

# Annual Report 2014-2015



(Formerly known as 7Seas Technologies Ltd.)

INDIA'S FIRST ISO 9001:2008 Certified Independent Games Development Company.



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# 7SEAS ENTERTAINMENT LTD.

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## CORPORATE INFORMATION

### **Board of Directors:**

- |                            |    |  |
|----------------------------|----|--|
| 1. Mr. L. Maruti Sanker    | -- | Managing Director (DIN: 01095047)              |
| 2. Mr. M Rama mochan Rao   | -- | Independent Director (DIN: 01906209)           |
| 3. Mr. A. Seetarama Murthy | -- | Independent Director (DIN: 02191621)           |
| 4. Ms. L. Hemalatha        | -- | Promoter Executive Director<br>(DIN: 02226943) |
| 5. Mr. B. Mohan Rao        | -- | Promoter Executive Director<br>(DIN: 07233665) |

### **Registered Office:**

6-3-1239/2/A, Renuka Enclave ,  
III Floor, Kotis Court, Rajbhavan Road, Somajiguda,  
Hyderabad-500082, Telangana.

### **Auditors:**

M/S. M M Reddy & Co.,  
Chartered Accountants,  
G-8, Amrutha Ville, Right Wing  
Rajbhavan Road, Somajiguda,  
Hyderabad- 500 082

### **Audit Committee:**

- 1) Mr. M. Rama mochan Rao
- 2) Mr. A.S.R. Murthy
- 3) Mr. L. Maruti Sanker
- 4) Ms. L. Hemalatha

### **Nomination & Remuneration Committee:**

- 1) Mr. A.S.R. Murthy
- 2) Mr. M. Rama mochan Rao
- 3) Mr. L. Maruti Sanker
- 4) Ms. L. Hemalatha

### **Stakeholders Relationship Committee:**

- 1) Mr. L. Maruti Sanker
- 2) Mr. M. Rama mochan Rao
- 3) Mr. A.S.R. Murthy
- 4) Ms. L. Hemalatha

### **Risk Management Committee**

- 1) Mr. L. Maruti Sanker
- 2) Mr. M. Rama mochan Rao

### **Independent Director Committee**

1. Mr. M. Rama mochan Rao
2. Mr. A. Seetarama Murthy

### **Bankers:**

Indian Overseas Bank  
Rajbhavan Road, Hyderabad – 500082.

### **Listing/Trading:**

BSE Limited (Indonext model)  
Ahmedabad Stock Exchange Limited

### **Registrar & Share Transfer Agents:**

M/s. Venture Capital and Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad - 500 018  
Ph.Nos.040-23818475/23818476/23868023  
Fax: 040-23868024

### **Demat ISIN Number CDSL & NSDL:**

INE454F01010

### **Website:**

[www.7seasent.com](http://www.7seasent.com)

### **Corporate Identity Number:**

L72900TG1991PLC013074

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# 7SEAS ENTERTAINMENT LTD.

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## NOTICE

Notice is hereby given that the Annual General Meeting of the Shareholders of M/s **7Seas Entertainment Limited** will be held on Wednesday, the 30<sup>th</sup> day of September, 2015 at 09.30 A.M. at the registered office of the Company situated at 6-3-1239/2/A, Renuka Enclave, 3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Report of Auditors and Directors thereon.
2. To appoint a director in place of Mr. L. Maruti Sanker who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s M M Reddy & Co., Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

### **SPECIAL BUSINESS:**

#### **4. Revision in the remuneration of Managing Director:**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification thereto from time to time or any re-enactment thereof for the time being in force) (the “Act”) read with Schedule V to the said Act and such other authorities as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration of Rs. 2,50,000/- per month to Mr. L. Maruti Sanker as Managing Director of the Company for remainder of duration of appointment, as approved by the Board in the Meeting held on 14.02.2015 on the recommendation of Nomination and remuneration committee with effect from April 1st, 2015.

**RESOLVED FURTHER THAT** the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or increase the remuneration specified above from time to time to the extent the

Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits specified under the relevant provisions of the Companies Act, 2013.

### 5. Appointment of Ms. L. Hemalatha as a Director of the Company

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, **Ms. L. Hemalatha** (DIN: 02226943), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27.03.2015 and who holds office until the date of the ensuing AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Ms. L. Hemalatha** as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation.

### 6. Appointment of Ms. L. Hemalatha as Whole Time Director of the company:

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof), read with Schedule V of the Companies Act, 2013 and pursuant to Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment of **Ms. L. Hemalatha** (DIN: 02226943) as Whole-time Director of the Company, for a period of 3 years commencing from 14.08.2015 on the remuneration of Rs. 1,50,000 p.m, with liberty to the Board of directors to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and **Ms. L. Hemalatha** in this behalf subject to recommendation of the Nomination and Remuneration Committee.

**“FURTHER RESOLVED THAT** pursuant to Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration to **Ms. L. Hemalatha**, for that financial year, in which there is

inadequacy or absence of profits, during the period of Three years from the effective date of her appointment.”

“**FURTHER RESOLVED THAT** Managing Director of the Company be and is hereby authorized to do all such necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

### 7. Appointment of Mr. B. Mohan Rao as a Director of the Company

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, **Mr. B. Mohan Rao** (DIN: 07233665), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 09.07.2015 and who holds office until the date of the ensuing AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose **Mr. B. Mohan Rao** as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation.

### 8. Appointment of Mr. B. Mohan Rao as Whole-time Director of the company:

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof), read with Schedule V of the Companies Act, 2013 and pursuant to Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment of **Mr. B. Mohan Rao** (DIN: 07233665) as Whole-time Director of the Company, for a period of 3 years commencing from 14.08.2015 on such remuneration as may be decided by the Board with liberty to the Board of directors to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and **Mr. B. Mohan Rao** in this behalf subject to recommendation of the Nomination and Remuneration Committee.

**“FURTHER RESOLVED THAT** pursuant to Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration to **Mr. B. Mohan Rao**, for that financial year, in which there is inadequacy or absence of profits, during the period of Three years from the effective date of his appointment.”

**“FURTHER RESOLVED THAT** any one of the Directors of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution.”

### **9. Appointment of Mr. K. Rama Krishna Reddy as Director**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and the Rules made there under, Mr. K. Rama Krishna Reddy (DIN: 02394909), who was appointed as Additional Director in the Board of the Company on 14.08.2015 pursuant to the provisions of Section 161 (1) of the Companies Act, 2013 read with Articles of Association to the Company, and whose term of office expires at the ensuing Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intension to propose Mr. K. Rama Krishna Reddy as candidate for the office of a director of the company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as independent Director of the Company, not liable to retire by rotation, to hold office for a period of 1 year up to the next Annual General Meeting”.

### **10. Modification of term of Appointment as Independent Director:**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in modification of the resolution no. 3 passed in the Annual General Meeting of the company held on 30.09.2014 and pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A.S.R. Murthy (DIN 02191621), Director of the Company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for one year for a term up to the next Annual General Meeting .”



### 11. Modification of term of Appointment as Independent Director:

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in modification of the resolution no. 4 passed in the Annual General Meeting of the company held on 30.09.2014 and pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. M Rama mohan Rao (DIN 01906209), Director of the Company who meets the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for one year for a term up to the next Annual General Meeting.”

### 12. Amendment of Articles of Association

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Section 5 read with Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the new draft Articles as contained in the Articles of Association submitted be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution), be and are hereby severally authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

For and on behalf of the Board of  
7Seas Entertainment Limited

Sd/-

L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Place: Hyderabad  
Date: 14.08.2015

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### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26.09.2015 to 30.09.2015 (Both days inclusive).
3. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
4. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
5. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
9. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to Venture capital and corporate investments Pvt. Ltd, Share Transfer Agents of the Company for their doing the needful.

