

SIXTEENTH ANNUAL REPORT

2010 - 2011

SESHACHAL TECHNOLOGIES LIMITED

**Annual Report
2010-11**

Board of Directors

Mr. Madhavapeddi Durga Prasad	: Managing Director
Mr. Niranjana Sutrala	: Director
Mr. Narasimha Murthy Dokka	: Director
Mr. Ramajogeswar Dokka	: Director
Mr. Bethina Hanumantha Rao	: Director

Registered. Office : **E19, Panchavati Township, Akkireddy Palem,
BHPV Post, Visakhapatnam - 530012**

Auditors

M/s. P. S. Nagaraju & Co.,
6-3-596/65, III Floor,
Adarsh Villa, Naveen Nagar, Banjara Hills,
Hyderabad – 500004.

Share Transfer Agents

M/s Sathguru Management Consultants Private Limited,
Plot 15, Hindi Nagar, Punja Gutta,
Hyderabad – 500082

Corporate Office:

11, Pavani Villas, Dwarakapuri Colony,
Panjagutta, Hyderabad – 500082.

NOTICE

E19, Panchavati Township, Akkireddy Palem, BHPV Post, Visakhapatnam - 530012

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Friday September 30, 2011 at 09.30 AM at D No 15-93/5, Aganampudi, B C Colony, Gajuwaka, Visakhapatnam - 530046 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011, the Profit and Loss account for the year ended on that date together with the notes and schedules of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Niranjan Sutrala who retires by rotation and being eligible, offers him-self for reappointment.
3. To appoint M/s. P. S. Nagaraju & Co, Chartered Accountants, Hyderabad, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and thought fit to pass with or with out the following resolution as a Special Resolution.

“RESOLVED THAT Sri Ramajogeswar Dokka, who was appointed as Additional Director of the Company on 17th February, 2011 under section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General 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.”

5. To consider and thought fit to pass with or without the following resolution as a Special Resolution.

“RESOLVED THAT Sri Bethina Hanumantha Rao, who was appointed as Additional Director of the Company on 27th June, 2011 under section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General 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.”

6. To consider and thought fit to pass with or without the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, Mr. M. Durga Prasad be and is appointed as Managing Director of the Company with effect from 17th February, 2011.

By order of the Board

Sd/-

Place : Hyderabad

Date : 02.09.2011

B. Hanumantha Rao

Director

Notes:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ELIGIBLE TO APPOINT A PROXY OR PROXIES WHO CAN ATTEND AND VOTE INSTEAD OF MEMBER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- 2) The Proxy Form duly completed must be lodged at the Registered Office of the Company at least 48 hours before the time fixed for the 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 and the Share Transfer Books of the Company will remain closed from Tuesday, September 27th, 2011 to Friday, September 30, 2011, both days inclusive, for the purpose of Annual General Meeting.
- 5) The brief profile of Directors liable to retire by rotation and proposed to be appointed are as under:

Mr. Niranjana Sutrala: He has about 35 years of experience which includes Pharma industry. He is a science graduate and has gained rich experience over the years.

Mr. Ramajogeswar Dokka: He is a Post Graduate and a dedicated professional with about 14 years of experience in procurement at various levels.

Mr. B. Hanumantha Rao: He is Graduate and has rich experience of 15 years in the fields of Stock investment and other investment portfolios.

Explanatory statement pursuant to section 173 (2) of the Companies Act 1956

Item No.4

Mr. Ramajogeswar Dokka is appointed as an Additional director on 17th February, 2011 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. Ramajogeswar Dokka.

Item No.5

Mr. Bethina Hanumantha Rao is appointed as an Additional director on 27th June, 2011 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. Bethina Hanumantha Rao.

Item No.6

Mr. S. Ramgopal, the erstwhile Managing Director of the Company resigned from the Board on 17th February, 2011. Hence it was decided by the Board to appoint Mr. M. Durga Prasad as the Managing Director of the Company with effect from 17th February, 2011 owing to his vast experience in the field of Management.

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. M. Durga Prasad.

