

SAVEN TECHNOLOGIES LIMITED



11th Annual Report
2003 - 04

Saven Technologies Limited**11th Annual Report****BOARD OF DIRECTORS**

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

Ravi Telkar	Company Secretary
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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.

CONTENTS

Notice of Annual General Meeting	2
Directors' Report	3 - 4
Compliance Report on Corporate Governance	5 - 8
Management Discussion and Analysis Report	9 - 11
Auditors' Report	12 - 13
Financial Statements	
Balance Sheet	14
Profit and Loss Account	15
Schedules	16 - 19
Significant Accounting Policies and Notes on Accounts	20 - 21
Cash Flow Statement	22
Balance Sheet Abstract and Company's General Business Profile	23
Statement pursuant to Section 212 of the Companies Act, 1956	24
Financial Statements of Subsidiary Companies	
Saven Technologies (UK) Limited	25 - 27
(a wholly-owned subsidiary of Saven Technologies Limited)	
Saven Technologies, Incorporated	28 - 31
(a subsidiary of Saven Technologies Limited)	
Consolidated Financial Statements prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP)	32 - 42
General Shareholder Information	43 - 44

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh Annual General Meeting of Saven Technologies Limited will be held on Saturday, the 25th day of September, 2004, 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, 2004 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. Simon Mathews, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Clive Menhinick, 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
Date : July 30, 2004

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 September 21, 2004 to September 25, 2004 (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. Simon Mathews

Mr. Simon Mathews, aged 70, 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 an Advocate and Corporate Counsel advising a number of Companies. Before setting up independent practice, he was associated with MNCs and Indian Companies for nearly three decades.

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

Mr. Clive Menhinick

Mr. Clive Menhinick, aged 51, has been on the Company's Board since February, 2001. He serves as a Director on the Boards of TriReme International Limited, UK, and Penrillian Limited, UK. Mr. Menhinick received a B.Sc. Honors degree in Physics from University of Liverpool and a Diploma in Company Direction from University of Bradford. He is a Fellow Member of the Institute of Directors, UK.

With over 20 years of professional experience in CAD Consultancy, Advanced Software Development Consultancy and Training, Mr. Menhinick possesses expert knowledge in the areas of Business Development, Sales and Accounting. Mr. Menhinick has been involved in latest developments in certain software techniques.

Mr. Menhinick 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 : July 30, 2004

Ravi Telkar
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the report on the business and operations of the Company for the financial year ended March 31, 2004.

Financial Results

Your Company's performance during the year 2003-04 continued to remain under pressure. The total revenue has increased to Rs. 52.54 million during the year under review from Rs.26.02 million in the previous year. The loss for the year under review, before depreciation, was Rs. 5.17 million, as compared to Rs. 5.37 million for the previous year. It may be recalled that the Company had not charged depreciation for the previous year 2002-03. After considering depreciation of Rs. 9.51 million and non-recurring items aggregating Rs. 1.77 million for the year under review, the Net Loss was Rs.16.45 million, as compared to a Net Loss of Rs.15.94 million for the previous year which was arrived at without charging depreciation 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

Technology Consultancy Services

Going by the current trends in the US economy, it appears that the impact of economic slowdown has reduced considerably, leading to an increase in demand for Onsite Consultancy and Contract Programming Services. This is evident from an increase in your Company's revenue during the year under review from such services as compared to the previous year. However, this increase in demand is currently being met locally from within the United States. As such, the Onsite Consultancy and Contract Programming Services were rendered by personnel earlier recruited from India and by sourcing personnel from local talent in the US.

Mobile Computing

Your Company has gained a significant degree of expertise in developing Mobile Computing Applications on Symbian Operating System for the rapidly growing Micro Finance Industry.

Subsequent to successful completion of a Pilot Project on Mobile Computing for a reputed Micro Finance Institution in India, your Company had implemented its Mobile Computing Solution for one of the Unit Offices of the said Institution. Discussions are in an advanced stage for implementing the solution at other Unit Offices of the Institution.

Your Company is simultaneously researching the possibility and compatibility of implementing the said Mobile Computing solution on alternative technologies.

IT-Enabled Services

The Company had, during the year under review, executed Document Imaging Projects and developed Office Automation solutions for Central and State governmental agencies. Further, the Company executed during the year under review Data Conversion Projects for various parties in India and abroad.

Future Prospects

Equipped with significant degree of expertise in developing Mobile Computing Applications for the rapidly growing Micro Finance Industry, 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 area of IT-Enabled Services, your Company will continue to make its best endeavours for a reasonable share of business in this segment.

