



SAVEN TECHNOLOGIES LIMITED



12th ANNUAL REPORT 2004-2005

SAVEN TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

Name & Address of the shareholder

Regd. Folio No/DP I.D. No. _____

No of Shares Held:

I hereby record my presence at the Twelfth Annual General Meeting of the Company held on Saturday, the 20th day of August, 2005 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 500004

Signature of the Shareholder or Proxy*

*Strike out whichever is not applicable _____

SAVEN TECHNOLOGIES LIMITED

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PROXY FORM

Regd. Folio No/D.P. I.D. No. _____

I / We _____ of _____ being a member / members of Saven Technologies Limited, hereby appoint Mr/Ms _____ of _____ failing him/her _____ of _____ as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on Saturday, the 20th day of August, 2005 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 500004

Signed this _____ day of _____ 2005

NOTE: The proxy form, in order to be effective, should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twelfth Annual General Meeting of Saven Technologies Limited will be held on Saturday, the 20th day of August, 2005, 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, 2005 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. Dhari Al-Roomi, 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.

SPECIAL BUSINESS

5. To Consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including statutory modification(s), amendments or re-enactment(s) thereof and in accordance with the provisions of the Articles of Association of the Company, the Listing Agreement entered into between the Company and the Stock Exchanges, the subsisting guidelines and clarifications issued by the Government of India / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) or any other relevant authority and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, consent of the company be and is hereby accorded to the Board of Directors of the company and/ or a duly authorized Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as “the Board”) in its absolute discretion, to offer / issue and allot not more than 1,830,000 warrants, convertible, at the option of the warrant holder(s) within an aggregate time period of 18 months from the date of allotment of the warrants, into 1,830,000 Equity shares of Rs.10/- each, at a premium of Rs. 6.8 per share, as determined in accordance with the relevant SEBI Guidelines, to the Promoters and their relatives who have been identified in the list mentioned in the Explanatory Statement attached to the Notice convening this Meeting, on a preferential basis in one or more tranches as the board may in its absolute discretion decide and on such terms and conditions, as the Board considers fit, subject to the following:

the Warrants and the equity shares to be offered and allotted upon conversion shall be subject to the provisions of the Memorandum and Articles of Association of the Company in all respects.

the relevant date within the meaning of the Explanation to Clause 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the purpose of determination of applicable price for the issue of above mentioned warrants / equity shares is July 21st 2005.

the equity shares to be allotted on conversion of the warrants shall rank pari passu with the existing equity shares of the company in all respects.

out of the total No. of 1,830,000 warrants to be issued and allotted, 840,000 warrants qualify for conversion into equivalent Number of Equity Shares of Rs.10/- each at a premium of Rs. 6.8 per share during the financial year 2005 - 06, in one or more tranches and the balance of 990,000 warrants shall qualify to be converted into Equity Shares of Rs.10/- each at a premium of Rs. 6.8 per share during the financial year 2006 - 07, in one or more tranches, however subject to the condition that no conversion of warrants issued under the sanction of this resolution shall be permissible after a period of 18 months from the date of allotment.

an amount equal to 10% of the price fixed under Clause 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 in relation to each of the warrant shall be paid upfront by the person(s) to whom the allotment is being made, at the time of allotment of the warrant, and the same shall be adjusted against the price payable for the subsequent allotment of equity shares against the warrants. Further, in the event the option of conversion of warrant into equity share is not exercised by the warrant holder, in terms of this resolution the upfront payment of 10% shall stand forfeited”.

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/ issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as any be necessary, proper, desirable or expedient as it may deem fit.”

“RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the above resolution.”

By Order of the Board
for **Saven Technologies Limited**

Place : Hyderabad
Date : July 26, 2005

Simon Mathews
Chairman

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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 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 August 16, 2005 to August 20, 2005, both days inclusive.
3. Members / Proxies are requested to bring to the meeting their copies of the Annual Report and the Attendance Slip duly filled in for attending the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
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. 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).

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 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

EXPLANATORY STATEMENT (pursuant to Section 173(2) of the Companies Act,1956)

Item No: 5

The Company requires additional financial resources to fund its plans for growth during the next two years. In pursuance of this objective, the Company proposes to issue 1,830,000 warrants of Rs. 10/- each convertible optionally into equivalent number of equity shares of Rs. 10/- each at a premium of Rs. 6.8 per share, on a preferential basis to the promoters and their relatives, who had been named as the Promoter/Promoter Group in the Company's Prospectus dated 4-11-2000. Out of these, 840,000 warrants shall be eligible to be converted in one or more tranches into Equity shares of Rs. 10/- each at a premium of Rs. 6.8 per share during the financial year 2005-06. The balance of 990,000 warrants of Rs. 10/- each shall be eligible to be converted in one or more tranches into Equity Shares of Rs. 10/- each at a premium of Rs. 6.8 per share during the financial year 2006-07. The equity warrants being issued and the subsequent equity shares arising out of the conversion shall be locked in for such period as stipulated under the relevant SEBI guidelines. The proposed allotment of warrants and equity shares upon conversion on preferential basis would not result in any change in the control / Management of the Company.

The Certificate of the Statutory Auditors to the effect that the issue of warrants on preferential basis is in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000 shall be placed before the Members at the ensuing Annual General Meeting and will be available for inspection thereat.

Disclosure Pursuant to Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines.

1. Object of the Issue:

To infuse further funds for raising financial resources required for the growth of the company, it is proposed to issue warrants, convertible into equity shares of Rs. 10/- each as stated aforesaid.

