

Annual Report 2011 - 12



"A Leader In Technology Driven Business Solutions"



SAVEN TECHNOLOGIES

Corporate information

Board of Directors

Shri Nrupender Rao (Chairman)
 Shri Sridhar Chelikani
 Shri Clive Menhinick
 Shri R S Sampath
 Wg. Cdr. (Retd.) A B Bhushan
 Shri Vijay Chandra Puljal
 Shri Murty Gudipati (Executive Director)

Company Secretary

Ms. Ansu Elezabeth Thomas

Auditors

Rambabu & Co.,
 Chartered Accountants
 31, Pancom Chambers,
 6-3-1090/1/A, Rajbhavan Road,
 Somajiguda, Hyderabad - 500 082

Bankers

IndusInd Bank Limited
 Andhra Bank

Registered Office

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

U.S. Subsidiary

Saven Technologies Inc.,
 1051 Perimeter Drive,
 Suite 1175, Schaumburg,
 IL 60173, USA

Registrar and Share Transfer Agents

XL Softech Systems Ltd.
 # 3, Sagar Society, Road No.2,
 Banjara Hills, Hyderabad - 500 034.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of Saven Technologies Limited will be held on Monday, the 24th day of September, 2012, at 4.00 P.M at the Surana Udyog Auditorium, 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, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon;
2. To appoint a Director in place of Mr. Clive Menhinick, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Wg. Cdr. (Retd.) A.B. Bhushan, 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 an ordinary resolution;

"Resolved that Mr. Vijay Chandra Puljal who was appointed as an Additional Director of the Company on July 14, 2012 and who, in terms of section 260 of the Companies Act, 1956 read with Articles 107 and 108 of the Articles of Association of the Company, holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member of the Company under section 257 of the Companies Act 1956 proposing his candidature for the office of the Director, along with a deposit of Rs. 500/-, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution;

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 311, 314 and Schedule XIII (including any statutory modifications or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the consent of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Murty Gudipati as Executive Director for a period of two years from August 13, 2012 on the following basis as recommended by the Board's Remuneration Committee:-

- a. Remuneration:

Salary: Basic salary at the rate of Rs.1,00,000/- per month.
- b. In addition to the above Basic Salary, he shall be entitled to the following allowances and perquisites namely:-
 - i. Other Allowances: The Company shall pay City Compensatory Allowance of Rs. 85,000/- and Special Allowance at Rs.1,00,000/- per month.
 - ii. Medical: Reimbursement of all medical expenses incurred for self, spouse, children and dependant parents to the extent of Rs. 30,000/- per annum. He will be covered under Group Hospitalization for self, spouse, children and dependant parents and Accident Insurance Scheme for self as per the Company's rules.
 - iii. Leave Travel Assistance: Leave Travel Assistance for self and family, maximum upto 1(one) month's Basic Salary, once in a year for any destination in India or, if agreed to by the Board, abroad.
 - iv. Use of Vehicle(s): Company maintained vehicle(s) for use for the Company's business, (the expenditures on such vehicle(s) shall not be considered as a perquisite).
 - v. Communications facility at Residence: Telephone and Communication facilities at the residence,

namely, fax, E-mail, internet, etc, the expenditure on which will not be considered as a perquisite.

- vi. Provident Fund: Contribution to the Provident Fund in accordance with the rules of the Company subject to a ceiling of 12% of the Basic salary, as per prevailing rules or as may be notified by the Government from time to time.
- vii. Gratuity: Payable in accordance with the rules of the Company as applicable or as may be notified by the Government from time to time.
- viii. Leave: Leave with full pay and allowance, in accordance with the rules of the Company.

Minimum Remuneration

Without prejudice to the above the Board be and hereby authorised to pay remuneration as per Table B Section II part II of Schedule XIII of the Companies Act, 1956.

FURTHER RESOLVED THAT so long as Mr. Murty Gudipati functions as the Executive Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.

FURTHER RESOLVED THAT Mr. R.S. Sampath, Director, be and is hereby authorized to take all necessary steps and do all such acts, deeds and things as may be required for giving effect to the above resolution".

- 7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution;

"RESOLVED THAT pursuant to section 314 of the Companies Act, 1956 the Company hereby accords its consent to Mr. R S Sampath, Director of the Company, to hold an office or place of profit under the Company, as an Advisor on Financial matters and Corporate Services at a monthly remuneration of Rs.35,000/- [Rupees thirty five thousand only], plus reimbursements of expenses incurred in connection with the services and to hold an office or place of profit under the Company for a period of one year with effect from February 1, 2012.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts,

deeds, matters and things as it considers necessary, desirable or expedient for the purpose of giving effect to this resolution."

