

# **13<sup>th</sup> Annual Report**

## **2007-2008**

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**SESHACHAL TECHNOLOGIES LIMITED**

**BOARD OF DIRECTORS:**

Dr.T.MADAN MOHAN  
S.NIRANJAN  
M. DURGA PRASAD  
Dr.S.RAMGOPAL  
M. KOUSHIK  
B. RAVI KALYAN  
A.NARASIMHA SARMA

DIRECTOR  
DIRECTOR  
DIRECTOR  
MANAGING DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

**AUDITORS:**

M/s. P.S. NAGARAJU & Co.,  
FLAT NO.101, MEGASRI CLASSIC,  
DWARAKAPURI COLONY, PANJAGUTTA  
HYDERABAD 500 082.

**SHARE TRANSFER AGENTS:**

M/s. SATHGURU MANAGEMENT  
CONSULTANTS PVT.LTD.  
PLOT NO.15, HINDI NAGAR,  
PANJAGUTTA,  
HYDERABAD 500 082.

**REGISTERED OFFICE:**

98, 21<sup>st</sup> MAIN,  
BANASANKARI IInd STAGE,  
BANGALORE-560 070

**CORPORATE OFFICE:**

Flat No.202, Classic Court,  
Erramanzil, Hyderabad: 500 082  
Ph: 040 23302232, Fax: 040 23321560  
Email: info@seshachaltech.org

**SESHACHAL TECHNOLOGIES LIMITED**

(Formerly Javelin Technologies Limited)

Regd. Office: 98,21<sup>st</sup> main, Banasankari, II stage, Bangalore, 560 070**NOTICE**

Notice is hereby given to all the members of the Company that the **Thirteenth Annual General Meeting** of the Company will be held on Wednesday, the **24<sup>th</sup> day of September 2008 at 10.00 a.m. at EDC Conclave, Jeevith Gardens, Besides Brookefields, Off = ITPL Road, Bangalore- 560 037** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Annual Accounts consisting of Balance Sheet as at 31<sup>st</sup> March, 2008, Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 together with notes and schedules thereto and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dr. T. Madan Mohan, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. M.Koushik, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. P.S. Nagaraju & Co, Chartered Accountants, Hyderabad as auditors and to fix their remuneration.

**SPECIAL BUSINESS:****5: Appointment of Sri.A.Narasimha Sarma as a Director liable to retire by rotation:**

**To consider and if thought fit to pass the following resolution as an Ordinary Resolution.**

"RESOLVED THAT Sri. A.Narasimha Sarma, who was appointed as an Additional Director of the Company on 14<sup>th</sup> day of February, 2008 under Section 260 of the Companies Act, 1956 and holds office upto the date of this meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company be and is hereby appointed as a director of the Company liable to retire by rotation."

Place : Hyderabad  
Date : 19.08.2008

S. RamGopal  
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company.
2. The proxy form is enclosed herewith. Proxy form if intended to be used, it should be returned duly signed to the company not less than 48 hours before the time for holding the annual general meeting.
3. Explanatory Statement as per Sec. 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
4. The Register of Members of members and Share Transfer Books of the Company will remain closed from 18<sup>th</sup> to 24<sup>th</sup> day of September 2008 (both days inclusive).

**Explanatory Statement**  
(Pursuant to Sec.173 (2) of the Companies Act, 1956)

**Item No. 5:**

Sri. A.Narasimha Sarma aged 52 years is a fellow member of the Institute of Companies Secretaries of India. He has more than 23 years of experience in Corporate legal issues and held senior positions in reputed organisations like Aurobindo Pharma, Karvy etc., He is also a Post graduate in commerce from Andhra University, Visakhapatnam and also a Law Graduate. He has considerable experience in corporate governance procedures of listed companies as well as fund raising activities. Presently he is practicing as a Company Secretary in Hyderabad. In view of his considerable experience the Board felt its appropriate to appoint him to the Board of Directors of the Company. He was appointed as Additional Director on 14<sup>th</sup> day of February, 2008 and holds office till the conclusion of the ensuing Annual General Meeting. The Company has received a notice from one of the members proposing his appointment.

Hence the above resolution is recommended for the approval of the members.

None of the Directors of the Company are interested or concerned in the Resolution except Mr. A.Narasimha Sarma.