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10. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-2015 is being sent in the permitted mode.
11. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website [www.7seasent.com](http://www.7seasent.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id [investors@7seasent.com](mailto:investors@7seasent.com).
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat/Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 25.09.2015.
15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
16. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Subsidiaries Companies

whose Annual Accounts have been consolidated with the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.

17. The Ministry of Corporate Affairs (vide circular No.s 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

### **18. Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

#### **(A) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Enter your User ID- For CDSL: 16 digits beneficiary ID followed by 8 Digits Client ID, Members holding shares in Physical form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and click on login.
- (v) If you are holding shares in Demat form and have already voted earlier on [www.evotingindia.com](http://www.evotingindia.com) for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.

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(vi) Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
User ID	For CDSL: 16 digits beneficiary ID For NSDL: 8 Character DP ID followed by 8 Digits Client ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their **PAN** with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Mohan with sequence number 1 then enter MO00000001 in the PAN Field.

# please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL

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platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

- (ix) Click on the relevant EVSN on which you choose to vote.
- (x) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (II) **In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**
  - (A) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
  - (B) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have

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authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.

- (C) The voting period begins on 27.09.2015 at 9.00 A.M. and ends on 29.09.2015 at 5.00.P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 25.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xvi). Mr. Vivek Surana, Practicing Company Secretary, bearing C.P. Number 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process.
- (xvii). The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (xviii). The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.7seasent.com](http://www.7seasent.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

For and on behalf of the Board of  
7Seas Entertainment Limited

Sd/-

L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Place: Hyderabad  
Date: 14.08.2015

### EXPLANATORY STATEMENT

(Pursuant to Section 102(2) of the Companies Act, 2013)

#### Item No. 4

The Nomination and Remuneration Committee and the Board of Directors, in its meeting held on 14.02.2015, approved for payment of remuneration of Rs. 2,50,000/- per month to Mr. L. Maruti Sanker, as Managing Director of the Company with effect from April 1st, 2015, for remainder of duration of appointment subject to the approval of the shareholders in the Annual General Meeting and the Central Government.

Mr. L. Maruti Sanker is a B. Tech and MBA. He is the Managing Director of the Company and is actively involved in the areas of operations & Information Technology.

The appointment as well as payment of remuneration was approved by the Board based on industry standards, responsibilities handled by the Managing Director of the Company.

Approval of the shareholders is sought for ratification of remuneration paid/remuneration payable for the remaining period of existing appointment commencing from April 1st, 2015 to Mr. L. Maruti Sanker as Managing Director of the Company.

Mr. L. Maruti Sanker shall be deemed to be concerned or interested in the resolution to the extent of remuneration payable to Mr. L. Maruti Sanker under the resolution.

With his vast experience the Board of Directors considered it to be desirable to approve ratification and approval of remuneration payable to him for his current tenure of appointment as Managing Director.

The Board of Directors recommends the relevant resolution for your consideration and approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives except Mr. L. Maruti Sanker and L. Hemalatha is concerned or interested in the resolution.



### **Item No. 5 and 6:**

The members may note that Ms. L. Hemalatha (DIN- 02226943) was inducted into Board as Additional Director of the company, with effect from 27.03.2015 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds the office as such up to the date of ensuing Annual General Meeting. The company has received notice in writing from member of the company along with the requisite deposit under Section 160 of the Companies Act, 2013 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation. As per the provisions of section 160 of the Act, any such proposal ought to be approved by the members in the Annual General Meeting.

The Board of Directors in its meeting held on 14.08.2015, subject to the approval of the Shareholders, and upon the recommendation of Nomination and Remuneration committee appointed Ms. L. Hemalatha (DIN- 02226943) as Whole Time Director of the Company on a remuneration of Rs. 1,50,000 p.m with effect from 14.08.2015 for a period of 3 years. Further the Board has been empowered with liberty to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and Ms. L. Hemalatha in this behalf.

### **Brief profile:**

Ms. L. Hemalatha is a B.Sc Graduate, with an experience of around 8 years in game testing field.

The Board is of the opinion that her services should continue to be available to the Company to meet all the challenges are being faced by the company. The terms and conditions of the appointment of Ms. L. Hemalatha (DIN- 02226943), subject to approval of the shareholders.

Hence, the Board recommends the resolutions for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Ms. L. Hemalatha and Mr. L. Maruti Sanker is concerned or interested, financially or otherwise, in this Resolution set out at item no. 5 and 6 for approval of the Members.

### **Item No. 7 and 8:**

The members may note that Mr. B. Mohan Rao (DIN- 07233665) was inducted into Board as Additional Director of the company, with effect from 09.07.2015 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds the office as such upto the date of ensuing Annual General Meeting. The company has received notice in writing from member of the company along with the requisite deposit under Section 160 of the Companies Act, 2013 proposing the candidature of the above said person for the Office of Director whose period of office is determinable by retirement of Directors by rotation. As per the provisions of section 160 of the Act, any such proposal ought to be approved by the members in the Annual General Meeting.

The Board of Directors in its meeting held on 14.08.2015, subject to the approval of the Shareholders, and upon the recommendation of Nomination and Remuneration committee appointed Mr. B. Mohan Rao (DIN- 07233665) as Whole - time Director of the Company with effect from 14.08.2015 for a period of 3 years on such remuneration, as may be decided by the Board including to fix, alter or vary from time to time the terms and conditions of the said appointment in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and Mr. B. Mohan Rao in this behalf.

### **Brief profile:**

Mr. B. Mohan Rao is a B. Tech graduate with experience in related field. The Board is of the opinion that his services should continue to be available to the Company to meet all the challenges are being faced by the company. The terms and conditions of the appointment of Mr. B. Mohan Rao (DIN- 07233665), subject to approval of the shareholders.

Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. B. Mohan Rao is concerned or interested, financially or otherwise, in this Resolution set out at item no. 7 and 8 for approval of the Members.

### **Item No. 9:**

Mr. K. Rama Krishna Reddy (DIN: 02394909) was appointed as Additional Director on 14.08.2015, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive Independent'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013. The Company has received a notice from a member under section 160 of the Companies Act 2013, along with requisite deposit proposing the candidature of Mr. K. Rama Krishna Reddy for the office of director under the category of Independent Director.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made there under and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Mr. K. Rama Krishna Reddy as 'Independent Director' for a term of 1 year up to the next Annual General Meeting, and pass the resolution set out at Item No. 9. The appointment of Mr. K. Rama Krishna Reddy is required to be made in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mr. K. Rama Krishna Reddy has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that her continued association with the Company would be of benefit to the Company. Further, in the opinion of the Board Mr. K. Rama Krishna Reddy fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under, and he is independent of the Management.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Director, Mr. K. Rama Krishna Reddy is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 9 for approval of the Members.

### **Item No. 10 and 11:**

In the Annual General Meeting held on 30.09.2014, 2 Independent Directors namely Mr. A.S.R. Murthy and Mr. M. Ramamohan Rao were appointed for a period of 5 years. However the Board reviewed the tenure and decided to modify the same for a period of 1 year which enables the Company to have right kind of mix and variety on the Board including from the IT sector based on the requirement, from time to time.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Director, Mr. A.S.R. Murthy and Mr. M. Ramamohan Rao is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 10&11 for approval of the Members.

### **Item No. 12:**

The Articles of Association of the Company ("Articles") as currently in force was adopted pursuant to the provisions under the Companies Act, 1956. The Companies Act, 1956 has been superseded by the Companies Act, 2013. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association is hence to be amended to align the extant Articles with the provisions of the Companies Act, 2013 and rules there under.