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad Ansu Elezabeth Thomas
Date : August 8, 2012 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 him-self/her-self 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 less than 48 hours before the commencement of the meeting.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2012 to September 22, 2012, both days inclusive.
4. 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.
5. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
6. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting so that the information required by them may be made available at the meeting.
7. Shareholders are requested to intimate immediately any change in the address registered with the Company. Members holding shares in dematerialized form are requested to notify any change in address to their respective Depository Participants (DPs).

8. Trading in the equity shares of the Company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is INE 856B 01015.
9. In compliance of the SEBI circular no. MRD/DOP/ Cir-05/2009 dated May 20, 2009, the shareholders/ transferees (including joint holders) holding shares in physical form are requested to furnish a certified copy of their PAN Card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action.
10. Members are requested to send all communications relating to shares to the Company's Share Transfer Agents (Physical and Depository) at the following address:
 XL Softech Systems Limited,
 Plot No. 3, Sagar Society,
 Road No. 2, Banjara Hills,
 Hyderabad - 500034.
11. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies and has issued Circular on April 21, 2011 stating that the service of documents can be made through electronic mode. In view of the circular issued by MCA, the Company proposes to henceforth deliver documents like the Notice calling the Annual General Meeting/Audited Annual Accounts/Report of the Auditors/Report of the Directors etc, in electronic form to email address provided by the shareholders and made available by the Depositories.
12. Shareholders are requested to furnish their e-mail addresses to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email addresses of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.

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

Item No. 5

Mr. Vijay Chandra Puljal was appointed as the Additional Director in the Board meeting held on July 14, 2012 and holds office till the commencement of the ensuing Annual General meeting. The Company has received a Notice under section 257 of the Companies Act, 1956 proposing his candidature as a Director along with the requisite deposit.

Mr. Vijay Chandra Puljal is a post graduate in agricultural science. He worked in different boards of various companies for the past few decades. He has experience in various fields of management.

His induction to the Board would be of immense benefit to the Company.

He holds directorship in Pennar Management Services Limited, Pennar Engineered Building Systems limited, Pennar Logistics Limited and Pennar Aluminum Company Limited.

Mr. Vijay Chandra Puljal does not hold any shares in the company.

No Director of the Company other than Mr. Vijay Chandra Puljal is concerned or interested in the Resolution.

Item No. 6

Mr. Murty Gudipati was appointed as the Executive Director of the Company for a period of two years with effect from August 13, 2010, at the Annual General Meeting held on September 15, 2010 and the remuneration payable to him was also approved at the aforesaid Annual General Meeting. Mr. Murty Gudipati has immensely contributed to the progress and development of the Company when global economic scenario was in the decline. The present term of his appointment will expire on August 12, 2012 and it is considered desirable to reappoint him as Executive Director with amendment in the terms of his appointment including remuneration.

On the recommendation of the Remuneration Committee, the Board, at its meeting held on August 8, 2012, approved the revision in the terms of appointment and remuneration payable to Mr. Murty Gudipati, for a period

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of two years from August 13, 2012, subject to the approval of the Central Government and the shareholders at the forthcoming Annual General Meeting.

The revised terms of remuneration including minimum remuneration proposed to Mr. Murty Gudipati are fully set out in the resolution No. 6 herein before written.

The same constitutes the abstract of the terms of appointment of Mr. Murty Gudipati as required under Section 302 of the Companies Act, 1956.

No Director of the Company other than Mr. Murty Gudipati is concerned or interested in the resolution.

As the remuneration proposed is exceeding the eligible limits under Section 309 read with Schedule XIII to the Companies Act, 1956, Company will make an application to the Central Government for approval.

Details as per Part II, Section II of 1 (B) of Schedule XIII of the Companies Act, 1956:

A statement along with the notice calling the general meeting referred to in clause (iii) is given to the shareholders containing the following information namely: -

I General Information		
(1)	Nature of industry	Information Technology and software development
(2)	Date or expected date of commercial production	Company started the commercial operations immediately after obtaining the Certificate of Commencement of Business on November 21, 1994.
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N. A.
(4)	Financial performance based on given indicators.	Particulars
		Amount (Rs. in lakhs)
		Total Revenue from operations
		Operating Profit (PBIDT)
		Finance cost
		Depreciation and amortisation expense
		Exceptional items
		Profit after Tax (PAT)
(5)	Export performance and net foreign exchange collaborations.	Rs.6.62 Crores
(6)	Foreign investments or collaborations, if any.	Saven Technologies Inc - Rs.1.94 crores (61% of total equity) Penrillian Limited- Rs.0.10 lakh (23% of total equity)
(II) Information about the appointee		
(1)	Back ground details	Mr. Murty Gudipati is an Engineering Graduate (B.Tech - ECE) with M.S. in Computer Engineering from Clemson University, USA.
(2)	Past remuneration	Rs.195,000/- Per Month.
(3)	Recognition or awards	Mr. Murty Gudipati has more than 14 years of experience in Information Technology. He worked as Software Consultant at MCI Corporation, New York, USA and Dow Jones Company, Princeton, New Jersey, USA from 1993 till 1995. He also worked as Engineering Manager at Interactive Data Corporation, New York, USA (1995 -2006). He has been the Head of the Company's Offshore Development Center for a period of two years. Thereafter he was elevated as the Executive Director. During his tenure he has enlarged the team to about 100 members with billing of USD 1.3 Million from India to US.