Joint Venture

Pennrillian Limited, a Joint Venture in the UK between your Company and TriRem 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. It is hoped that the Joint Venture will be able to perform better in the years to come.

Subsidiary Companies

Financial Year 2003-04 saw a marked improvement in the business operations of Saven Technologies, Inc., a Subsidiary of your Company in the USA. The Subsidiary earned a revenue of USD 4.02 million (Rs.182.20 million) for the Financial Year 2003-04 as compared to USD 2.63 million (Rs.124.42 million) for the Financial Year 2002-03, representing a growth of 52.85% in its revenues. Your Directors are happy to report that the Subsidiary had posted a profit of USD 0.12 million (Rs.5.42 million) for the Financial Year 2003-04 as compared to a loss of USD 0.19 million (Rs.8.90 million) for the previous year. It is hoped that the Subsidiary would be able to improve the performance during the current year.

Saven Technologies (UK) Limited, a Wholly-owned Subsidiary of your Company in the UK, continued to have no operations during the year under review. The Subsidiary had an accumulated loss of GBP 0.05 million (Rs.3.48 million) as on March 31, 2004 [Accumulated Loss as on March 31, 2003 : GBP 0.04 million (Rs.3.33 million)]. It may be mentioned that the Company has already made a substantial provision for its investment in this Subsidiary.

The Annual Reports of these subsidiaries have been attached to this Report as required under 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. Simon Mathews and Mr. Clive Menhinick, Directors, retire

Saven Technologies Limited**11th Annual Report**

by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Mr. R S Sampath had ceased to be Alternate Director to Mr. Sridhar Chelikani with effect from June 14, 2003 but was re-appointed as Alternate Director to Mr. Sridhar Chelikani with effect from July 5, 2003.

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 except in the case of AS 6 - Depreciation Accounting for the previous financial year ended March 31, 2003;
- (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, 2004 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 concerning 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 Communications 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 : July 30, 2004

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	2003-04	2002-03
Revenue expenditure	0.36	0.89
Capital expenditure	--	--
Total R & D expenditure	0.36	0.89
R & D expenditure as a percentage of total revenue	0.68%	3.42%

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 90.78% of the total revenue for the year under review.

(Rs. in million)

Particulars	2003-04	2002-03
Foreign exchange earnings	0.48	2.91
Foreign exchange outgo	0.16	0.19

for and on behalf of the Board

Place : Hyderabad

Date : July 30, 2004

Simon Mathews

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 conducting business ethically and efficiently 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 2003-04.

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	5	Yes
3	Sridhar Chelikani	Promoter, Non-executive Director	Meetings are attended by his Alternate Director, Mr. R S Sampath. Mr. Chelikani attended, in person, one Board Meeting held on July 2, 2003.		
	R S Sampath (Alternate to Mr. Sridhar Chelikani)	Independent, Non-executive Director	5	5	Yes
4	Dhari Al-Roomi	Independent, Non-executive Director	6	Nil	No
5	John Oliver Brady	Independent, Non-executive Director	6	Nil	No
6	Clive Menhinick	Independent, Non-executive Director	6	Nil	No

Note : Date of last Annual General Meeting (AGM) - September 29, 2003.

(c) Pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company

The Company's Non-executive Directors do not have any pecuniary relationship or transactions with the Company.

(d) Number of other Boards / Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director / Chairman of:

Sl. No.	Name of the Director	No. of other Companies in which Director	No. of Committees (other than those constituted by the Company in which Member / Chairman)
1	Simon Mathews	Nil	Nil
2	T N J Raman	1	1
3	Sridhar Chelikani	3	Nil
	R S Sampath (Alternate to Mr. Sridhar Chelikani)	3	Nil
4	Dhari Al-Roomi	3	Nil
5	John Oliver Brady	3	Nil
6	Clive Menhinick	2	Nil

Saven Technologies Limited**11th Annual Report****(e) Number of Board Meetings held during the financial year and the dates of the Board Meetings**

Six Board Meetings were held during the financial year 2003-04. The gap between any two Board Meetings did not exceed more than four months.

The dates on which the said Board Meetings were held are as follows:

May	26, 2003	August	20, 2003
July	02, 2003	November	28, 2003
July	31, 2003	January	30, 2004

3. Audit Committee**(a) Brief description of terms of reference**

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the Listing Agreement with Stock Exchanges.

(b) Composition, Names of members and Chairperson

The Company has a qualified and an independent Audit Committee consisting of three members, all being non-executive and independent Directors.