Salient aspects of the proposed amended Articles:

Under the proposed amended Articles, salient aspects of sections of Table-F of Schedule I to the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares have been adopted. As mentioned in the previous Para, changes that are required to be carried out pursuant to the Companies Act, 2013 and rules there under coming into force have been duly carried out.

The resolution as set out in item No. 12 has been recommended by the Board of Directors for approval of the Members by special resolution.

The proposed new draft of Articles of Association is also available for inspection by the Members at the Registered Office of the Company on any working day excluding public holidays and Sunday from the date here upto 30<sup>th</sup> September, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way are concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 12 of the Notice.

For and on behalf of the Board of  
7Seas Entertainment Limited

Sd/-

L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Place: Hyderabad  
Date: 14.08.2015

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## 7SEAS ENTERTAINMENT LTD.

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### DIRECTORS' REPORT

To,

The Members of M/s **7Seas Entertainment Limited**

We have pleasure in presenting the Twenty fourth Annual report together with Audited accounts for the year ended 31<sup>st</sup> March, 2015.

### **FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:**

The performance during the period ended 31st March, 2015 has been as under:

(Rs.)		
Particulars	2014-15	2013-14
Total Income	3,298,530	1,74,03,162
Total Expenditure	17,78,11,779	6,50,34,154
Profit Before Tax	(17,45,13,249)	(4,76,30,992)
Provision for Tax	-	(1,04,22,166)
Profit/(Loss) after Tax	(17,45,13,249)	(3,72,08,827)
Transfer to General Reserves	-	-
Profit available for appropriation	(17,45,13,249)	(3,72,08,827)
Provision for Proposed Dividend	-	-
Provision for Corporate Tax	-	-
Balance Carried to Balance Sheet	(14,45,85,346)	2,99,27,903

### **PERFORMANCE REVIEW:**

The Company has recorded a turnover of Rs. 3,298,530 and sustained a Loss of Rs. 17,45,13,249 in the current year against the turnover of Rs. 17,403,162 and a Loss of Rs. 37,208,827 in the previous financial year ending 31.03.2014.

### **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report.

### **CHANGE IN THE NATURE OF BUSINESS:**

During the year the Company has not changed its business activities.

### **DIVIDEND:**

Your Directors have decided not to recommend dividend for the year as the Company do not have profit.

### **BOARD MEETINGS:**

The Board of Directors met 6 times during the year on 15.05.2014, 22.05.2014, 14.08.2014, 14.11.2014, 14.02.2015, and 27.03.2015 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year Ms. L. Hemalatha and Mr. B. Mohan Rao were appointed as the Directors of the Company.

Notices have been received from Members proposing candidature of Ms. L. Hemalatha and Mr. B. Mohan Rao for the office of Director of the Company.

In accordance with the Companies Act, 2013 read with Articles of Association of the company the Director namely Mr. L. Maruti Sanker retires by rotation and being eligible, offers himself for re-appointment at this ensuing Annual General Meeting. Your Directors recommend his re-appointment.

### **POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:**

#### **1. Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

#### **2. Terms and References:**

2.1 **“Director”** means a director appointed to the Board of a Company.

2.2 **“Nomination and Remuneration Committee** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreement.

2.3 **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

### 3. **Policy:**

#### Qualifications and criteria

3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.

3.1.2 In evaluating the suitability of individual Board member the Nomination and Remuneration Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

3.1.3 The proposed appointee shall also fulfill the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

- Such other requirements as any be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.

3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

### **3.2 criteria of independence**

3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2.2 The criteria of independence shall be in accordance with the guidelines as laid down in companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

3.2.3 The independent Director shall abide by the “code for independent Directors” as specified in Schedule IV to the companies Act, 2013.

### **3.3 other directorships/committee memberships**

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The Nomination and Remuneration Committee shall take into account the nature of, and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.



- 3.3.4 A Director shall not be a member in more than 10 committee or act chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

### **Remuneration policy for Directors, key managerial personnel and other employees**

**1. Scope:**

- 1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

**2. Terms and Reference:**

In this policy the following terms shall have the following meanings:

- 2.1 **“Director”** means a director appointed to the Board of the company.
- 2.2 **“key managerial personnel”** means
- (i) The Chief Executive Officer or the managing director or the manager;
  - (ii) The company secretary;
  - (iii) The whole-time director;
  - (iv) The chief financial Officer; and
  - (v) Such other office as may be prescribed under the companies Act, 2013
- 2.3 **“Nomination and Remuneration committee”** means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and clause 49 of the Equity Listing Agreement.

### 3. Policy:

#### 3.1 Remuneration to Executive Director and key managerial personnel

3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall approved by the shareholders.

3.1.2 The Board on the recommendation of the Nomination and Remuneration committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

#### 3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per the provisions of Companies Act, 2013.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof.

### 3.3. Remuneration to other employees

- 3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

### **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received necessary declaration from Mr. M. Rama Mohan Rao and Mr. A. Seetarama Murthy, Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that they as Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6). **(Annexure II)**

### **AUDIT COMMITTEE:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.

- II) The terms of reference of the Audit Committee include a review of the following:
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing on:
    1. Any changes in accounting policies and practices;
    2. Qualification in draft audit report;
    3. Significant adjustments arising out of audit;

4. The going concern concept;
5. Compliance with accounting standards;
6. Compliance with stock exchange and legal requirements concerning financial statements and
7. Any related party transactions
  - Reviewing the company's financial and risk management's policies.
  - Disclosure of contingent liabilities.
  - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 30.09.2014 and Chairman of the Audit Committee, attended previous AGM.
- IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2014-2015, (5) four meetings of the Audit Committee were held on the **22.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015.**

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## 7SEAS ENTERTAINMENT LTD.

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The details of the composition of the Committee and attendance of the members at the meetings are given below:

- 1) Mr. M. Ramamohan Rao -- Chairman
- 2) Mr. A.S.R. Murthy -- Member
- 3) Mr. L. Maruti Sanker -- Member
- 4) Ms. L. Hemalatha -- Member

Name	Designation	Category	No. of meetings held during their tenure	No. of meetings attended
Mr. M. Rammohan Rao	Chairman	NED (I)	4	4
Mr. ASR Murthy	Member	NED(I)	4	3
Mr. L. Maruti Sanker	Member	ED(P)	4	4
* Ms. L. Hemalatha	Member	ED (P)	0	0

**NED (I):** Non Executive Independent Director

**ED (P):** Executive Director Promoter

**\*Appointed w.e.f 27.03.2015**

### **NOMINATION & REMUNERATION COMMITTEE:**

The details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held during their tenure	No. of meetings attended
Mr. A.S.R. Murthy	Chairman	NED (I)	4	3
Mr. M. Ramamohan Rao	Member	NED(I)	4	4
Mr. L. Maruti sanker	Member	ED (P)	4	4
* Ms. L. Hemalatha	Member	ED (P)	0	0

**NED (I):** Non Executive Independent Director

**ED (P):** Executive Director Promoter

**\*Appointed w.e.f 27.03.2015**

### **Terms of reference:**

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

### **Remuneration Policy:**

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

No remuneration has been paid to the Executive Directors during the year.

### **STAKEHOLDER RELATIONSHIP COMMITTEE (SHAREHOLDERS/INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE):**

#### **Composition, meetings and the attendance during the year:**

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

A. The details of composition of the Committee are given below:

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## 7SEAS ENTERTAINMENT LTD.

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Name	Designation	Category	No. of meetings held during their tenure	No. of meetings attended
Mr. L. Maruti Sanker	Chairman	ED (P)	4	4
M. Rammohan Rao	Member	NED(I)	4	4
Mr. A.S.R. Murthy	Member	NED(I)	4	4
*Ms. L. Hemalatha	Member	ED (P)	0	0

**NED (I):** Non Executive Independent Director

**ED (P):** Executive Director Promoter

**\* Appointed w.e.f 27.03.2015**

### **B. Powers:**

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Company has designated an e-mail ID called **investors@7seasent.com** for redressal of shareholders' complaints/grievances.