(4)	Job profile and his suitability	Subject to the superintendence, direction and control of the Board, the day to day management and administration of the Company is vested in the Executive Director. Mr. Murty Gudipati, as the Executive Director of the Company has made considerable progress in all the spheres. The Directors confidently feel that the Company should continue to avail the services of Mr. Murty Gudipati												
(5)	Remuneration proposed	Rs.3,00,000/- Per Month												
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Around Rs. 5,00,000/- Per Month												
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Murty Gudipati does not have any pecuniary relationship directly or indirectly with the Company or any of its managerial personnel												
(III)	Other information													
(1)	Reasons of loss or inadequate profits	<p>The Company's total Income has been steadily improving and during the year ended 31st March, 2012, the Total income has increased by 97.03% and PBT has increased by 334.64% over that of the previous year, as can be seen from the Table given below; (Rs.in lakhs)</p> <table> <tr> <th></th><th>Total Income</th><th>PBT</th></tr> <tr> <td>2009-10</td><td>257.37</td><td>26.12</td></tr> <tr> <td>2010-11</td><td>365.82</td><td>38.75</td></tr> <tr> <td>2011-12</td><td>720.78</td><td>168.81</td></tr> </table> <p>However, the profit has been inadequate to comply with Sec. 198, 309 and Schedule XIII of the Company's Act, 1956 since the volume of business has to further improve.</p>		Total Income	PBT	2009-10	257.37	26.12	2010-11	365.82	38.75	2011-12	720.78	168.81
	Total Income	PBT												
2009-10	257.37	26.12												
2010-11	365.82	38.75												
2011-12	720.78	168.81												
(2)	Steps taken or proposed to be taken improvement	The Company has already taken additional floor space for expansion and is also increasing the man power. Besides expanding the existing activity the company has also invested in new business areas. Market is responding well for the Company and it is confident that shortly after the gestation period the overall business of the company will further grow.												
(3)	Expected increase in productivity and profits in measurable terms.	The revenue is expected to grow by at least 50% during this year and 30-40% in the next coming year.												

Item No. 7:

Mr. R S Sampath is a qualified Chartered Accountant (B. Com, FCA) of the 1968 batch and is having about 43 years of rich and diverse experience in Finance, Accounts, Administration and General Management. He was with Voltas Ltd over a period of over 22 years and has been with Pennar Group for the last 20 years.

It is felt that having regard to his experience, it would be advisable to appoint him as an Advisor for a period of one year from February 1, 2012 to assist the Company in its financial and corporate services well as any other assignments which may be given to him.

He will be paid Rs.35,000/- per month as consultancy fees plus reimbursement of out of pocket expenses. Payment of such consultancy fees will be in addition to the sitting fees, he will receive for Board Meeting attended by him.

The Directors, therefore, recommend the passing of the Special Resolution contained in Item 7 of the accompanying Notice.

None of the Directors, other than Mr. R S Sampath may be considered to be interested in the passing of the Special Resolution mentioned at item 7 of the accompanying notice.

ADDITIONAL INFORMATION ON DIRECTORS' SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

Particulars	Mr. Vijay Chandra Puljal	Mr. Clive Menhinick	Wg. Cdr. (Retd.) A.B. Bhushan	Mr. Murty Gudipati
Date of birth	March 1, 1951	November 20, 1952	March 19, 1943	March 10, 1970
Date of appointment	July 14, 2012	February 02, 2001	August 13, 2010	March 13, 2009
Qualification	Post graduate in agricultural science.	B.Sc Honors Degree in Physics from the University of Liverpool, Diploma in Company Direction from the University of Bradford, Fellow Member of the Institute of Directors, UK.	M.B.A	M.S. in Computer Engineering from Clemson University, USA.
Expertise	Expertise in various fields of management	Expertise in Business Development, Sales and Accounting	Expertise in various fields of management and Administration	Rich and diverse experience in Information Technology industry in Finance, Accounts,
List of companies in which outside directorship held on August 8, 2012	Pennar Engineered Building Systems Limited Pennar Management Services Limited Pennar Logistics Limited Pennar Aluminium Company Limited	TriReme International Limited, UK Penrillian Limited UK Onperson International Limited Multi Channel Commerce Limited, UK	Pennar Enviro Limited	Medha Soft Labs Private Limited Saven Technologies Inc., USA
Chairman / Member of the Committee of other Companies on which he is a director as on August 8, 2012	Pennar Engineered Building Systems Limited Pennar Aluminium Company Limited	Nil	Pennar Enviro Limited	Nil
No of Shares held by them in the Company as on August 8, 2012	Nil	Nil	17	3,18,029