The Committee consists of:

1. Mr. R S Sampath (Chairman),
2. Mr. T N J Raman, and
3. Mr. Simon Mathews

(c) Meetings and attendance during the year

Sl.No.	Name of the Director	No. of Committee Meetings held	No. of Committee Meetings attended
1	R S Sampath	3	3
2	T N J Raman	3	3
3	Simon Mathews	3	3

4. Remuneration of Directors**(a) Remuneration to Non-executive Directors**

Presently, the non-executive Directors do not receive any remuneration from the Company and are only paid sitting fee for attending the meetings of the Board and Committees thereof.

(b) Remuneration to Executive Director

Name of the Executive Director	All elements of remuneration package i.e., salary, allowances and perquisites (Rs. in lakhs)	Fixed component and performance linked incentives, along with performance criteria (Rs. in lakhs)	Service contracts, notice period, severance fees	Stock Option details (whether issued at a discount as well as the period over which accrued and over which exercisable)
—	—	—	—	—

5. Shareholders' / Investors' Grievances Committee

The Company has an Investors' Grievances Committee to specifically look into the redressal of shareholders' / investors' complaints and to strengthen investor relations.

As there was no investor complaint, no formal meeting of the Investors' Grievances Committee was held during the year under review.

(a) Name of non-executive Director heading the Committee

The Committee functions under the Chairmanship of Mr. Simon Mathews, a non-executive, independent Director. The other members of the Committee are Mr. T N J Raman and Mr. R-S Sampath, both being non-executive, independent Directors.

(b) Name and designation of Compliance Officer

Mr. Ravi Telkar, Company Secretary

(c) Status of investor complaints received during the financial year

Nature of complaint	Received	Cleared
Delay in dematerialisation of Equity Shares	--	--
Others	--	--
Total	--	--

Saven Technologies Limited**11th Annual Report****(d) Number of pending share transfers**

There was no share transfer pending as at the end of the financial year.

6. General Body Meetings**(a) Details of the location and time of the last three Annual General Meetings (AGMs) of the Company**

The details in respect of the last three Annual General Meetings (AGMs) of the Company are as follows:

Date of the meeting (Year)	Venue of the meeting	Time of the meeting
18.7.2001 (2000-01)	Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016.	10:30 A.M.
27.9.2002 (2001-02)	Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004.	10:30 A.M.
29.9.2003 (2002-03)	--- Do ---	4:00 P.M.

(b) Information on Directors seeking re-appointment as required under Clause 49VI(A) of the Listing Agreement with Stock Exchanges

This information is provided in the Notes appended to the Notice of the Annual General Meeting under the heading 'Additional information on Directors seeking re-election at the ensuing Annual General Meeting'.

(c) Whether special resolutions were put through Postal Ballot last year, details of voting pattern, person who conducted the Postal Ballot exercise, proposed to be conducted through Postal Ballot and procedure for Postal Ballot

No Special Resolution was placed for the consideration of the Members at the last Annual General Meeting of the Company held on September 29, 2003. No Special Resolution is proposed to be placed before the ensuing Annual General Meeting and, thus, no Postal Ballot will be held.

7. Disclosures**(a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large**

None

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

8. Means of Communication**(a) Half-yearly report sent to each household of shareholders**

The Company currently does not send half-yearly reports to the shareholders. The financial results of the Company are, however, published in Newspapers and posted on the Company's web-site: <http://www.saventech.co.in>, for information of the shareholders and the investors.

(b) Quarterly Results - which newspapers they are normally published in; web-sites where they are displayed; whether it also displays official news releases; and the presentations made to institutional investors or to the analysts.

The quarterly financial results of the Company are published in the following newspapers:

Business Standard

Andhra Bhoomi (Regional Newspaper)

The financial statements as well as the official news releases are also posted on the Company's website: <http://www.saventech.co.in>. No presentation has so far been made to Institutional Investors or to Analysts.

(c) Whether Management Discussion and Analysis Report is a part of the Annual Report or not.

Yes. The Management Discussion and Analysis Report is included in the Annual Report as part of the Directors' Report.

(d) General Shareholder Information

This is provided in the 'General Shareholder Information' section of this Annual Report.

Saven Technologies Limited**11th Annual Report****NON-MANDATORY REQUIREMENTS****(a) Chairman of the Board**

A non-executive Chairman should be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

For reasons of economy, the Company had, during the financial year 2001-02, shifted to a place with lesser accommodation and from then onwards, the Non-executive Chairman was not provided with office accommodation. However, the Non-executive Chairman makes himself available at the Company's office for meetings / consultations whenever necessary.

(b) Remuneration Committee

The Company has a Remuneration Committee consisting of three members, all being non-executive, independent Directors.