2. The Promoters and relatives have expressed their intention to subscribe to warrants proposed to be issued.
3. The pattern of shareholding before and after the issue would be as under:

Category	Pre-Issue		After the conversion of Preferential warrants in FY 2005-06		After the conversion of Preferential warrants in FY 2006-07	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Promoter Group	35,76,219	35.86	44,16,219	40.84	54,06,219	45.80
NRI's / OCB's	14,60,950	14.65	14,60,950	13.51	14,60,950	12.38
Private Bodies Corporate	16,76,759	16.81	16,76,759	15.51	16,76,759	14.21
General Public	32,58,520	32.68	32,58,520	30.14	32,58,520	27.61
Total	99,72,448	100.00	108,12,448	100.00	118,02,448	100.00

The identity of the proposed allottees, their shareholding pre issue and post conversion of the warrants is as indicated below:

Identity of proposed allottees who have been named as the Promoter/ Promoter Group in the Prospectus dated 4-11-2000	Pre-Issue		After the conversion of Preferential warrants in FY 2005-06		After the conversion of Preferential warrants in FY 2006-07	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Sridhar Chelikani, Arathi Chelikani, J. Rajyalakshmi, Aditya Rao, Avanti Rao	35,76,219	35.86	44,16,219	40.84	54,06,219	45.80

The proposed issue and allotment of warrants and the physical delivery of the certificate of warrants shall be completed within a period of 15 days from the date of approval of the issue by the shareholders of the company at the ensuing Annual General Meeting. The exercise of the option for conversion of the warrants into equity shares shall have to be completed within a period of 18 months from the date of allotment of the warrants.

The Board of Directors of your Company commends the resolution for approval of the members.

None of the Directors other than Sridhar Chelikani may be deemed to be concerned or interested in the above resolution.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ENSUING ANNUAL GENERAL MEETING (Pursuant to Clause 49 VI(A) of Listing Agreement with Stock Exchanges)

Mr. Sridhar Chelikani

Mr. Sridhar Chelikani aged about 35 year, 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 University of Illinois, Urbana-Campaign, 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 of 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. Dhari Al-Roomi

Mr. Dhari Al-Roomi, aged 32 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.

By Order of the Board
for **Saven Technologies Limited**

Place : Hyderabad
Date : July 26, 2005

Simon Mathews
Chairman

Saven Technologies Limited**12th 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

Auditors

Rambabu & Co.,
Chartered Accountants

Bankers

IndusInd Bank Limited
Andhra Bank

**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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Saven Technologies Limited**12th Annual Report****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, 2005.

Financial Performance

Your Company's performance during the year 2004-05 showed some improvement in the Indian operations while the performance of the subsidiary in the U.S. has registered a marked improvement. The revenue of your company has gone up from Rs. 52.54 million to Rs. 61.81 million (consolidated revenue from Rs. 192.89 million to Rs. 314.66 million). Your Company generated a cash profit of Rs. 5.21 million as against a cash loss of Rs. 5.17 million for the previous year ended. The loss after depreciation and taxation was at Rs. 4.30 million as against previous years loss of Rs.16.45 million. It may be gratifying to note that the consolidated profit before taxation was Rs. 12.78 million.

In order to augmenting the financial resources of the Company, it is proposed to issue warrants, convertible into equity shares to the promoter's group on a preferential basis as per SEBI Guidelines.

Business Overview*Technology Consultancy Services*

The US consultancy services and operations have shown considerable improvement during the year under review, with a focus on providing services in value added financial segments to a number of Fortune 500 companies in Banking, Financial and Health Care sectors. As the market conditions for consulting business in USA, have improved significantly, your subsidiary is in the process of recruiting additional technology talent to cater to the anticipated growth in business during the current year.

IT Enabled Services

Your Company has made a beginning in I.T. Enabled Services, in the medical billing area. The Company hopes to step up this business during the current year.

Joint Venture

Penrillian Limited, a Joint Venture of your Company in UK, was set up with the object of carrying on the business of software development for wireless information devices. The Joint Venture is recognized for its high level of technical competence in developing software for mobile wireless devices on the Symbian Operating System. Penrillian has achieved improved performance during the year under review with profitable operation and further improvement is expected during the current year.

Subsidiary Companies

Saven Technologies Inc, the US subsidiary, has achieved significant improvement in its performance during the year 2004-2005. The subsidiary earned a revenue of USD 6.90 million (Rs. 300.14 million) for the financial year 2004 - 05 as compared to USD 4.02 million (Rs. 182.20 million) for the financial year 2003 - 04. Your Directors are happy to report that the subsidiary has posted a profit of USD 0.34 million (Rs. 14.92 million) as compared to a profit of USD 0.12 million (RS 5.42 million) for the previous year.

The subsidiary is planning to achieve a quantum growth during 2005 - 06 and its performance in the first quarter of the current year is in line with the plans.

Saven Technologies (UK) Limited, a wholly -owned Subsidiary of your company in the UK, did not have any operations during the year under review.

Saven Technologies Limited**12th Annual Report**

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.

Dividend

In the absence of profits, your Directors are unable to recommend any dividend for the year under review.

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. Sridhar Chelikani and Mr. Dhari - Al - Roomi, 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, 2005 and 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.

Saven Technologies Limited**12th Annual Report****Disclosure as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

In terms of 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 your Directors furnish the required details below:

- (a) **Conservation of Energy :** The nature of the company's operations require a very low level of energy consumption.
- (b) **Research and Development (R&D):** The Company continues in the research and development of software.
- (c) **Technology Absorption:** The Company has not imported any technology during the year.
- (d) **Foreign Exchange Earnings and Outgo:** During the year under review your company earned foreign exchange aggregating to Rs.2.02 million. The Foreign Exchange outgo during the year was Rs.0.03 million

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.

for and on behalf of the Board
 Place : Hyderabad Simon Mathews
 Date : July 26, 2005 Chairman