



SAVEN TECHNOLOGIES LIMITED



NINTH ANNUAL REPORT 2001-2002



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 to Mr. Sridhar Chelikani
C Prakash Reddy	Whole-time Director

Ravi Telkar	Company Secretary
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Auditors

Rambabu & Co.,
Chartered Accountants

Bankers

IndusInd Bank Ltd.

Physical Registrar and Transfer Agent

Dakshin Consultants (P) Limited
3rd Floor, Saptagiri Towers,
Begumpet,
Hyderabad - 500 016.

Depository Registrar and Transfer Agent

Ikon Visions Private Limited
Flat No.33, Sanali Heavens,
8-3-948, Ameerpet,
Hyderabad - 500 073.

Registered Office

No.302, My Home Sarovar Plaza,
5-9-22, Secretariat Road,
Hyderabad - 500 063.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of Saven Technologies Limited will be held on Friday, the 27th day of September, 2002, at 10.30 A.M. at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad - 500 004, 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, 2002 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. Dhari Al-Roomi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Muppidi Prabhakar Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint 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.

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad Ravi Telkar
Date : August 24, 2002 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 September 24, 2002 to September 27, 2002 (both days inclusive).
3. 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.
4. 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.
5. The shareholders are requested to intimate immediately any change in the address registered with the Company. Members holding shares in the dematerialised form are requested to notify any change in address to their respective Depository Participants (DPs).
6. 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.
7. Members are requested to send all communications relating to shares to the



following Registrars and Transfer (R & T)
Agents of the Company:

Physical R & T Agent

Dakshin Consultants (P) Limited
3rd Floor, Saptagiri Towers,
Begumpet,
Hyderabad - 500 016.
Tel. No. +91-040-776 6781
Fax No. +91-040-776 5399

Depository R & T Agent

Ikon Visions Private Limited
Flat No.33, Sanali Heavens,
8-3-948, Ameerpet,
Hyderabad - 500 073.
Tel. No. +91-040-374 4138, 374 4356
Fax No. +91-040-682 9559

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ENSUING ANNUAL GENERAL MEETING

(Pursuant to Clause 49VI(A) of the Listing Agreement with the Stock Exchanges)

Mr. Dhari Al-Roomi

Mr. Dhari Al-Roomi, aged 29, is a businessman and holds a Masters degree in Business Administration. Mr. Al-Roomi is a promoter of Fourth Dimension Software (Kuwait), a Company engaged in Software Development in the Middle East. He has about 7 years of experience in the field of Information Technology.

Mr. Dhari Al-Roomi is a Director on the Board of Sons of Mohd. Y Al-Roomi Company. He is also associated with Regional Mechanical Group as Managing Director and with Shamel Company as Chairman. He is not a member of any Committee within the meaning of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Muppidi Prabhakar Reddy

Mr. Muppidi Prabhakar Reddy, aged 48, received a B. Tech. in Mechanical Engineering, an M. Tech. in Production Engineering and a Masters degree in Computer Science. Mr. Reddy has over 20 years of experience and has worked with Motorola Inc., U.S.A. for 18 years.

Mr. Reddy is a Director on the Boards of MediPlexus Inc., U.S.A. and Infinite Softcomm Solutions (India) (P) Ltd. 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 Ravi Telkar
Date : August 24, 2002 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, 2002.

Financial Results

(Rs. in million)

Particulars	2001-02	2000-01
Total Revenue	92.87	136.29
Operating Profit/(Loss)	(16.71)	14.18
Interest	0.03	0.42
Depreciation	6.74	4.43
Profit/(Loss) before tax	(23.48)	9.33
Provision for tax	--	--
Profit/(Loss) after tax	(23.48)	9.33
Extraordinary Items	11.12	1.50
Profit/(Loss) after tax and extraordinary items	(34.60)	7.83
Transfer to General Reserve	--	5.00
Earnings per Share (Rs.) (Basic and Diluted)	(3.46)	1.18

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

Your Company's performance during the year 2001-02 had been impacted due to the persistent slowdown in the Information Technology Industry in general, and in the United States in particular. Total revenue has fallen to Rs. 92.87 million during the year under review from Rs.136.29 million the previous year. The loss for the year under review was at Rs.34.60 million as compared to a profit of Rs. 7.83 million for the previous year. In view

of the loss suffered by the Company, your Directors are unable to recommend any dividend for the year under review.

