



**SAVEN TECHNOLOGIES LIMITED**

*Saven*

TENTH ANNUAL REPORT 2002-2003



## BOARD OF DIRECTORS

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|                   |                                    |
|-------------------|------------------------------------|
| Simon Mathews     | Chairman                           |
| Sridhar Chelikani | Director                           |
| Dhari Al-Roomi    | Director                           |
| John Oliver Brady | Director                           |
| Clive Menhinick   | Director                           |
| T N J Raman       | Director                           |
| R S Sampath       | Alternate to Mr. Sridhar Chelikani |

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

### Auditors

Rambabu & Co.,  
Chartered Accountants

### Bankers

IndusInd Bank Limited

### Registrar and Transfer Agent (Physical and Depository)

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 Tenth Annual General Meeting of Saven Technologies Limited will be held on Monday, the 29th day of September, 2003, at 4:00 P.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, 2003 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. T N J Raman, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. John Oliver Brady, 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 20, 2003 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 25, 2003 to September 29, 2003 (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. Shareholders are requested to intimate immediately any change in the address registered with the Company. Members holding shares in 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 Company's Share Transfer Agent (Physical and Depository) at the following address:

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

Tel. No. +91 - 040 - 2374 4138, 2374 4356  
Fax No. +91 - 040 - 5582 9559

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

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

#### **Mr. T N J Raman**

Mr. T N J Raman, aged 73, received B.A. (Hons) in Economics from Delhi University and Post Graduation in Personnel Management and Social Work from Calcutta University. With over 40 years of experience in Personnel Management and Manpower Development, Mr. Raman has held senior positions in ITC, Lipton and Union Carbide. He served as an Executive Director on the Board of Jenson & Nicholson.

Mr. Raman serves on the Audit, Investors' Grievances and Remuneration Committees of the Board of the Company. He is a Director on the Board of Pennar Chemicals Limited. He also serves on the Remuneration Committee of the Board of Pennar Chemicals Limited.

#### **Mr. John Oliver Brady**

Mr. John Oliver Brady, aged 39, received a Bachelor's degree in Science. He is the President and CEO of Limelight Technologies, Inc., USA, specialising in Agriculture Domain of Information Technology (IT) business. Mr. Brady has diverse experience in the field of IT for about 17 years and has worked with major IT Companies. He is also associated with 2ask.com as President and CEO and with Red Rover Technologies, Inc. as a Director.

He is not a member of any Committee within the meaning of Clause 49 of Listing Agreement with Stock Exchanges.

By Order of the Board  
for Saven Technologies Limited

Place : Hyderabad

Ravi Telkar

Date : August 20, 2003 *Company Secretary*



## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Report on the business and operations of the Company for the financial year ended March 31, 2003.

### Financial Results

(Rs. in million)

| Particulars                                       | 2002-03 | 2001-02 |
|---|---------|---------|
| Total Revenue                                     | 26.02   | 92.87   |
| Operating Profit / (Loss)                         | (5.35)  | (16.71) |
| Interest  | 0.02    | 0.03    |
| Depreciation                                      | --      | 6.74    |
| Profit / (Loss) before tax                        | (5.37)  | (23.48) |
| Provision for tax                                 | --      | ---     |
| Profit / (Loss) after tax                         | (5.37)  | (23.48) |
| Extraordinary items                               | 10.57   | 11.12   |
| Profit / (Loss) after tax and extraordinary items | (15.94) | (34.60) |
| Transfer to                                       |         |         |
| General Reserve                                   | --      | ---     |
| Earnings per Share (Rs.)                          |         |         |
| (Basic and Diluted)                               | (1.59)  | (3.46)  |

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

Your Company's performance during the year 2002-03 continued to be impacted due to the persistent recessionary trend in the Information Technology Industry and sluggish economic conditions, especially in the United States. Total revenue has fallen to Rs. 26.02 million during the year under review from Rs.92.87 million in the previous year. The loss for the year under review was, however, lower at Rs.15.94 million (without charging depreciation of Rs.9.52 million) as compared to a loss of

Rs. 34.60 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

Consequent upon the economic slowdown in the United States, the Company's revenues from Onsite Consultancy and Contract Programming Services rendered by personnel recruited from India continued to decline during the year under review.

It may, however, be recalled that your Company had during the year 2001-02 commenced exploring business opportunities in the emerging areas of Mobile Computing, E-learning and IT-Enabled Services. Your Company was able to make a beginning in the said areas during the year under review.

#### Mobile Computing

Your Company has gained a significant degree of expertise over the past couple of years in developing Mobile Computing Applications on Symbian Operating System for the rapidly growing Micro Finance Industry. Your Directors are pleased to report that your Company has already secured a Letter of Intent from a reputed Bank in Kenya for developing a unique Mobile Computing solution for the Bank. The Work Order is expected to be received any day now. The Bank's team had evaluated the Mobile Computing solution developed by your Company for the Micro Finance Industry and found it to be more cost-effective than those offered by competitors.