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## 7SEAS ENTERTAINMENT LTD.

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### **RISK MANAGEMENT COMMITTEE**

#### **A.) Composition:**

The Details of composition of the Committee are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. L. Maruti Sanker	Chairperson	ED(P)
Mr. M. Rama mohan Rao	Member	NED(I)

**NED (I)** : Non Executive Independent Director

**NED (NI)** : Non Executive Non-Independent

Role and Responsibilities of the Committee includes the following:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk minimization.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

#### **VIGIL MECHANISM:**

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

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

Pursuant to the provisions of Sec. 134(5) of the Companies Act, 2013 the Board of Directors of your Company hereby certifies and confirms that:



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## 7SEAS ENTERTAINMENT LTD.

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- a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgment 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 and loss of the Company for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the Annual accounts on a going concern basis.
- e. The Directors of the Company had laid down internal financial controls and such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **STATUTORY COMPLIANCE:**

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

### **SUBSIDIARY COMPANY:**

Your Company does not have any subsidiary.

### **EXTRACT OF ANNUAL RETURN:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report (FORMAT IN ANNEXURE I)

### **AUDITORS:**

M/s. M.M Reddy & Co, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, have expressed their willingness for re-appointment. Your directors propose the appointment of M/s. M.M Reddy & Co, Chartered Accountants, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

### **INTERNAL AUDITORS:**

M/s. Chanamolu & Co. Chartered Accountants, Hyderabad are the internal Auditors of the Company.

### **SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 134(3)(f) & Section 204 of the Companies Act, 2013, Secretarial audit report as provided by M/s. S. S. Reddy & Associates, Practicing Company Secretaries is annexed to this Report as annexure.

### **AUDIT REPORTS:**

#### **(a) Statutory Auditors Report:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2015 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in view of the robust capital market in the coming years.

#### **(b) Secretarial Audit Report:**

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013, and noted that the secretarial Audit Report contains the following observations.

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013, and noted is at the same that the company has not appointed company secretary, CFO and Internal Auditor during the year

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## 7SEAS ENTERTAINMENT LTD.

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but the company is taking necessary measures to appoint the same at the earliest.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:**

The required information as per Sec.134 (3) (m) of the Companies Act 2013 is provided hereunder:

#### **A. Conservation of Energy**

Adequate measures have been taken to reduce energy consumption, wherever possible. Total energy consumption and energy consumption per unit of production is not applicable as company is not included in the industries specified in the schedule.

#### **B. Technology Absorption**

- |   |   |     |
|---|---|-----|
| 1. Research and Development (R&D)                 | : | Nil |
| 2. Technology absorption, adoption and innovation | : | Nil |

#### **C. Foreign Exchange Earnings and Out Go**

- |                              |   |                 |
|------------------------------|---|-----------------|
| 1. Foreign Exchange Earnings | : | Rs. 19,54,141/- |
| 2. Foreign Exchange Outgo    | : | Nil             |

### **PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Sec.73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the financial year under review.

### **SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:**

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

### **INSURANCE:**

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including machinery, stock and liabilities under legislative enactments are adequately insured.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given loans, Guarantees or made any investments during the year under review.

**RISK MANAGEMENT POLICY:**

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management process.

**CORPORATE SOCIAL RESPONSIBILITY POLICY:**

Since your Company does not have the net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more, or a net profit of Rs. 5 Crores or more during the financial year, so section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company and hence the Company need not adopt any Corporate Social Responsibility Policy

**RELATED PARTY TRANSACTIONS:**

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.7seasent.com](http://www.7seasent.com).

**FORMAL ANNUAL EVALUATION:**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent Directors of the company had a meeting on 27.03.2015 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent Directors and the Board as a whole;

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## 7SEAS ENTERTAINMENT LTD.

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- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent Directors. The company has 3 (three) non-independent Directors namely:

- i) Mr. L. Maruti Sanker
- ii) Mr. B. Mohan Rao
- iii) Ms. L. Hemalatha

The meeting recognized the significant contribution made by non-independent directors in the shaping up of the company and putting the company on accelerated growth path. They devoted more time and attention to bring up the company to the present level.

**The meeting also** reviewed and evaluated the performance of the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

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## 7SEAS ENTERTAINMENT LTD.

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### DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

### REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies(Appointment & Remuneration) Rules, 2014, a remuneration of Rs. 24,00,000/- p.a. is being paid to Mr. L. Maruti Sanker, Managing Director of the Company.

The required disclosures are given as Annexure.

### CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Since the paid up capital of the Company is less than Rs. 10 Crores and Net worth of the Company is less than Rs. 25 Crores, Corporate Governance is Not Applicable.

### INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

### SECRETARIAL STANDARDS

#### EVENT BASED DISCLOSURES:

S.No.	Particulars	
1	Issue of sweat equity share	NA
2	Issue of shares with differential rights	NA
3	Issue of shares under employee's stock option scheme	NA
4	Disclosure on purchase by company or giving of loans by it for purchase of its shares	NA
5	Buy-back shares	NA
6	Disclosure about revision	NA
7	Preferential Allotment	NA

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## 7SEAS ENTERTAINMENT LTD.

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### EMPLOYEE RELATIONS:

Your Directors are pleased to record their sincere appreciation of the contribution by the staff at all levels in the improved performance of the Company.

None of the employees is drawing Rs. 5,00,000/- and above per month or Rs. 60,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013.

### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

No. of complaints received	:	Nil
No. of complaints disposed off	:	Nil

### ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

For and on behalf of the Board of  
M/s. 7Seas Entertainment Limited

	Sd/-	Sd/-
	L. Maruti Sanker	L. Hemalatha
Place: Hyderabad	Managing Director	Whole time Director
Date: 14.08.2015	(DIN: 01095047)	(DIN: 02226943)

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# 7SEAS ENTERTAINMENT LTD.

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FORM MR-3

## SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration Personnel)  
Rules, 2014

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

To

The Members of  
M/s. 7Seas Entertainment Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. 7Seas Entertainment Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1<sup>st</sup> April, 2014 and ended 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by M/s. 7Seas Entertainment Limited ("The Company") for the financial year ended on 31<sup>st</sup> March, 2015, according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came into effect from 12<sup>th</sup> September, 2013 and sections and Rules notified and came into effect from 1<sup>st</sup> April, 2014;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;



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## 7SEAS ENTERTAINMENT LTD.

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- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
  - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report except disclosures in terms of SEBI Takeover Regulations & Insider Trading Regulations.
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - vii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company secretaries of India under the provisions of Companies Act, 1956 and

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## 7SEAS ENTERTAINMENT LTD.

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- ii. The Listing Agreements entered into by the Company with BSE Limited and Ahmedabad Stock Exchange;
- 4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

### **OBSERVATIONS:**

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
  - i. the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
    - External Commercial Borrowings were not attracted to the Company during the financial year under report,
    - Foreign Direct Investment (FDI) was not attracted to the company during the financial year under report, and
    - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad is not attracted to the company during the financial year under report.
  - ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument during the financial year under report.
- (b) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (c) the Company is regular in deducting and paying TDS under the Income Tax Act

- (d) the Company has paid PF and ESI, Service Tax, VAT and Central Sales Tax to the respective Authorities.

**We further report that:**

Having regard to the compliance system prevailing in the company and on examination of the relevant documents and the records in pursuance thereof on test check basis, the Company has complied with the Software Technology Park of India (STPI) made there under as applicable specifically to the Company.