Business Overview

Your Company had been focussing on onsite consultancy and contract programming services over the past few years, mostly in the U.S. market. The continued slowdown in the Information Technology Industry affected your Company's business for the year under review.

In view of the negligible demand for training in Java and other related technologies, your Company had to suspend the operations of its training division during the year under review.

Your Company, however, made a modest but focussed entry into the emerging areas of Mobile Computing, E-learning and IT-Enabled Services during the year under review. Your Company was able to secure initial orders in these areas and anticipates reasonable opportunities for growth by aggressively positioning itself through intensive marketing efforts in India and abroad. Your Company is also closely working with Cellular Operators to build applications for their networks on revenue sharing basis.

Future Prospects

Consequent upon the slowdown impacted business situation in the United States, the Company does not envisage immediate prospects of gaining back business in contract programming services with personnel recruited from India. Your Company has, however, gained a significant degree of expertise in developing Mobile Computing Applications for the rapidly growing Micro Finance Industry. The Company has also developed for a renowned academic institution a Distance Education Portal on the Web in the area of E-learning. Further, the Company has gained entry into the IT-Enabled



document management services. Having focussed on eBusiness Solutions, especially in the key areas of Mobile Computing, E-learning and IT-Enabled Services, your Company will make its best endeavours for a fair share of business in these segments.

Joint Venture

Penrillian Limited, a Joint Venture in U.K. between your Company and TriReme International Limited, U.K., and a renowned technology expert, was set up with the object of carrying on the business of software development for wireless information devices. The Joint Venture has now been able to establish itself in the Mobile Wireless Development Market and is recognised for its technical competence to develop software for mobile wireless devices. The turnover of Penrillian increased from GBP 168,200 (Rs.11.05 million) for the previous financial year (May 25, 2000 to June 30, 2001) to GBP 441,000 (Rs.32.63 million) for the financial year ended June 30, 2002. Mainly on account of recession in the telecommunication market, the said Joint Venture suffered a loss of GBP 42,197 (Rs.3.12 million) for the financial year ended June 30, 2002 compared to a loss of GBP 221,485 (Rs.14.54 million) for the previous year.

Subsidiary Companies

During the year under review, Saven Technologies, Inc. U.S.A., became a subsidiary of your Company. Saven Technologies (UK) Limited continues to be a subsidiary of your Company. The Annual Reports of these subsidiaries have been attached to this Report for your reference, as per Section 212 of the Companies Act, 1956.

Consolidated Financial Statements

In conformity with Clause 32 of the Listing Agreement with Stock Exchanges and as

required by Accounting Standard 21 issued by The Institute of Chartered Accountants of India (ICAI), the Consolidated Financial Statements of your Company and its Subsidiaries are published in the Annual Report in addition to the individual financial statements.

Shifting of Registered Office

During the year under review, the Registered Office of your Company was shifted from 1st Floor, Saptagiri Towers, Begumpet, Hyderabad - 500 016 to No.302, My Home Sarovar Plaza, 5-9-22, Secretariat Road, Hyderabad - 500 063.

Manpower

The Company's shift in its focus from its originally envisaged main activity of business coupled with the discontinuance of the training centre enabled downsizing substantially the Company's manpower. This has helped the Company to make it a lean organisation with resultant reduction in overall expenses. This, however, will not adversely affect the Company's plans for the future as required personnel can always be recruited depending on the Company's requirement from time to time.

Saven Employees Foundation Trust continues to hold 200,000 equity shares of Rs.10/- each, for grant of stock options to the Company's employees.

Fixed Deposits

Your Company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of the Balance Sheet.

Directors

Pursuant to Article 125 of the Articles of Association of your Company read with Section 255 of the Companies Act, 1956,



Mr. Dhari Al-Roomi and Mr. Muppidi Prabhakar Reddy, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Auditors

The Auditors, Rambabu & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed.

