

Saven

report  junction.com

**8TH ANNUAL REPORT
2000 - 2001**

SAVEN TECHNOLOGIES LIMITED



BOARD OF DIRECTORS

Simon Mathews	Chairman
Sridhar Chelikani	Director
Dhari Al-Roomi	Director
Muppidi Prabhakar Reddy	Director
John Oliver Brady	Director
Clive Menhinick	Director
T N J Raman	Director
R S Sampath	Alternate Director to Sridhar Chelikani
C Prakash Reddy	Whole-time Director

Ravi Telkar	Company Secretary
-------------	-------------------

Auditors
M/s Rambabu & Co.,
Chartered Accountants



Bankers
IndusInd Bank Ltd.

Share Transfer Registry
Karvy Consultants Limited
'Karvy House', Plot No.46,
Avenue 4, Street No.1,
Banjara Hills,
Hyderabad - 500 034.

Registered Office
I Floor,
Saptagiri Towers,
Begumpet,
Hyderabad - 500 016
Andhra Pradesh, India.



CONTENTS

Notice	3 - 7
Directors' Report	8 - 13
Compliance Report on Corporate Governance	14 - 21
Management Discussion and Analysis Report	22 - 29
Auditors' Report	30 - 31
Financial Statements	
Balance Sheet	32
Profit and Loss Account	33
Schedules	34 - 38
Significant Accounting Policies & Notes on Accounts	39 - 42
Cash Flow Statement	43 - 44
Balance Sheet Abstract and Company's General Business Profile	45
Statement pursuant to Section 212 of the Companies Act, 1956	46
Financial Statements of Saven Technologies (UK) Ltd. (a wholly-owned subsidiary of Saven Technologies Limited)	47 - 54
General Shareholder Information	55 - 58
Frequently Asked Questions (FAQs)	59 - 60



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighth Annual General Meeting of Saven Technologies Limited will be held on Wednesday, the 18th day of July, 2001, at 10.30 A.M. at Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended March 31, 2001 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Mr. Sridhar Chelikani, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Simon Mathews, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s Rambabu & Co., a firm of Chartered Accountants, as statutory auditors of the Company, for the period commencing from the conclusion of this meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors plus out-of-pocket expenses.

Special Business

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

“RESOLVED THAT Mr. T N J Raman 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(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. C Prakash Reddy be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. John Oliver Brady be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Clive Menhinick be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad
Date : June 13, 2001

Ravi Telkar
Company Secretary



Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and vote on a poll, instead of himself and the proxy need not be a Member. The proxy form is enclosed which should be deposited at the Registered Office of the Company duly completed and signed, not later than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from July 13, 2001 to July 18, 2001 (both days inclusive).
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
4. Members / Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company atleast seven days before the date of the meeting, so that the information required by them may be made available at the meeting.
6. The shareholders are requested to intimate immediately any change in the address registered with the Company. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holdings in one folio.
7. Trading in the equity shares of the Company is compulsorily in dematerialised form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is INE 856B 01015.
8. Members are requested to send all communications relating to shares to the Company's Share Transfer Agents (physical and electronic) at the following address:

Karvy Consultants Limited
(Unit : Saven Technologies Limited)
'Karvy House', Plot No.46,
Avenue 4, Street No.1,
Banjara Hills,
HYDERABAD - 500 034.



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

Item No.5

Mr. T N J Raman was inducted as an Additional Director on the Board of the Company with effect from July 5, 2000. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. T N J Raman holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder along with the requisite deposit signifying his intention to propose the appointment of Mr. T N J Raman as a Director.

Except Mr. T N J Raman, none of the Directors of your Company is in any way concerned or interested in the resolution.

Your Board is of the opinion that the Company would immensely benefit from Mr. Raman's association as a Director of the Company and, therefore, commends the resolution for your approval.

Item No.6

Mr. C Prakash Reddy was inducted as an Additional Director on the Board of the Company with effect from July 5, 2000. He was appointed as a Whole-time Director of the Company for a period of three years with effect from the said date. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. C Prakash Reddy holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder

along with the requisite deposit signifying his intention to propose the appointment of Mr. C Prakash Reddy as a Director.

No Director, other than Mr. C Prakash Reddy, is in any way concerned or interested in the resolution.

Your Board is of the opinion that the Company would immensely benefit from Mr. C Prakash Reddy's association as a Director of the Company and therefore, commends the resolution for your approval.

Item No.7

Mr. John Oliver Brady was inducted as an Additional Director on the Board of the Company with effect from August 17, 2000. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. John Oliver Brady holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder along with the requisite deposit signifying his intention to propose the appointment of Mr. John Oliver Brady as a Director.