**We further report that:**

The company has not appointed Company Secretary and Chief Financial Officer and Internal Auditor for the financial year 2014-15.

For Vivek Surana & Associates

Place: Hyderabad  
Date: 14.08.2015

Vivek Surana  
Proprietor  
C.P. No. 12901

To

The Members of  
M/s. 7Seas Entertainment Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Vivek Surana & Associates

Place: Hyderabad  
Date: 14.08.2015

Vivek Surana  
Proprietor  
C.P. No. 12901

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## 7SEAS ENTERTAINMENT LTD.

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### **DECLARATION BY MANAGING DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:**

Dear Shareholders,

I, L. Maruti Sanker, Managing Director of the Company do hereby declare that the Directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board of  
M/s. 7Seas Entertainment Limited

Place: Hyderabad  
Date: 14.08.2015

Sd/-  
L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Sd/-  
L. Hemalatha  
Whole time Director  
(DIN: 02226943)

# 7SEAS ENTERTAINMENT LTD.

## MGT 9

### Extract of Annual Return

As on the Financial Year 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :										
i.	CIN:-				L72900AP1991PLC013074					
ii.	Registration Date				14/08/1991					
iii.	Name of the Company				7Seas Entertainment Limited					
iv.	Category / Sub-Category of the Company				Company Limited by shares/Non Government Company					
v.	Address of the Registered office and contact details				6-3-1239/2/A, Renuka Enclave, III Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad-500082, Telangana					
vi.	Whether listed Company Yes / No				Yes					
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any				M/s. Venture Capital and Corporate Investments Private Limited 12-10-167, Bharat Nagar, Hyderabad - 500 018 Ph.Nos.040-23818475/23818476/23868023 Fax: 040-23868024					
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:										
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-										
Sl. No.		Name and Description of main products /services				NIC Code of the Product / service		% to total turnover of the Company		
1.		Computer games software				72214		98.02		
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: Not Applicable										
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)										
i) Category-wise Share Holding:-										
Category of Shareholders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Demat	
Individual/ HUF	3479764	0	3479764	48.94	3479764	0	3479764	48.94	0	
Central Govt	0	0	0	0	0	0	0	0	0	
State Govt (s)	0	0	0	0	0	0	0	0	0	
Bodies Corp.	0	0	0	0	0	0	0	0	0	

## 7SEAS ENTERTAINMENT LTD.

Banks / FI	0	0	0	0	0	0	0	0	0
Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1) :-</b>	3479764	0	3479764	48.94	3479764	0	3479764	48.94	0
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	3479764	0	3479764	48.94	3479764	0	3479764	48.94	0
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>2. Non Institutions</b>									
a) Bodies Corp.	42584	0	42584	0.60	35470	0	35470	0.50	-0.10
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0

## 7SEAS ENTERTAINMENT LTD.

i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	930606	130902	1061508	14.93	928404	119402	1047806	14.74	-0.19
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2341791	132100	2473891	34.79	2350796	132100	2482896	34.92	+0.13
c) Others (specify)	4953	48200	53153	0.74	16764	48200	64964	0.91	+0.17
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	3319934	311202	3631136	51.06	3331434	299702	3631136	51.06	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	6799698	311202	7110900	100.00	6811198	299702	7110900	100.00	0

### (ii) Shareholding of Promoters

Sl. No	Shareholder Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Maruti Sanker Lingamaneni	15,15,500	Nil	15,15,500	21.31	15,15,500	Nil	15,15,500	21.31	Nil
2.	Lingamaneni Hemalatha	3,70,000	Nil	3,70,000	5.20	3,70,000	Nil	3,70,000	5.20	Nil
3.	K Krishnam Raju	80,864	Nil	80,864	1.14	80,864	Nil	80,864	1.14	Nil
4.	Kalidindi Sarada Vijaya Kumari	7,63,400	Nil	7,63,400	10.74	7,63,400	Nil	7,63,400	10.74	Nil
5.	Kolla Narasimharao	2,00,000	Nil	2,00,000	2.81	2,00,000	Nil	2,00,000	2.81	Nil
6.	Devabhaktuni V Sai Prasad	1,50,000	Nil	1,50,000	2.11	1,50,000	Nil	1,50,000	2.11	Nil
7.	G Neelima	4,00,000	Nil	4,00,000	5.63	4,00,000	Nil	4,00,000	5.63	Nil



## 7SEAS ENTERTAINMENT LTD.

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change) No change during the year**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	34,79,764	48.94	34,79,764	48.94
	At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Nil				
	At the End of the year	34,79,764	48.94	34,79,764	48.94

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of Shares	% of total shares of The company	No. of Shares	% of total shares of the company
	At the beginning of the year				
1.	Meenu Bhanshali	712597	10.02	475097	6.68
2.	Ch. Sita Ramu	149500	2.10	149500	2.10
3.	Penumetsa Swathi	100000	1.41	100000	1.41
4.	Penumetsa Keerthi	100000	1.41	100000	1.41
5.	Francis Micheal	87592	1.23	87592	1.23
6.	P Madhavi	75000	1.05	75000	1.05
7.	Tanvi J Mehta	51915	0.73	-	-
8.	Vejendla Srihari Rao	51800	0.73	-	-
9.	Himachalam Dasaraju	50701	0.71	56527	0.79
10.	N. Krishnaveni	50315	0.71	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

## 7SEAS ENTERTAINMENT LTD.

### (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
i.	Mr. L. Maruti Sanker	15,15,500	21.31	15,15,500	21.31
ii.	Ms. L Hemalatha	3,70,000	5.20	3,70,000	5.20
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NA	NA	NA	NA
	At the End of the year				
i.	Mr. L. Maruti Sanker	15,15,500	21.31	15,15,500	21.31
ii.	Ms. L Hemalatha	3,70,000	5.20	3,70,000	5.20

### V. INDEBTEDNESS

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Principal Amount	38,675,000	12,258,728	-	50,933,728
ii) Interest due but not paid	973,164	43,587	-	1,016,751
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>39,648,164</b>	<b>12,302,315</b>	<b>-</b>	<b>51,950,479</b>
Change in Indebtedness during the financial year				
Addition	4,748,708	10,072,712	-	14,821,420
Reduction	1,535,314	-	-	1,535,314
Net Change	3,213,394	10,072,712	-	13,286,106
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	37,139,686	22,375,027	-	59,514,713
ii) Interest due but not paid	5,721,872	-	-	5,721,872
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>42,861,558</b>	<b>22,375,027</b>		<b>65,236,585</b>

## 7SEAS ENTERTAINMENT LTD.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL						
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:						
Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		MD	WTD	Manager		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	24,00,000	Nil	Nil		24,00,000
		Nil	Nil	Nil		Nil
		Nil	Nil	Nil		Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - Others, specify...	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
6.	Total (A)	24,00,000	Nil	Nil	Nil	24,00,000
7.	Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil
B. Remuneration to other directors: Not Applicable						
Sl. no.	Particulars of Remuneration	Name of Director				Total Amount
	3. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
	4. Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

#### **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS**

The Board of Directors  
M/s. 7Seas Entertainment Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) The statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) The legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Date: 30.05.2015  
Place: Hyderabad

Yours Faithfully,  
M. Rama Mohan Rao  
(DIN: 01906209)

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## 7SEAS ENTERTAINMENT LTD.

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### DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors  
M/s. 7Seas Entertainment Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
  - (i) The statutory audit firm or the internal audit firm that is associated with the Company and
  - (ii) The legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Date: 30.05.2015  
Place: Hyderabad

Yours Faithfully,  
A. Seetarama Murthy  
(DIN: 02191621)

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# 7SEAS ENTERTAINMENT LTD.