The Committee consists of:

1. Mr. T N J Raman (Chairman),
2. Mr. Simon Mathews, and
3. Mr. R S Sampath

(c) Shareholder Rights

The half-yearly declaration of financial performance including summary of the significant events in last six months, should be sent to each household of shareholders.

As the Company's financial results are published in major Newspapers (including regional language newspaper) having wide circulation and the same are posted on the Company's web-site <http://www.saventech.co.in>, it is not considered necessary at this stage to send the same to the shareholders. The Company's official press releases are also posted on the said web-site.

(d) Postal Ballot

No resolution requiring the approval of Members by means of Postal Ballot is proposed to be placed before the ensuing Annual General Meeting.

AUDITORS' CERTIFICATE

To the Members,
SAVEN TECHNOLOGIES LIMITED,
HYDERABAD

We have examined the compliance of provisions of Corporate Governance by SAVEN TECHNOLOGIES LIMITED for the year ended March 31, 2004 as stipulated in Clause 49 of Listing Agreement with Stock Exchanges.

The compliance of provisions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner prescribed in the Guidance Note on Certification of Corporate Governance issued by The Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the provisions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the Management, we certify that the Company has complied with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company, as per the records maintained by the Shareholders' / Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for Rambabu & Co.,
Chartered Accountants

Place : Hyderabad
Date : July 30, 2004

Ravi Rambabu
Partner

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (forming part of Directors' Report)**(a) Industry Structure and Developments**

The structure of the IT Industry is diverse covering the entire gamut of software activity such as projects, professional services, products and packages, training, support and maintenance, e-commerce solutions, IT-Enabled services and Business Process Outsourcing (BPO).

The Indian IT Industry continues to operate in a challenging environment amidst increased political, regulatory, security and local issues and concerns in the United States and elsewhere. Despite the challenges, Analysts and Industry Associations such as NASSCOM are projecting a positive outlook for the Indian software and services sector in the long run.

(b) Opportunities and Threats*Mobile Computing*

Mobile hand-held devices are increasingly being used by corporates to communicate data for business purposes. Your Company has gained a significant degree of expertise in developing cost-effective Mobile Computing Applications on Symbian Operating System for the rapidly growing Micro Finance Industry. Your Company has already delivered successfully these solutions to a renowned Micro Finance Institution in India. Your Company will continue its endeavour to explore the opportunities in the Mobile Computing segment in other areas also.

IT-Enabled Services (ITES)

Despite the furore on Outsourcing especially in the United States, the Indian ITES-BPO segment kept its place as the highest growth sector during 2003-04, making a convincing case for offshore outsourcing. Despite the adverse global economic conditions, Indian players in this segment logged high growth rates. India stands to benefit due to its natural advantages such as low cost and skilled manpower. Your Company has had some degree of success thus far and will continue to make its best endeavours for a reasonable share of business in this segment.

- *Competition*

The market for IT services is highly vibrant and competitive. The Indian IT Industry has begun to face competition in global operations from newer players in the market like China, Philippines, Ireland and East European Countries. Domestic operations are also subject to acute competition. It will be the endeavour of the Company to compete effectively by rendering cost-effective quality services.

Your Company is closely monitoring the developments in the industry and intends to broaden service offerings and increase business with existing clients and developing new clients.

(c) Segment-wise / Product-wise performance

Business Segments of the Company are primarily Technology Consultancy Services in respect of Consultants already deployed in the United States, Mobile Computing and IT-Enabled Services.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to the respective segment, while the remainder of the costs are categorised in relation to the associated turnover of the segment. Certain expenses are not specifically allocable to specific segments as the concerned services are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses and, accordingly, these expenses are separately disclosed as "unallocated" and adjusted only against the total income of the Company.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

Business Segments**Year ended March 31, 2004**

(Amount in Rs.)

Particulars	Technology Consultancy Services	Mobile Computing	IT-Enabled Services	Total
Revenues	47,229,434	1,710,814	3,211,720	52,151,968
Identifiable operating expenses	45,122,885	1,611,859	1,652,337	48,387,081
Allocated expenses	3,678,912	1,561,380	3,341,713	8,582,005
Segmental operating income /(loss)	(1,572,363)	(1,462,425)	(1,782,330)	(4,817,118)
Unallocable expenses				10,134,328
Operating income/(loss)				(14,951,446)
Extra-ordinary items				(1,772,598)
Other income (expenses), net				270,322
Net profit / (loss) before taxes				(16,453,722)
Income taxes				-
Net profit / (loss) after taxes				(16,453,722)