Except Mr. John Oliver Brady, none of the Directors of your Company is in any way concerned or interested in the resolution.

Your Board is of the opinion that the Company would immensely benefit from Mr. Brady's association as a Director of the Company and therefore, commends the resolution for your approval.

Item No.8

Mr. Clive Menhinick was inducted as an Additional Director on the Board of the Company with effect



from February 2, 2001. Pursuant to the provisions of Article 107 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Clive Menhinick holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a shareholder along with the requisite deposit signifying his intention to propose the appointment of Mr. Clive Menhinick as a Director.

Except Mr. Clive Menhinick, none of the Directors of your Company is in any way concerned or interested in the resolution.

Your Board is of the opinion that the Company would immensely benefit from Mr. Clive Menhinick's association as a Director of the Company and therefore, commends the resolution for your approval.

The attention of the Members is invited to the additional information on Directors recommended for appointment / seeking re-election, which is annexed hereto.

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad
Date : June 13, 2001

Ravi Telkar
Company Secretary

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / SEEKING RE-ELECTION AT THE ENSUING ANNUAL GENERAL MEETING

Mr. Sridhar Chelikani

Mr. Sridhar Chelikani, aged about 30 years, received B. Tech. in Mechanical Engineering from Jawaharlal

Nehru Technological University (JNTU), India, an M.S. in Mechanical Engineering from Indian Institute of Science, Bangalore, and an M.B.A. from the University of Illinois, Urbana-Champaign, U.S.A.

With over 6 years of experience in information technology industry, Mr. Sridhar Chelikani has worked in the area of Risk Management for Commodity Trading for Chicago Mercantile Exchange. Mr. Sridhar also worked for MC Baldwin Financial Company, Chicago, in the area of Risk Management Asset Allocation.

Mr. Sridhar Chelikani is the President and CEO of Saven Technologies Inc., U.S.A. He is also a Director on the Board of Saven Technologies (U.K.) Ltd. He is not a member of any Committee within the meaning of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Simon Mathews

Mr. Simon Mathews, aged about 67 years, received his B.Com., M.A. and LL.B. from the Calcutta University. He is a member of The Institute of Chartered Secretaries & Administrators, London, and The Institute of Company Secretaries of India, New Delhi. Mr. Simon Mathews is a Corporate Counsel advising a number of Companies. He was associated with MNCs and Indian Companies for nearly three decades and held senior positions in these Companies.

Mr. Simon Mathews is not a Director of any other Company. He is the Chairman of Investors Grievances Committee and a member of the Audit Committee of the Board of the Company.

Mr. T N J Raman

Mr. T N J Raman, aged about 70 years, received B.A. (Hons) in Economics from Delhi University



and post graduation in Personnel Management & Social Work from Calcutta University. With over 30 years of experience in Personnel Management and Manpower Development, Mr. Raman has held senior positions in ITC, Lipton, Jenson & Nicholson, Aluminium Industries and Union Carbide. He serves on the Audit and the Investors Grievances Committees of the Board of the Company. Mr. Raman is a Director on the Board of Pennar Chemicals Limited.

Mr. C Prakash Reddy

Mr. C Prakash Reddy, aged about 45 years, is a Mechanical Engineer and received a Masters degree in Management and Systems from Indian Institute of Technology, Delhi. He has over 20 years of experience in marketing, production and administration of various segments of business. He has worked in organisations like State Trading Corporation of India and ITW Signode. Mr. Prakash Reddy is a Director on the Boards of Saven Technologies (UK) Ltd. and Penrillian Ltd., U.K. He is not a member of any Committee within the meaning of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. John Oliver Brady

Mr. John Oliver Brady, aged about 37 years, received a Bachelor's Degree in Science. He is the

President & CEO of Limelight Technologies Inc., U.S.A., specialising in Agriculture Domain of information technology business. Mr. Brady has diverse experience in the field of information technology for about 15 years and has worked with major information technology companies. He is also associated with 2ask.com as President & CEO and with Amity Soft as Director. He is not a member of any Committee within the meaning of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Clive Menhinick

Mr. Clive Menhinick is a founder Director of Trireme International Ltd., U.K., which specialises in Object Technology Consultancy. Mr. Menhinick is a Director on the Boards of Trireme International Ltd., U.K. and Penrillian Ltd., U.K. He is not a member of any Committee within the meaning of Clause 49 of the Listing Agreement with the Stock Exchanges.

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad
Date : June 13, 2001

Ravi Telkar
Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report on the business and operations of your Company for the financial year ended March 31, 2001.