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## Independent Auditors' Report

To the Members of 7 SEAS ENTERTAINMENT LIMITED

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of 7 SEAS ENTERTAINMENT LIMITED ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its losses and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters to the financial statements:

- a) The financial statements indicates that the Company has accumulated losses of Rs. 1783.61 Lakhs and its net worth has been substantially eroded on account of the net loss of Rs.1745.13 Lakhs during the year ended. Cash Credit and Term Loan accounts of the company have become Non Performing Assets in bank which describes the position of the company in the fundamental accounting assumption "Going concern". However, the financial statements of the Company has been prepared on a going concern.
- b) Pursuant to the Schedule II of Companies Act, 2013 effective from 1st April, 2014, the company has charged depreciation on the remaining useful life of the fixed assets w.e.f April 1, 2014. An amount of Rs. 337.76 Lakhs representing the carrying amount of the assets with revised useful life as nil has been adjusted against the opening balance of retained earnings.

Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub-section (11) of

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## 7SEAS ENTERTAINMENT LTD.

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section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For M M REDDY & Co.,  
Chartered Accountants  
Firm Registration No.010371S

(M Madhusudhana Reddy)  
Partner  
Membership No.213077

Place: Hyderabad  
Date : 30.05.2015



### Annexure to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the Year ended 31 March 2015, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. a. According to the information and explanations given to us, the management has conducted physical verification of inventories at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As per the information and explanation given to us, no material discrepancies were noticed in physical verification.
- iii. The Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- iv. In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with its size and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued

## 7SEAS ENTERTAINMENT LTD.

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in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, duty of excise income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues except income tax were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
  - c. According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
  - d. According to the information and explanations given to us the company does not have any liability to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- viii. The Company having accumulated losses of Rs.17,83,61,296/- at the end of the financial year and has incurred cash losses of Rs. 1,60,79,453/- in the financial year .
- ix. The Company has not paid outstanding dues and interest thereon to banks at year ended.
- x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. The company has not raised term loans during the financial year.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For M M REDDY & Co.,  
Chartered Accountants  
Firm Registration No.010371S

Place: Hyderabad  
Date : 30.05.2015

(M Madhusudhana Reddy)  
Partner  
Membership No.213077

# 7SEAS ENTERTAINMENT LTD.

## Balance Sheet as on 31st March, 2015

(All amounts in Indian Rupees except for share data or otherwise stated)

	Note No	2014-15 As at Mar' 31, 2015	2013-14 As at Mar' 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	71,590,250	71,590,250
Reserves and Surplus	3	(64,885,372)	143,403,827
Preference Share Warrant		-	-
	<b>A</b>	<b>6,704,878</b>	<b>214,994,077</b>
<b>Non - current liabilities</b>			
Long - term borrowings	4	2,599,686	6,715,008
Deferred tax liabilities (Net)		1,533,152	1,533,152
Long term provisions		-	-
	<b>B</b>	<b>4,132,838</b>	<b>8,248,160</b>
<b>Current liabilities</b>			
Short - term borrowings	5	62,636,899	45,191,884
Trade Payables	6	6,223,479	5,385,172
Short - term provisions	7	-	-
	<b>C</b>	<b>68,860,378</b>	<b>50,577,056</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>79,698,094</b>	<b>273,819,293</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>	8		
(i) Tangible assets		1,210,042	2,666,210
(ii) Intangible assets		74,890,196	172,120,110
(iii) Capital work- in- progress		-	-
	<b>A</b>	<b>76,100,238</b>	<b>174,786,320</b>
Non-current investments	9	596,700	596,700
Long - term loans and advances		-	-
Other Non- Current Assets		-	-
	<b>B</b>	<b>596,700</b>	<b>596,700</b>
<b>Current assets</b>			
Inventories			
Trade receivables	10	183,067	94,515,841
Cash and cash equivalents	11	4,687	122,078
Short - term loans and advances	12	2,813,402	3,798,354
Other current assets	13	-	-
	<b>C</b>	<b>3,001,156</b>	<b>98,436,273</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>79,698,094</b>	<b>273,819,293</b>

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet This is the Balance Sheet referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2015

For and on behalf of the Board of Directors of  
7 SEAS ENTERTAINMENT LIMITED

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

## 7SEAS ENTERTAINMENT LTD.

### Profit and Loss Account for the year ended 31st March, 2015

(All amounts in Indian Rupees except for share data or otherwise stated)

		2014-15	2013-14
	Note No	As at Mar' 31, 2015	As at Mar' 31, 2014
<b>INCOME</b>			
<b>Turnover (Gross)</b>			
Revenue from operations		3,233,125	17,275,812
Other Income		65,405	127,350
<b>Total Revenue</b>		<b>3,298,530</b>	<b>17,403,162</b>
<b>EXPENDITURE</b>			
Operating Expenses	14	7,524,710	23,900,732
Administration expenses	15	105,376,936	12,603,865
Depreciation/amortization	8	64,910,133	28,529,557
<b>Total</b>		<b>177,811,779</b>	<b>65,034,154</b>
<b>Profit / (Loss) before tax</b>		(174,513,249)	(47,630,992)
<b>Profit before tax</b>			
Provision for taxation			
- Current Year Tax		-	-
- Deferred tax		-	(10,422,166)
<b>Total tax expense</b>		-	<b>(10,422,166)</b>
Profit/(Loss) from continuing operations		(174,513,249)	(37,208,826)
Balance brought forward from previous year		29,927,903	67,136,729
<b>Balance carried to Balance Sheet</b>		<b>(144,585,346)</b>	<b>29,927,903</b>
<b>Earnings per share</b>			
Basic		(24.54)	(5.23)
Weighted Number of Shares		7,110,900	7,110,900
Nominal value		10	10
<b>Notes to accounts</b>	16		

The Notes referred to above and the notes to accounts form an integral part of the Profit and Loss Account  
This is the Profit and Loss Account referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2015

For and on behalf of the Board of Directors of  
7 SEAS ENTERTAINMENT LIMITED

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

# 7SEAS ENTERTAINMENT LTD.

## Cash Flow Statement for the year ended March 31, 2015

	2014-15 As at Mar' 31, 2015	2013-14 As at Mar' 31, 2014
<b>A. Cash flow from operating activities</b>		
Net profit / (Loss) before tax	(174,513,249)	(47,630,992)
<b>Adjustments for:</b>		
Preliminary Expenses Written Off	-	-
Depreciation	64,910,133	28,529,557
Interest and other income received	(65,405)	(127,350)
Loss on sale of asset	-	-
<b>Operating profit before working capital changes</b>	(109,668,521)	(19,228,785)
<b>Movements in working capital :</b>		
Increase in Trade Receivables	94,332,774	10,096,150
Work in Progress (Product Development)	-	8,544,844
(Increase) /Decrease in Short term loans and advances	984,952	(771,157)
Increase in other current assets	-	-
increase in Trade Payables	838,307	1,535,263
<b>Cash generated from /(used in) operations</b>	<b>(13,512,489)</b>	<b>176,314</b>
Taxes paid	-	310,165
<b>Net cash used in /(generated from ) operating activities</b>	<b>(13,512,489)</b>	<b>(133,851)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	-	(13,800)
Sale of fixed assets	-	-
Fixed deposits	-	-
Interest and other income received	65,405	127,350
<b>Net cash used in investing activities</b>	<b>65,405</b>	<b>113,550</b>
<b>C. Cash flows from financing activities</b>		
Proceeds Share capital	-	1,306,250
Other Short term Borrowings(Net)	17,445,015	7,440,047
Other Long term Secured & Unsecured Loans (Net)	(4,115,322)	(8,723,562)
Interest received	-	-
Interest paid	-	-
<b>Net cash generated from /(used in) financing activities</b>	<b>13,329,694</b>	<b>22,736</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(117,390)</b>	<b>2,435</b>
Cash and cash equivalents at the beginning of the year	122,078	119,642
<b>Cash and cash equivalents at the end of the year</b>	<b>4,687</b>	<b>122,078</b>

This is the Cash Flow Statement referred to in our report of even date.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2015

For and on behalf of the Board of Directors of  
7 SEAS ENTERTAINMENT LIMITED

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

### **SCHEDULE: 01**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:**

#### **I. SIGNIFICANT ACCOUNTING POLICIES:**

##### **1. Basis of preparation of financial statements**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

Management evaluates all recently issued or revised accounting standards on an ongoing basis. The financial statements are prepared under the historical cost convention. Recognition of income and expenses, accrual basis of accounting is followed.