Directors' Responsibility Statement pursuant to Section 217(2AA) of the Companies Act, 1956

Your Directors state:

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (ii) That the Directors have 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 financial year ended March 31, 2002 and of the loss of the Company for that financial year;
- (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 on a going concern basis.

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report thereon is annexed

to the Annual Report. The Auditors' Certificate in respect of compliance with the provisions of Corporate Governance, as required by Clause 49 of the Listing Agreement, is also annexed.

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

The particulars as prescribed under sub-section (1)(e) of Section 217 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 the annexure to this Report.

Particulars of Employees

During the year under review, none of the employees of the Company have drawn remuneration as specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Acknowledgments

Your Directors thank the investors, bankers, clients and vendors for their continued support. Your Directors place on record their appreciation of the valuable contribution made by the employees at all levels.

Your Directors also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Software Technology Parks of India, the Customs and Excise Departments, Reserve Bank of India, Stock Exchanges and other governmental agencies for their support during the year, and look forward to their continued support.

for and on behalf of the Board

Place : Hyderabad
Date : August 24, 2002

Simon Mathews
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

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

1. Conservation of Energy

The operations of your Company are not energy intensive. However, adequate measures have been taken to reduce energy consumption by using energy-efficient computer terminals and other equipment.

a. Research and Development (R & D)

Your Company continued the Research and Development work in Wireless / Mobile Computing during the year under review. Your Company developed Mobile Computing Application on Symbian platform for the Micro Finance Industry.

The future plan of action will be to have a continued focus on the research and development work to improve internal competencies in Mobile Computing.

(Rs. in million)

Particulars	2001-02	2000-01
Revenue expenditure	--	1.94
Capital expenditure	14.73	9.54
Total R&D expenditure	14.73	11.48
R&D expenditure as a percentage of total revenue	15.86%	8.42%

Note : Capital expenditure amount of Rs.14.73 million incurred towards R & D has been capitalised as Technical Know-how and grouped under Fixed Assets as intangible assets.

b. Technology Absorption, Adaptation and Innovation

Your Company had absorbed the required technology on Symbian Operating System for application in Mobile Computing for the Micro Finance Industry (MFI).

c. Foreign Exchange Earnings and Outgo

Your Company has always had a predominant focus on exports. Most of your Company's earnings are from the export of software services. The export earnings accounted for 96.32% of the total revenue for the year under review.

(Rs. in million)

Particulars	2001-02	2000-01
Foreign exchange earnings	4.43	40.00
Foreign exchange outgo	2.54	38.18

for and on behalf of the Board

Place : Hyderabad Simon Mathews
Date : August 24, 2002 Chairman

COMPLIANCE REPORT ON CORPORATE GOVERNANCE



Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, your Directors present below a detailed Compliance Report on Corporate Governance.

1. Company's Philosophy

Your Company is committed to good Corporate Governance and has benchmarked itself against the prescribed standards. Your Company's philosophy of Corporate Governance is aimed at assisting the management in the efficient conduct of the business of the Company and in meeting its obligations to the shareholders and others.

2. Board of Directors

(a) Composition of the Board

The Company's Board consists of eight Directors including the Promoter Director and an Executive Director. The Executive Director receives only the remuneration payable to him and does not have any material pecuniary relationship or transactions with the Company, its Promoter, Management or Subsidiaries. Even if the number of independent Directors is reckoned by excluding the said Executive Director (besides the Promoter Director), the Company has as many as six independent Directors including the Non-executive Chairman.

(b) Attendance of each Director at Board Meetings and the last Annual General Meeting (AGM)

Eight Board Meetings were held during the financial year 2001-02.

Sl. No.	Name of the Director	Category of Directorship	No. of Board Meetings held in the year during the tenure of the Director	No. of Board meetings attended	Attendance at the last AGM (Yes/No)
1	Simon Mathews	Independent, Non-executive Chairman	8	8	Yes
2	T N J Raman	Independent, Non-executive Director	8	7	Yes
3	Sridhar Chelikani	Promoter, Non-executive Director	Meetings are attended by his Alternate Director, Mr. R S Sampath		
	R S Sampath (Alternate to Mr. Sridhar Chelikani)	Independent, Non-executive Director	8	8	Yes