By Order of the Board
for Saven Technologies Limited

Place : Hyderabad
Date : August 8, 2012

Ansu Elezabeth Thomas
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 19th Annual Report on the operations of the Company together with the audited financial statements for the year ended March 31, 2012. The financial highlights of the Company are as follow:

Financial Results

(In Lakhs)

Particulars	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
Revenue from operations	6475.92	5126.89	720.78	365.82
Operating Profit (PBIDT)	409.87	90.12	196.49	62.27
Depreciation and amortisation	43.73	30.76	27.20	22.91
Income Tax	81.52	28.72	--	--
Exceptional items	61.38	--	61.38	--
Minority Interest	44.24	(7.18)	--	--
Profit after Tax (PAT)	290.88	27.53	230.19	38.75
Basic Earnings per share	2.67	0.25	2.12	0.36

Company's Performance

The consolidated income of your Company and its subsidiary, Saven Technologies Inc., was Rs 64.76 crores as compared to Rs 51.27 crores for the previous year, an increase of 26.3%. The consolidated profit before tax was Rs 355.26 lakhs as against Rs49.06 lakhs for the previous year. After adjustment of Income Tax, Exceptional items and minority interest, the net consolidated profit was Rs. 290.88 lakhs as against Rs 27.53 lakhs for the previous year.

The total revenue of the Company for the year ended March 31, 2012 was Rs 720.78 lakhs compared to Rs.365.82 lakhs for the previous year. Software development and services by the offshore development center of the Company recorded a substantial increase of 90% from Rs.349.09 lakhs to Rs.662.41 lakhs despite a sluggish growth in the US economy. In dollar terms the increase of the overseas billing was \$ 1.34 million, an increase of 71% over that of the previous year. The profit before Tax and exceptional item recorded an increase of 335%, from Rs.38.75 lakhs to Rs.168.81 lakhs, due to much improved performance and favourable foreign exchange variance.

Subsidiary Company:**Saven Technologies Incorporated - US**

Despite a sluggish growth of the US economy, the subsidiary [Saven US] could achieve a total income of USD 13.61 Million [Rs. 64.03 crores] as against USD 11.52 Million [Rs. 51.01 crores] for the previous year, an increase of 18% in terms of dollar revenue. Even after investing a substantial amount towards visa charges for recruiting additional manpower, the Company could achieve an operating income of \$ 383 K (Rs.179.47 lakhs) as compared to \$ 21 K (Rs.9.47 lakhs) for the previous year. The Net Profit after income tax was \$ 229 K (Rs.106.77 lakhs) as against loss of \$ 53 K (Rs.23.27 lakhs) for the previous year.

Saven US, despite challenging environment, has been successful in increasing the number of consultants and are planning to further increase the strength. Saven US is also strengthening its marketing set up for development of Software Services for onshore and offshore.

Joint Venture

Penrillian Limited, a joint venture of your Company in UK, is in the business of software development for wireless information devices to provide high end technical solutions to leading mobile Companies. Despite a recessionary trend in UK, Penrillian performed well and achieved revenue of £ 1.4 million for the year ended June 30, 2012 as against £ 1.00 million for the previous year and is optimistic of further improvement in the performance during the current year.

Consolidated Financial Statements

In conformity with Clause 32 of the Listing Agreement with the Stock Exchange 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 Subsidiary are published in the Annual Report in addition to their individual financial statements.

Dividend

In the absence of distributable profits, your Directors are not recommending 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.

Management Discussion & Analysis and Corporate Governance

The "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Directors' Report. As per the requirements of the Listing Agreement with Stock Exchanges, a Report on Corporate Governance duly audited is annexed for information of the Members.

Directors

Mr. Vijay Chandra Puljal was appointed as an Additional Director of the Company with effect from July 14, 2012 and would hold office upto the conclusion of the ensuing Annual General Meeting. It is proposed to appoint Mr. Vijay Chandra Puljal as a Director of the Company.

Pursuant to Article 125 of the Articles of Association of your Company, read with Section 256 of the Companies Act, 1956, Mr. Clive Menhinick and Wg. Cdr. (Retd.) A.B. Bhushan retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

For perusal of the shareholders, a brief resume of the Directors being appointed / re-appointed along with other necessary particulars are given in the Explanatory Statement to the Notice. The Board of Directors commend their appointment / re-appointment.

Auditors

The Statutory 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.