

VALUATION REPORT OF EQUITY SHARE CAPITAL

Seshachal Technologies Limited

Prepared by

Purna Chandra Sekhar .P

Chartered accountant

L N P & Co, Chartered Accountants,

Sri Ganesh Nil yam, model colony,

Near E.S.I, S.R Nagar,

Hyderabad-500038.

Contents

1. Introduction

- 1.1 Back ground
- 1.2 Purpose of valuation
- 1.3 Date of valuations
- 1.4 The scheme
- 1.5 Rational and purpose of scheme

2. Company information

- 2.1 Management
- 2.2 Financial summary
- 2.3 Share holding pattern

3. Valuation

- 3.1 Approach and methodology
- 3.2 Valuation
- 3.3 Conclusion

A handwritten signature or scribble consisting of several overlapping, dark lines, possibly representing initials or a name, located in the lower right quadrant of the page.

1. Introduction

1.1 Back ground

Seshachal Technologies Limited is a listed company engaged in the business of IT Products development. The company has established infrastructure for developments of various industry specific software products.

The company shares are listed in Bombay Stock Exchange (BSE LTD).

1.2 Purpose of valuation

The purpose of this valuation report is to arrive at a fair value of equity shares of the company as on the valuation date on event of capital reduction through a scheme of reduction of capital in accordance with provisions of the company's act 1956.

1.3 Date of valuation

The effective date of valuation is March 31, 2014

1.4 The scheme

The draft scheme of reduction of capital under sections 100 to 103 r/w 94 of the companies act, 1956 (as section 66 of the Companies act, 2013) proposed between the company and its shareholders and creditors involves reduction of fully paid up equity share capital Rs. 6,94,36,000/- (Six Crore Ninety Four Lakh Thirty Six Thousands only) divided into 69,43,600 (Sixty Nine Lakhs Forty Three Thousand Six Hundred) fully paid equity shares of Rs. 10/- (rupees ten only) each to Rs. 69,43,600/- (Rupees Sixty Nine Lakh Forty Three Thousand and Six Hundred only) divided into 6,94,360 (Six Lakh Ninety Four Thousand Three Hundred and Sixty only) fully paid up equity shares of Rs. 10/- each.

1.5 Rationale and Purpose of Scheme

As per audited financial statements of the company as on 31.03.2014, the total accumulated losses of the company are Rs. 9,30,92,029/- (Rupees Nine Crore Thirty Lakh Ninety Two Thousand and Twenty Nine only) as against the paid up equity share capital of Rs. 6,94,36,000/- Mere infusion of further funds into the company will not benefit any existing share holder even if the company registers profits in the coming years since no dividend can be paid out of profits unless accumulated losses are wiped out. Under this scheme the accumulated losses are reduced to the extent of reduction of capital.



2. Company information

2.1 Management

The following is the structure of the management of the company.

Table 1: composition of the management

S.NO	NAME	TITLE
1	Smt. Anita Chitturi	Managing Director
2	Shri.Narendra Chitturi	Director
3	Shri Bethina Hanumantha Rao	Director
4	Shri Nalla Bulli Venkaiah	Director
5	Shri Indrayya Chitturi	Director
6	Shri Sudhakar Devarapalli	Director

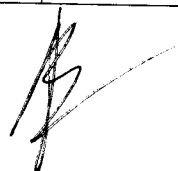
2.2 Financial summary

The following table gives the financial summary of the financial position and operating performance of the company as on 31st march 2014 and previous two years as per audited financial statements.

Table: 2 financial summary

(Amount in Rs.)

particulars	As per last Audited financial year	1 year prior to the Last audited Financial year	2 years prior to last audited financial years
	2013-2014	2012-2013	2011-2012
Equity paid up capital	6,94,36,000	6,94,36,000	6,94,36,000
Reserves and surplus	3,01,23,635	3,01,23,635	3,01,23,635
Accumulated losses	(9,30,92,029)	(91,19,595)	(71,92,391)
Miscellaneous expenditure	NIL	(82,55,035)	(99,29,660)



Net worth	64,67,606	8,21,85,005	8,24,37,584
Secured loans	NIL	NIL	Nil
Unsecured loans	NIL	2,20,000	70,000
Fixed assets	5,35,074	1,76,15,855	1,77,30,256
Income from operations			
Total income	NIL	16,87,000	68,87,968
Total expenditure	8,39,72,434	36,14,204	65,70,833
Profit before tax	(8,39,72,434)	(19,27,204)	3,17,135
Profit after tax	(8,39,72,434)	(19,27,204)	2,56,705
Cash profit	(2,49,348)	(1,38,178)	20,45,731
EPS(in Rs)	(12.09)	(0.28)	0.04
Value per share as per Bookvalues.(Net worth/No of shares)	0.93	11.84	11.87

2.3 Share holding pattern

The company is a listed company with following share holding pattern as on March 31 2014.

Table 3: share holding pattern

Particulars	No.of shares of Rs 10 each	% to Total
a) Private Corporate Bodies	187859	2.71
b) Non Resident Indians	56344	0.81
c) Promoters	1929003	27.78
d) Resident Individuals	4770394	68.70
TOTAL	6943600	100.00



3. Valuation

3.1 Approach and methodology

In determining the valuation of shares of the company Net Asset Value/Net worth Method is considered for arriving at the value of equity shares of the company. Under this method of valuation, the equity shares of the company is valued based on the book value per share. The Net Worth has been computed by deduction of accumulated losses from the paid up share capital plus reserves of the company.

For the purpose of arriving at the value of equity under this method the audited financial statements as at March 31, 2014 were considered.

3.2 Valuation

The Net Worth of the company before and after reduction of capital as proposed will be under.

Table 4. Value as on 31-03-2014 (value in Rs.)

Particulars	Before reduction	After reduction
Paid up equity capital	6,94,36,000	69,43,600
Accumulated losses as per P&L Account	(9,30,92,029)	(3,05,99,629)
Reserves & surplus(not Created out of the profits of the company)	3,01,23,635	3,01,23,635
Net Worth	64,67,606	64,67,606
No.of shares	69,43,600	6,94,360
Value per share(of Rs 10/-each)	0.93	9.31

The valuation is done merely for the purpose of deriving the fair value for the better understanding of shareholders wealth and this valuation does not have any impact on the reduction of the capital.



3.3 Conclusion

As the proposed scheme is intending to wipe out the accumulated losses by reduction of capital so as to present true financial picture of the company ,the company being a debt free company, and also restructuring enables the company for better representing before the stakeholders and better leverage for the company' s future endeavors . Since the reduction is carried out for mere purpose of wiping the accumulated losses out, the valuation is carried out for requirements of the statute and also for the awareness of the stakeholders.

For L N P & Co

Chartered accountants

FRN.008918S



Purna Chandra Sekhar P

Partner.

Membership No.214746

Place: Hyderabad.

Date: 15-12-2014.