Subsequent to successful completion of a Pilot Project on Mobile Computing for a reputed Micro Finance Institution in India, discussions are in an advanced stage for undertaking full-fledged project implementation.

#### IT-Enabled Services

Your Company has had a fair degree of success in the areas of E-learning and IT-Enabled Services. Buoyed with the success of the Distance



Education Portal developed by your Company for a renowned academic institution in India, the Company has been offered a mandate to develop another Education Portal for the Institution, and this has since been completed successfully. The Company is endeavouring to target various academic institutions and universities in India and abroad to develop Education Portals for them.

The Company had executed Document Imaging Projects and developed Office Automation solutions for certain governmental agencies in Andhra Pradesh. Further, the Company executed during the year Data Conversion Projects for various parties in India.

### **Future Prospects**

Consequent upon the economic slowdown in the United States, the Company does not envisage immediate prospects of gaining back business in Contract Programming Services with personnel recruited from India.

The anticipated Work Order referred to above from a reputed Bank in Kenya will be giving your Company an entry into the African market. There is good potential for Mobile Computing solutions in the African market and, thus, prospects for your Company in this segment appear encouraging. Your Company will continue to make its best endeavours to take advantage of the business opportunities in this field.

Having had a fair degree of success in the areas of E-learning and IT-Enabled Services, your Company will continue to make its best endeavours for a reasonable share of business in these segments.

### **Joint Venture**

Penrillian Limited, a Joint Venture in the UK between your Company and TriReme International Limited, UK, and a renowned technologist, was set up with the object of carrying on the business of software development for wireless information devices. The Joint Venture is recognised for its technical competence in developing software for mobile wireless devices on the Symbian Operating

System. With the Symbian Operating System emerging as superior to other Systems, it is hoped that the Joint Venture will be able to perform better in the years to come.

### **Subsidiary Companies**

Saven Technologies, Inc., USA, and Saven Technologies (UK) Limited continue to be the subsidiaries 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.

### **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 256 of the Companies Act, 1956, Mr. T N J Raman and Mr. John Oliver Brady, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year under review, Mr. Muppidi Prabhakar Reddy resigned as a Director of the Company with effect from January 27, 2003. Mr. C Prakash Reddy resigned as a Whole-time Director and Director of the Company with effect from February 1, 2003. Your Directors place on record their appreciation of the valuable services rendered by the said Directors during their tenure on the Board of the Company.



## 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.

### Auditors' qualification and the Board's explanation thereto

The Auditors have qualified non-provision of depreciation on Fixed Assets for the year under review and as such, the loss for the year was understated by Rs.95.16 lakhs.

After careful consideration of the fact that there had been significant under-utilisation of the assets, the Board considered it prudent not to provide depreciation for the year under review.

### 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 except in the case of AS 6 - Depreciation Accounting due to the reasons stated in the preceding paragraph;
- (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, 2003 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 20, 2003

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 Mobile Computing during the year under review. The research pertained to exploring the development of high-end cost-effective solutions in Mobile Computing using PALM Operating System.

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  | 2002-03 | 2001-02 |
|--|---------|---------|
| Revenue expenditure                                | 0.89    | --      |
| Capital expenditure                                | --      | 14.73   |
| Total R & D expenditure                            | 0.89    | 14.73   |
| R & D expenditure as a percentage of total revenue | 3.42%   | 15.86%  |

#### 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 89.49% of the total revenue for the year under review.

(Rs. in million)

| Particulars               | 2002-03 | 2001-02 |
|---------------------------|---------|---------|
| Foreign exchange earnings | 2.91    | 4.43    |
| Foreign exchange outgo    | 0.19    | 2.54    |

for and on behalf of the Board

Place : Hyderabad

Simon Mathews

Date : August 20, 2003

Chairman



## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with 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 the Company's philosophy is aimed at assisting the Management in conducting business efficiently and in a transparent manner, in spite of the constraints encountered by the Company.

### 2. Board of Directors

#### (a) Composition of the Board

The Company's Board consists of six Directors including the Promoter Director. The Company has as many as five independent Directors including the Non-executive Chairman.

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

Six Board Meetings were held during the financial year 2002-03.

| 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 | 6  | 6                              | Yes                                 |
| 2       | T N J Raman  | Independent, Non-executive Director | 6  | 6                              | Yes                                 |
| 3       | Sridhar Chelikani  | Promoter, Non-executive Director    | Meetings are attended by his Alternate Director, Mr. R S Sampath         |                                |                                     |
|         | R S Sampath<br>(Alternate to Mr. Sridhar Chelikani)  | Independent, Non-executive Director | 6  | 6                              | Yes                                 |
| 4       | C Prakash Reddy<br>(Resigned as a Whole-time Director and Director of the Company with effect from February 1, 2003) | Executive Director                  | 6  | 5                              | Yes                                 |