Financial Results

	(Rs. in million)	
Particulars	2000-01	1999-00
Total revenue	136.29	70.97
Operating profit (PBIDT)	12.68	12.67
Interest	0.42	0.18
Depreciation	4.43	2.42
Profit from operations	7.83	10.07
Extraordinary Item	--	1.47
Profit before tax	7.83	11.54
Provision for tax	--	--
Profit after tax	7.83	11.54
Dividend on Equity Shares	--	1.16
Tax on Dividend	--	0.12
Transfer to General Reserve	5.00	10.26
Earnings per share (Rs.)	1.18	4.55

(Note: Previous year's figures have been regrouped wherever necessary)

Your Company's performance during the year 2000-01 has been satisfactory. Total revenue has grown to Rs. 136.29 million during the year under review from Rs.70.97 million during the previous year, a growth rate of 92.04%. Profit after tax for the year was, however, lower at Rs. 7.83 million as compared to Rs. 11.54 million for the previous year. This may be attributed to the slow down in the U.S. economy which has adversely affected the I.T. sector in particular. Your Directors are of the view that in the best interests of the Company, it would be desirable to conserve the resources for

utilisation in business and, therefore, do not recommend any dividend for the year under review.

Business Overview

Your Company has been focussing on onsite consultancy and contract programming services over the past four years, mostly in the U.S. market. The success of the Company's strategy is reflected in the growth in revenue and the client base. However, the Company anticipating the slowdown for this type of business, has been taking effective steps during the year under review to reduce the dependence on the U.S. market and at the same time to diversify into new areas which could open new window of opportunities. The following steps have been initiated:

1. Broadbase and strengthen the U.S. joint venture which, in turn, will focus on outsourcing projects into India;
2. Focus on insurance and finance domains;
3. Setting up of wireless division to take up work on the emerging technologies in the wireless arena; and
4. Setting up of a joint venture Company in the U.K. to work on state-of-the-art wireless technologies.

Saven : A Training Partner of Symbian Limited, U.K.

During the year under review, Symbian Limited, U.K., selected your Company as a partner to provide training in developing products and applications for the Symbian wireless platform. Symbian is a software products Company owned by Ericsson, Matsushita, Motorola, Nokia and Psion, the leaders in wireless industry. Symbian's wireless platform, EPOC, is a real-time, multi-threaded, multi-tasking operating system optimised for the next generation



wireless information devices such as Smartphones and Communicators.

Your Directors are pleased to report that your Company is one of the seven training partners world wide of Symbian Ltd. authorised to conduct EPOC training. Your Company is only the second centre to be authorised in Asia and the first centre to conduct courses in English in Asia.

Future Prospects

With the Company's focus on the wireless technologies and thrust on development of GSM network-related wireless communication software, the Company looks to the future with a high degree of optimism. The Company believes that there are good opportunities for growth in wireless technologies. The Company's association with Symbian Ltd., U.K., will help the Company to develop software for the next generation of digital communicators.

Future outlook is encouraging and the Company will continue to focus on emerging technologies and have alliances with leading players in the industry. With experience of working with U.S. clients and European partners, it should be possible to forge relationships with new clients for offshore development work in India.

Joint Ventures

During the year under review, your Company established joint ventures, one each in the U.S.A. and the U.K.

Saven Technologies Inc., the joint venture in the U.S., was established for capitalising on the opportunities in the area of information technology by offering a range of specialised services.

Penrillian Ltd., the joint venture in the U.K., was established in collaboration with Trireme International Limited, U.K. and a renowned technology expert, with the object of carrying on the business of software development for wireless information devices. The alliance is expected to give the Company a competitive edge and impetus in wireless technologies.

These joint ventures will focus on promoting and enhancing the Company's presence in areas such as Internet Applications, Client-Server Technology, Application Maintenance, Embedded Systems, Systems Integration Software, Onsite / Offshore Development of Projects / Products, Wireless Technologies and other activities in the global market.

Increase in Share Capital

During the year under review, your Company completed its maiden public issue of 3,600,000 equity shares of Rs.10/- each for cash at par. With this, the equity share capital of your Company had increased to Rs.99,724,980/- (net of calls-in-arrears) consisting of 10,009,848 equity shares of Rs.10/- each. To provide, inter alia, for the initial public offering, the authorised share capital of your Company was increased to Rs.160,000,000/- consisting of 16,000,000 equity shares of Rs.10/- each.

Listing on the Stock Exchanges

Pursuant to the public issue, the equity shares of your Company have been listed on The Hyderabad Stock Exchange Ltd. (regional exchange) and The Stock Exchange, Mumbai. Trading in the shares of your Company is compulsorily in dematerialised form for all investors. The ISIN allotted to your Company's equity shares is INE 856B 01015.