##### **2. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that effect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Management periodically assessed using external and internal sources whether there is an indication that an asset may be impaired. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

##### **3. Revenue recognition**

Revenue from gaming software development on fixed-price and games distributed on revenue share basis has been recognized based on actual deliveries / downloads. On time-and-material contracts, revenue is recognized as the related services are rendered. Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which services are rendered. Revenue from the sale of game products for software applications is recognized on transfer of the products to the users.

#### 4. **Fixed Assets, intangible assets:**

Fixed Assets are stated at cost, less accumulated depreciation. All direct costs are capitalized until fixed assets are ready for use including taxes, duties, freight and other incidental expenses relating to acquisition and installation.

#### 5. **Depreciation and amortization**

Depreciation on fixed assets has been provided on straight-line method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

#### 6. **Retirement Benefits**

##### a. **Provident fund**

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the company make monthly contributions to the Regional Provident Fund Commissioner equal to a specified percentage of the covered employee's salary.

##### b. **Employee State Insurance Fund:**

Eligible employees receive benefits from employee state insurance scheme, which is a gross salary of less than Rs.15,000 per month are entitled to receive benefit under employee state insurance fund scheme. The employer makes contribution to the scheme at a predetermined rate (presently 4.75%) of employee's gross salary. Company has no further obligations under the plan beyond its monthly contributions. These contributions are made to fund administered and managed by the Government of India. The monthly contributions are charges to profit and loss account in the year it is incurred.

#### 7. **Foreign Currency Transactions**

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account.

### 8. **Income tax**

Income taxes are computed using the tax effect accounting method, in accordance with the Accounting Standard (AS 22) "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact if current year timing differences between taxable income and accounting income for the year and the relevant of timing difference of earlier years. Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 9. **Earnings per share**

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per is the weighted average shares used in outstanding during the period.

### 10. **Investments**

Long term trade investments are stated at cost & all other investments are carried at lower of cost or fair value.

### 11. **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.



## 7SEAS ENTERTAINMENT LTD.

### Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	As at	
	31-3-2015	31-3-2014
<b>Note 2 : Share Capital</b>		
<b>Authorised:</b>		
10000000 Equity Shares of Rs. 10/- each	<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
7110900 equity shares of Rs. 10/- each	71,109,000	71,109,000
Convertible Warrants Application Money Received	481,250	481,250
	<b>71,590,250</b>	<b>71,590,250</b>
<b>Reconciliation of shares outstanding at the beginning and at the end of the reporting period</b>		
Equity Shares outstanding at the beginning of the year	7,110,900	6,485,900
Add: Additional shares issued during the year	-	625,000
Equity Shares outstanding at the closing of the year	7,110,900	7,110,900
<b>Terms/rights attached to equity shares</b>		
The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held		
<b>Names of shareholders holding more than 5 % shares Equity Shares</b>	No of Shares % of Shares	No of Shares % of Shares
L. Maruti Sanker	1515500 21.31%	1515500 21.31%
Meenu Bhanshali	712597 10.02%	712597 10.02%
Kalidindi Sarada Vijaya Kumari	763400 10.74%	763400 10.74%
Neelima Kalidindi	400000 5.63%	400000 5.63%
L. Hemalatha	370000 5.20%	370000 5.20%

# 7SEAS ENTERTAINMENT LTD.

## Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	As at	
	31-3-2015	31-3-2014
<b>Note3 : Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per last account	-	-
<b>Capital Reserve</b>		
Share Premium	111,985,515	111,985,515
Forfeited Shares Reserve	1,490,410	1,490,410
<b>Profit &amp; Loss A/c Surplus</b>		
Balance in the statement of profit & loss	(3,848,047)	67,136,729
Additions during the year	(174,513,249)	(37,208,826)
	<b>(64,885,372)</b>	<b>143,403,827</b>
<b>Note 4 : Long - term borrowings</b>		
<b>Loans and advances from banks</b>		
<b>Term loans</b>		
From banks		
IOB- Secured Loan	2,599,686	4,240,303
Kotak Mahindra- Unsecured Loan	-	2,275,497
From others- Religare- Unsecured Loan	-	199,208
Other Loans	-	-
	<b>2,599,686</b>	<b>6,715,008</b>
<b>Note 5 : Short term Loans:</b>		
<b>Secured Loans</b>		
Working Capital Loan-IOB	40,261,872	35,407,861
<b>Total Secured Loans</b>	<b>40,261,872</b>	<b>35,407,861</b>
<b>Unsecured Loans</b>		
Loan From Director	22375027	9784023
<b>Total Unsecured Loans</b>	<b>22,375,027</b>	<b>9,784,023</b>
<b>Total Short term Liabilities</b>	<b>62,636,899</b>	<b>45,191,884</b>



# 7SEAS ENTERTAINMENT LTD.

Note 8 : Fixed Assets

Particulars	Gross Block			Depreciation / amortization			Net Block	
	As at April 1, 2014	Additions	Deletions (Expired Assets)	As at March 31, 2015	As at April 1, 2014	Deletions (Expired Assets) For the year 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>Tangible Assets</b>								
1. Computers	4,369,906	-	4,230,606	139,300	4,108,260	4,019,109	1	261,646
2. Furniture and Fixtures	3,390,821	-	-	3,390,821	2,207,634	-	741,283	1,183,187
3. Office Equipments	1,519,663	-	-	1,519,663	1,057,526	-	284,778	462,137
4. Vehicles	1,699,606	-	435,300	1,264,306	1,448,650	395,690	-	250,966
5. Electrical Fittings	686,910	-	284,925	401,985	372,794	168,954	77,234	314,116
6. Interiors	750,489	-	-	750,489	556,321	-	106,746	194,168
<b>Total</b>	<b>12,417,395</b>	<b>-</b>	<b>4,950,831</b>	<b>7,466,564</b>	<b>9,751,184</b>	<b>4,583,753</b>	<b>1,210,042</b>	<b>2,666,210</b>
<b>Intangible Assets</b>								
7. Software	69,217,024	-	65,787,754	3,429,270	33,266,554	32,378,883	-	35,950,470
8. Games & IP's	135,580,152	-	-	135,580,152	39,235,175	-	48,172,489	96,344,977
9. Web Portals	54,695,330	-	-	54,695,330	14,870,667	-	26,717,707	39,824,663
<b>Total</b>	<b>259,492,506</b>	<b>-</b>	<b>65,787,754</b>	<b>193,704,752</b>	<b>87,372,396</b>	<b>32,378,883</b>	<b>74,890,196</b>	<b>172,120,110</b>
<b>Grand Total</b>	<b>271,909,901</b>	<b>-</b>	<b>70,738,585</b>	<b>201,171,316</b>	<b>97,123,581</b>	<b>36,962,636</b>	<b>76,100,238</b>	<b>174,786,320</b>

## 7SEAS ENTERTAINMENT LTD.

### Notes to Accounts

(All amounts in Indian Rupees except for share data or otherwise stated)