Place : Hyderabad  
Date : 19.08.2008

S. RamGopal  
Managing Director



## DIRECTORS' REPORT

To  
The Members

Your Directors present their Thirteenth Annual Report together with the Audited Accounts for the period ended 31<sup>st</sup> March 2008.

### FINANCIAL RESULTS:

The Financial results for the period ended 31<sup>st</sup> March, 2008 are summarized below:

	(Rs. In lakhs)	
	2007-2008	2006-07
Sales	74.32	19.61
Other Income	0.95	0.56
Expenditure	66.62	25.53
Profit/Loss before tax	8.65	(5.35)
Less: Finance Charges		
Provision for Tax	0.82	0.35
Profit/Loss after Tax	7.83	(5.71)

### CHANGE OF NAME:

In accordance with the special resolution passed by members in the Annual General Meeting held on 13<sup>th</sup> September, 2007 the name of the Company has been changed to Seshachal Technologies Limited vide the new certificate of incorporation issued by the Registrar of Companies on 31<sup>st</sup> October, 2007. The BSE, CDSL & NSDL has also recorded the change in the name of the Company in their records as above.

### PERFORMANCE:

During the year 2007-08, the Company has achieved a turn over of Rs 74.32 lakhs only and earned a net profit of Rs 8.65 lakhs. Though the performance of the Company during the year under review is better, the Company is yet to achieve significant improvement in its operations.

During the year the Company has got the approval of members to allot the shares and warrants on preferential issue basis. During the year the Company has allotted 13,15,000 Equity Shares @ Rs.23/- per share for consideration other than cash and 43,25,000 warrants convertible into equal number of equity shares of Rs.10/- @ Rs.23/- per share on which Rs.2.30 per warrant is paid in cash at the time of issue. The BSE has accorded their consent for taking & trading of the said shares/warrants. In order to accommodate the above allotment of shares & warrants, the Authorised Capital of the Company has been increased from Rs.7 crores to Rs.12 crores. By virtue of share purchase agreement dated 4<sup>th</sup> December, 2007 your Company has acquired 6,90,000 Equity Shares of Rs.10/- each of Labcal Biometric Technologies (P) Ltd., a Hyderabad

based security systems and solutions company. This Share Capital stood at 49% of the paid-up-capital of the aforesaid Company by end of the Financial year 2007-08. The proceeds aggregating to Rs.98.10 lakhs have been spent suitably for furtherance of business. In accordance with the special resolution passed by the members in the Annual General Meeting held on 13-09-2007 for shifting of the Registered Office of the Company from the state of Karnataka to Andhra Pradesh, petition has been filed before the Southern Region of Company Law Board, Chennai. The matter was not yet fixed for hearing by the Company Law Board.

#### **DIRECTORS :**

During the year under review, Mr. A.Narasimha Sarma was appointed as Additional Director of the Company whereas Mr.C.Raghavendra Rao and Mr. Satish Kumar have resigned from the Board. Due to Preoccupation, the board on record their appreciation for the services rendered by them during their tenure. Though the composition of the Board of Directors has changed, the new director is professional director as such there is no change in the management of the Company.

#### **DEPOSITS:**

Your Directors report that the company has not accepted any deposits from public during the year under report.

#### **AUDITORS:**

The present Auditors M/s. P. S. Nagaraju & Co., Chartered Accountants, Hyderabad, retire as the Statutory Auditors of the Company. However, being eligible they offer themselves for reappointment and confirmed that their reappointment will be within the limits specified under sec. 224(1B) of the Companies Act, 1956.

#### **INSURANCE:**

All the fixed assets and movable assets of the company are adequately insured.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

As per the provisions of the Section 217 (2AA) of the Companies Act, 1956, Directors State:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. 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 true and fair view of the state of affairs for the Company at the end of the financial year and of the profit and Loss of the company for that period.
- iii. The Director have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The Directors have prepared the accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES:**

The particulars of employees falling within the purview of the Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are nil.

### **CONSERVATION OF ENERGY ETC.,**

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed 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 is given hereunder.

#### **A) Conservation of Energy:**

The Company's operations require low energy consumption. Adequate measures are taken to conserve energy whenever possible.