By order of the Board

Place : Hyderabad
Date : 02.09.2011

Sd/-
B. Hanumantha Rao
Director

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Company's SIXTEENTH ANNUAL REPORT together with the Audited Accounts of the Company for the Year ended March 31, 2011 and the Auditor's Report thereon:

Financial Results:

The Financial results for the period ended 31st March, 2011 are summarized below:

Particulars	2010-11 Rs. In Lakh	2009-10 Rs. In Lakh
Sales	10.23	8.67
Other Income	0.00	0.00
Expenditure	25.62	29.94
Profit/ (Loss) before Tax	(15.38)	(21.27)
Provision for Tax	0.00	0.00
Profit/ (Loss) after Tax	(15.38)	(21.27)

Performance:

During the year 2010-11, the Company has achieved a turnover of Rs.10.23 lakhs only and incurred a net loss of Rs.15.38 Lakhs. The entire income is earned from software services. The year under review has been continued to be difficult as expected projects have not materialized, therefore the business of the Company was significantly affected during the year.

Public Deposits

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

Insurance

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

Director's responsibility statement

The Directors' responsibility statement setting out the compliance with the accounting and financial reporting requirements specified under Section 217 (2AA) of the Companies Act, 1956, in respect of the financial statements is as follows:

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had 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 and of the profit or loss of the company for that period;
- (iii) That the directors had 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, for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared annual accounts on a going concern basis.

Directors:

Sri. Nirajan Sutrala will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Mr. A. N. Sarma resigned from Directorship on 3rd June, 2010 and Mr. S. Ramgopal resigned as Managing Director on 17th February 2011 and on the same date, Mr. M. Durga Prasad was appointed as the Managing Director of the Company. Dokka Ramajogeswar and Bethina Hanumantha Rao were appointed as Directors on 17th February, 2011 and 27th June, 2011 respectively.

Auditors

The existing Statutory Auditors of the company, M/s. P. S. Nagaraju & Co, Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting offer themselves for re-appointment till the conclusion of the next Annual General Meeting.

The Company has received letter from them to the effect that their appointment if made would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Corporate Governance:

The report on Corporate Governance is annexed which forms part of this Report

Particulars of Employees

The particulars of the 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, 1987 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 was no specific research and development activity carried out by the Company during the year under review.

C) Foreign Exchange Earnings and Outgo is Nil.

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.

Acknowledgement:

Your Directors take this opportunity to place on record their appreciation and gratitude for the co-operation, 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

Place: Hyderabad
Date: 02.09.2011

Sd/-
Niranjan Sutrala
Director

Sd/-
B. Hanumantha Rao
Director

Corporate Governance (Mandatory Requirements)

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 interactions 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 four non-executive Directors. The Board functions as a full Board or through Committees. The Board and the Committees meet at regular intervals to discuss on areas of Policy formulation, evaluation of performance and control functions vest with Board, while the Committees oversee operational issues. During the year ended 31st March, 2011, the Board Meetings were held on the following dates: 05.05.2010, 03.06.2010, 31.07.2010, 02.09.2010, 11.10.2010, 31.10.2010, 03.02.2011 and on 17.02.2011.

Composition and Category of Directors:

The Composition of the 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 follows:

Name of Director	Category	Designation	No. of Meetings held during the last financial year	No. of Meetings attended	No. of Memberships in the Board of other Companies	Attendance of each director in the last AGM
Mr.Madhavapeddi Durga Prasad	Promoter and Director	Managing Director	8	8	2	Yes
Mr. Niranjan Sutrala	Director	Director	8	6	0	Yes

Mr. Ramajogeswar Dokka \$	Independent and Non-Executive Director	Additional Director	8	1	0	No
Mr. Sachin Tukaram##	Independent and Non-Executive Director	Additional Director	8	2	0	No
Mr. S. Ram Gopal**	Executive Director	Managing Director	8	6	0	Yes
Mr. A. N. Sarma*	Independent and non-executive Director	Director	8	1	2	No
Mr. D. N Murthy#	Independent and non-Executive Director	Director	8	1	2	No

*Resigned on 03rd June, 2010

**Resigned on 17th February, 2011

Appointed on 01st September, 2010

##Resigned on 11th October, 2010

\$ Appointed on 17th February, 2011

COMMITTEES OF THE BOARD

3) Audit Committee

The audit committee consists of three directors viz., S. Niranjan, M. Durga Prasad and S. Ram Gopal whereas M. Durga Prasad acts as the Chairman of the Committee. Due to resignation of S. Ramgopal on 17th February, 2011, the Audit Committee is reconstituted as under:

1. S. Niranjan - Chairman
2. M. Durga Prasad - Member
3. D. Ramajogeswar - Member

During the period, the Committee has met 5 times viz., 05.05.2010, 31.07.2010, 02.09.2010, 31.10.2010, 03.02.2011.

Terms of Reference

- a) Reviewing the adequacy of internal control systems and the internal audit reports and their compliance thereof.
- b) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.