Particulars	As at	
	31-3-2015	31-3-2014
<b>Note 9 : Non Current Investments</b>		
Investment in Fortune 7Inc., (wholly owned subsidiary)	596700	596700
	<b>596,700</b>	<b>596,700</b>
<b>Note 10 : Trade receivables</b> <b>(Unsecured, considered good, unless otherwise stated)</b>		
Debts outstanding for a period exceeding six months		
Considered good	-	94,198,663
Considered doubtful		
Other debts		
Debts outstanding for a period less than six months	183,067	317,178
	<b>183,067</b>	<b>94,515,841</b>
Less: Provision for doubtful debts	-	-
	<b>183,067</b>	<b>94,515,841</b>
<b>Note 11 : Cash and cash equivalents</b>		
Cash on hand	727	4,921
Balances with scheduled banks		
On current accounts	3,960	117,157
On deposit accounts	-	-
	<b>4,687</b>	<b>122,078</b>
<b>Note 12 : Short - term loans and advances</b>		
Advances recoverable in cash or in kind or for value to be received	2,322,234	2,400,580
Other Deposits	464,340	1,327,260
Prepaid Expenses	26,827	70,513
	<b>2,813,402</b>	<b>3,798,354</b>
<b>Note 13: Other current assets</b>	-	-
	-	-



**16. Contingent Liabilities : Nil**

**17. Secured Loans**

**Working Capital Loan and Term Loan from Indian Overseas Bank:**

First charge on all current assets by way of hypothecation of all book debts and other current assets of the Company and Collateral Security on open Plot No.38 of 313.33 Sy of Smt, L. Usha Kumari in S.No.416/4 at Prabhu Nagar, Poranki, Krishna Dist, and open plot No.8 of 485 Sy of Smt. L. Hemalatha in s.No.404/1 at Poranki, Krishna Dist, AP and personal guarantee given by Directors. Due to non payment of instalment amounts of term loan and interest on cash credit accounts, the bank has classified both the term loan and cash credit as NPA accounts.

**18. Quantitative details**

The Company is engaged in the business of development & maintenance of Computer Software, offshore development and other related services. The production and sale of such software services cannot be expressed in any generic unit and hence it is not possible to give such quantitative details of sales and certain information as required under paragraph 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956. The details of Conversation of Energy, Technology absorption are given in Directors Report. R&D expenditure is not separately accounted for.

**19. Foreign Exchange earned and outgo**

<b>a. Activity in foreign currency</b>		(In Rs. Lakhs)
<b>Particulars</b>	<b>For the Year 2014-2015</b>	<b>For the Year 2013-2014</b>
<b>Earnings in foreign exchange (on accrual basis)</b>		
Income from software products	19.54	31.76
<b>Expenditure in foreign exchange (on accrual basis)</b>		
Cost of services	Nil	Nil
<b>Net earnings in foreign exchange</b>	<b>19.54</b>	<b>31.76</b>

**20. Related Party Transactions**

List of related parties on which the company is able to exercise control.

**A. Subsidiaries****Name of the Subsidiary company: Fortune 7Inc**

Transactions with above company in the ordinary course of business:  
NIL

**B. Transactions with key management personnel**

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2015:

(In Rs. Lakhs)

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
L. Maruti Sanker	12.00	0.17	-	12.17

**21. Dues to micro & small-scale industrial undertakings**

As at March 31, 2015 as per available information with the company, there are no dues to small scale Industrial Undertakings.

22. Balances under trade receivable, Loans & Advances and trade payables are subjected to confirmation and reconciliation from respective parties and the classification / grouping of the parties under sundry debtors and creditors are as per the management representation.

**23. Income taxes**

The provision for taxation includes tax liabilities in India on the company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries. Due to continuous losses from the past few years the company has not made provision for income tax and differed tax.

**24. Segment reporting**

As required by the Accounting Standard (AS 17) "Segment Reporting", the Company is mainly engaged in the area of Gaming Software Development and related services. Hence segment reporting is not applicable to the Company and to the nature of its business.



## 7SEAS ENTERTAINMENT LTD.

### 25. Auditors Remuneration

(In Rs.)

Particulars	For the Year 2014-2015	For the Year 2013-2014
<b>Statutory Audit</b>	1,00,000	1,00,000
<b>Tax Audit</b>	25,000	25,000
<b>Total</b>	<b>1,25,000</b>	<b>1,25,000</b>

### 26. Earnings per share

(In Rs.)

Particulars	For the Year 2014-2015	For the Year 2013-2014
Net profit after tax	(174,513,249)	(3,72,08,827)
Weighted average number of equity shares	7110900	7019393
Nominal value of shares	10	10
Earnings per share (basic/diluted)	(25.54)	(5.30)

27. The previous year figures have been recast / restated, wherever necessary, to the current period's classification.

28. Financial figures have been rounded off to nearest rupee.

29. Schedules 2 to 14 form part of Balance Sheet and have been authenticated.

For M M REDDY & CO.,  
Firm Registration Number : 010371S  
Chartered Accountants

Sd/-  
M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2015

For and on behalf of the Board of Directors of  
7 SEAS ENTERTAINMENT LIMITED

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

# 7SEAS ENTERTAINMENT LTD.

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## Form No. MGT-11

### Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L72900TG1991PLC013074  
Name of the company: 7Seas Entertainment Limited  
Registered office: 6-3-1239/2/A, Renuka Enclave,  
III Floor, Kotis Court, Rajbhavan Road,  
Somajiguda, Hyderabad,  
Telangana – 500082.

Name of the member(s):

Registered Address:

E-mail Id:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....

Address :

E-mail Id :

Signature: ....., or failing him/her

2. Name : .....

Address:

E-mail Id :

Signature: ....., or failing him/her

3. Name : .....

Address:

E-mail Id:

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Wednesday, 30<sup>th</sup> September, 2015 at 09.30 A.M. at 6-3-1239/2/A, Renuka Enclave, III Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad – 500082 and at any adjournment thereof in respect of such resolutions as are indicated below:

## 7SEAS ENTERTAINMENT LTD.

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Resolution No.

1. Approval of financial statements for the year ended 31.03.2015
2. Appointment of Mr. L. Maruti Sanker who retires by rotation and being eligible for re-appointment.
3. Appointment of statutory auditors and fixation of their remuneration
4. Revision in the remuneration of Managing Director
5. Appointment of Ms. L. Hemalatha as Director of the company
6. Appointment of Ms. L. Hemalatha as Whole Time Director of the company
7. Appointment of Mr. B. Mohan Rao as Director of the company
8. Appointment of Mr. B. Mohan Rao as Executive Director of the company
9. Regularization of Director
10. Modification in appointment of Independent Director
11. Amendment of Articles of Association of the Company

Signed this ..... day of..... 2015

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

.....  
7SEAS ENTERTAINMENT LIMITED  
6-3-1239/2/A, RENUKA ENCLAVE, III FLOOR, KOTIS COURT, RAJBHAVAN  
ROAD, SOMAJIGUDA, HYDERABAD – 500082

### ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the Annual General Meeting of the members of the Company to be held on Wednesday, 30<sup>th</sup> September, 2015 at 09.30 A.M. at 6-3-1239/2/A, Renuka Enclave, III Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad – 500082 and at any adjourned meeting thereof.

Shareholders'/Proxy's Signature \_\_\_\_\_

Shareholders'/Proxy's full name \_\_\_\_\_  
(In block letters)

Folio No./ Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

*If Undelivered please return to :*



**7SEAS ENTERTAINMENT LTD.**

6-3-1239/2/A, Renuka Enclave

3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road

Somajiguda, Hyderabad-500082

Ph.Nos.040-30686161/30686162 Fax: 040-30686163

E-Mail: [info@7seasent.com](mailto:info@7seasent.com) | [www.7seasent.com](http://www.7seasent.com)