#### **B) Technology Absorption, Research & Development:**

There is no specific research and development activity carried out by the Company during the year.

#### **C) Foreign Exchange Earnings and Outgo is Nil.**

### **CORPORATE GOVERNANCE:**

The report on the corporate governance is annexed which forms part of this report.

### **PERSONNEL:**

The company has maintained cordial relations with the employees during the year under review. The company has been restructuring the human resources according to the business requirements of the company.

### **ACKNOWLEDGEMENTS:**

Your directors take this opportunity to place on record their appreciation and gratitude for the cooperation, assistance, guidance and support extended by the Company's Bankers, Shareholders, customers and various Central and State Government Agencies and Local authorities, personnel at various levels of the organization.

### **FOR AND ON BEHALF OF THE BOARD**

**S.RAMGOPAL**  
Managing Director

**M.DURGA PRASAD**  
Director

**Place : Hyderabad**

**Date : 19-08- 2008.**

## REPORT ON CORPORATE GOVERNANCE

### INTRODUCTION

The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreement with the Stock Exchanges. The company has complied with the mandatory requirements of the Code.

#### 1) Company's Philosophy on the code of governance:

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of transparency, accountability and equity, in all its operations and in all its inter-actions with shareholders, employees, the government and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

#### 2) Board of Directors:

The composition of the Board of Directors of the Company meets the stipulated requirements. The Board of Directors comprises a Managing director and six non-executive Directors. The Board functions as a full Board or through Committees. The Board and Committees meet at regular intervals. Policy formulation, evaluation of performance and control functions vest with Board, while the committees oversee operational issues. During the year ended 31st March, 2008 7 Board Meetings were held on the following dates: 27.04.2007, 07.05.2007, 24.07.2007, 31.07.2007, 27.10.2007, 04.12.2007 and 14.02.2008.

The Composition of Directors and their attendances at the Board Meetings during the year and at the last Annual General Meeting and also number of other directorships is as

Name of Director	No. of Board Meetings held after his appointment to the Board	No. of Meetings attended	Attendance at the previous AGM	No. of other board in which he is a Director	No. of Board Committees in which he is a Member	No. of Board committees in which he is a Chairman.
B. Satish Kumar	7	3	NO	NIL	NIL	NIL
C.RaghavendraRao	7	3	YES	NIL	1	1
S. RamGopal	7	2	YES	NIL	1	NIL
M. Durga Prasad	7	7	YES	1	2	2
S. Niranjana	7	7	YES	NIL	2	NIL
M. Koushik	7	NIL	YES	NIL	NIL	NIL
Dr. Madan Mohan	7	3	NO	NIL	NIL	NIL
B.Ravi Kalyan	7	3	YES	NIL	NIL	NIL
A.Narasimha Sarma	-	-	-	3	NIL	NIL



## COMMITTEES OF THE BOARD

### 3) Audit Committee:

The present audit committee consists of three non executive directors viz., Dr. S. RamGopal, Sri. M. Durga Prasad and S.Niranjana and Whereas Sri M Durga Prasad acts as the Chairman of the Committee. The present audit committee met four times on 27.04.2007, 24.07.2007, 27.10.2007 and 04.12.2007 during the year.

#### Terms of reference:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible,
2. Review of Annual Financial Statements, internal control systems and internal audit functions,
3. To review the Company's financial and risk management policies and discuss with the internal auditors any significant findings for follow-up thereon,
4. To ensure that adequate mechanism for prevention & detection of frauds is in place,
5. Recommending the appointment of external auditors/internal auditors and fixation of their audit fee, and also approval for payment for any other services.

### 4) Remuneration Committee:

As no Director is taking any remuneration the remuneration committee meetings were not held during the year.

#### Terms of reference:

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to review the remuneration package of the executive directors and recommend suitable revision to the Board, to recommend Compensation to the non-executive directors in accordance with the Companies Act, 1956, to consider and recommend Employee Stock Option Schemes from time to time and to administer and superintend the same.

#### Remuneration Policy:

Remuneration of employees largely consists of the base remuneration, perquisites and performance Incentives. The Remuneration policy of the company for managerial personnel is primarily based on

- a) Performance of the company, its divisions
- b) Track record, potential and performance of individual managers and responsibilities handled by them.
- c) External competitive environment and general trends in the industry.