Action:

The Company is continuously making efforts to strengthen R & D to improve quality and reduce cost.

- d) Expenditure on R & D:

Expenditure on R & D has been charged under primary heads of accounts.

C. Technology Absorption, Adaptation & Innovation:

No technology has been imported.

Indigenous technology available is continuously being upgraded to improve overall performance.

D. Foreign Exchange Earnings & Outgoing:

Activities relating to Exports & Export Plans:

The Company is making continuous efforts to explore new foreign markets and to enlarge its shares in the existing markets for export of Software.

Information on Foreign Exchange earnings and outgo are specified in the notes to the accounts

On behalf of the Board

Krishnakumar Subramanian
Director

Date : 29 November, 2008

Place : Mumbai,

SILVERLINE TECHNOLOGIES LIMITED**ANNEXURE "B"****TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE****a) Company's Philosophy**

Silverline's business objective and that of its management and employees is to render software consulting services in such a way as to create value that can be sustained over the long term for customers, shareholders, employees, business partners and the national economy.

Board of Directors

During the period under review the Board of Directors comprised a Wholetime Director and 5 Non Executive Directors.

During the period from 1/7/2007 to 30/6/2008, 10 Board Meetings were held on 20/07/2007, 24/08/2007, 29/10/2007, 22/11/2007, 28/11/2007, 27/12/2007, 02/01/2008, 28/01/2008, 03/04/2008 and 30/04/2008.

The Composition of the Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also no. of other Directorships, etc. are as follows:

Name of Director	Category of Directorship No. of Committees	No. of Board Meetings attended	Attendance at last AGM on 24/04/2006	No. of other Directorships
Mr. Ravi Subramanian	Promoter-Chairman Chairman-Nil Member-Nil	4	Yes	1
Mr. Krishnakumar Subramanian	Promoter - Director Chairman -1 Member -2	10	Yes	4
Mr. Mohan Subramanian	Promoter - Whole-time Director Chairman- NIL Member -3	10	Yes	3
Mr. Jagdish.P.Gandhi	Independent Non Executive Director (2) Chairman -2 (out of this 1 part of the year) Member -1	6	Yes	Nil
Mr.Titus Sequiera	Independent Non Executive Director (2) Chairman -1 (part of the year) Member -Nil	4	Yes	2
Mr.Nallicheri J.Shivgiri	Independent Non Executive Director (2) Chairman-Nil Member-Nil	4	Yes	1

c) Audit committee**i) Terms of reference**

The role and terms of reference of the Audit Committee covers the areas mentioned in clause 49 of the Listing Agreement with Stock Exchanges and section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors. The minutes of the Audit Committee Meetings are taken note of by the Board.

ii) Composition

The Audit Committee was reconstituted for the year July 2007 to June 2008 and comprised of 3 Directors. The committee held four meetings during the period from 01/07/07 to 30/06/08. The attendance of the members at the meetings were as follows:

Name of the member	Status
Mr. Titus Sequiera - upto 2.12.2007	Chairman
Mr. Jagdish Gandhi -from 2.12.2007	Chairman
Mr. Mohan Subramanian	Member
Mr. Krishnakumar Subramanian	Member

SILVERLINE TECHNOLOGIES LIMITED**Remuneration Committee Terms of reference**

To review, assess and recommend the remuneration package of the executive directors and executive managers. The minutes of the Remuneration Committee Meetings are taken note of by the Board.

Composition

The Remuneration Committee was reconstituted for the year July 2007 to June 2008 and comprised of 1 Directors.

Name of the member	Status
Mr. Jagdish.P.Gandhi	Chairman
Mr. Krishnakumar Subramanian	Member
Mr. Mohan Subramanian	Member

Remuneration policy

Remuneration of employees largely consists of base remuneration, perquisites and performance incentive. The components of total remuneration vary for different grades and are governed by industry patterns, qualification and experience of the employee, responsibilities handled, individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit.

iv) Details of Remuneration for period 01/07/2007 to 30/06/2008**1) Executive Director**

Name of the Wholetime Director	Salary Rs.	Commission Rs.	Perquisite Rs.	Retirement Benefits Rs.	Stock Options Rs.
Mr. Mohan Subramanian	2,393,531	Nil	-	Nil	Nil

a) No severance pay is payable on termination of appointment.

e) Shareholder's/Investor's grievance committee

i) Terms of reference

To look at redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non receipt of dividends etc. The minutes of the Shareholder's/Investor's Grievance Committee Meetings are taken note of by the Board.

ii) Composition

The Shareholder's/Investor's Grievance Committee was constituted on July 2007 and comprised the following Directors:

Name of the member	Status
Mr. Krishnakumar Subramanian	Chairman
Mr. Mohan Subramanian	Member
Mr. Jagdish.P.Gandhi	Member

The Committee met once during the period 01/07/2007 to 30/06/2008 where all the members were present.

The Board has delegated the powers of approving transfer of shares to the Registrar and Share Transfer Agents M/s. Intime Spectrum Registry Pvt Ltd, Mumbai.