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SESHACHAL TECHNOLOGIES LIMITED

Annexure 3

**REPORT ON RECOMMENDATIONS OF THE AUDIT COMMITTEE ON
DRAFT SCHEME FOR RECONSTRUCTION / RESTRUCTURING OF CAPITAL OF
SESHACHAL TECHNOLOGIES LIMITED DATED 18TH DECEMBER, 2014.**

**SCHEME OF ARRANGEMENT OF THE COMPANY UNDER SECTION 391
TO 394 OF COMPANIES ACT 1956**

The Chairman of the Audit committee informed to the members of Audit Committee that the Board of Directors of the company at their meeting held on 12th December 2014 had approved the Reduction of Capital and scheme of Arrangement under section 391-394 of the companies for Setting off the Accumulated Losses for an amount of Rs 6,24,92,400/-, Reduction of Paid up capital against accumulated losses to the extent of Rs 6,24,92,400/-which is equal to 90% of the Subscribed and Paid up capital.

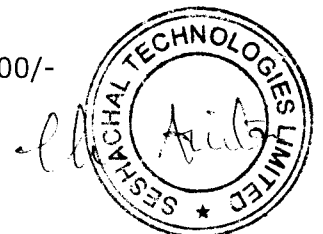
Further informed that as per clause 24 (F) of the Listing agreement an application is to be submitted to BSE before submitting the scheme to Honorable High Court of Andhra Pradesh..

The following documents were circulated amongst the members:-

1. Audited Balance Sheet as on 31st March 2014 and the Profit and Loss Account for the Period Ended 31st March 2014 along with the Report of Auditors.
2. Valuation report issued by M/s LNP & Co, Chartered Accountants.
4. Fairness Opinion issued by M/s 'Saffron Capital Advisors Private Limited', Mumbai, SEBI Registered merchant Banker;
5. Draft Scheme of Arrangement that is being proposed.

The Draft Scheme mainly proposed

- I. Setting off the Accumulated Losses for an amount of Rs 6,24,92,400/-



Regd. Office : D No 15-93/5, Aganampudi, B C Colony, Gajuwaka, Visakhapatnam, Andhra Pradesh - 530046.

Corp. Office : H.No. 8-2-120/110/115, G1 Vijaya Residency Road No. 14, Banjara Hills, Hyderabad - 500 034.

Ph : 040-23547119, Fax : 040-23547118, Email : info@sesachal.com, www.seshachal.com

CIN: L72200AP1994PLC003229

II. Reduction of Paid up capital against accumulated losses to the extent of Rs 6,24,92,400/- which is equal to 90% of the Subscribed and Paid up capital.

After due deliberation below are the Recommendations of the Audit Committee

1	Date of Board Resolution	12.12.2014
2	Name of the Company	Seshachal Technologies Limited
3	Details of Scheme	I. Setting off the Accumulated Losses for an amount of Rs 6,24,92,400/- II. Reduction of Paid up capital against accumulated losses to the extent of Rs 6,24,92,400/- which is equal to 90% of the Subscribed and Paid up capital.
4	Name of the Independent Chartered Accountant	M/s LNP & Co, Chartered Accountants.
5	Name of Merchant Banker	Saffron Capital Advisors Private Limited
6	Details of Audit Committee	Nalla Bulli Venkaiah Chairman Sudhakar Devarapalli Member Bethina Hanumantha Rao Member
7	Recommendations on the Draft Scheme of Arrangement	Based on the review of draft Scheme for setting off the Accumulated Losses, Reduction of Share Capital based on the valuation report dated 15 th December, 2014 issued by M/s LNP & Co, Chartered Accountants and fairness opinion dated 17 th December, 2014 issued by Saffron Capital Advisors Private Limited, the Audit committee believes that scheme is fair and reasonable for revival of the company and enhancing the shareholders value.

For Seshachal Technologies Limited

Ch Anita

Ch Anita
Managing Director



Place: Hyderabad
Date: 18.12.2014



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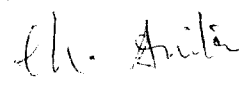
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The financial details of the Company for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **Seshachal Technologies Limited**

(Rs. in Crores)

	As per Results declared to BSE	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	30 th September' 2014	2013-14	2012-13	2011-12
Equity Paid up Capital	6.94	6.94	6.94	6.94
Reserves and surplus	(6.34)	(6.30)	(2.10)	2.30
Carry forward losses				
Net Worth				
Miscellaneous Expenditure	0.00	0.00	0.83	0.99
Secured Loans		0.00	0.00	0.00
Unsecured Loans	0.04	0.00	0.00	0.007
Fixed Assets	0.98	0.99	4.98	4.99
Income from Operations	0.00	0.00	0.17	0.69
Total Income	0.00	0.00	0.17	0.69
Total Expenditure	0.03	8.40	0.36	0.66
Profit before Tax	(0.03)	(8.40)	(0.19)	0.03
Profit after Tax	(0.03)	(8.40)	(0.19)	0.025
Cash profit		-	-	-
EPS	(0.04)	(12.09)	(0.28)	0.04
Book value				


 H. Anika

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