

# Annual Report 2015-2016



(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

Mr. L. Maruti Sanker	-- Managing Director (DIN: 01095047)
Mrs. L. Hemalatha	-- Whole-Time Director (DIN: 02226943)
Mr. B. Mohan Rao	-- Whole-Time Director (DIN: 07233665)
Mr. M. Rama Mohan Rao	-- Independent Director (DIN: 01906209)
Mr. Kolli Rama Krishna Reddy	-- Independent Director (DIN: 02394909)
Mrs. Sita Visalakshi Chimakurthy	-- Independent Director (DIN: 06380062) (w.e.f 14.11.2015)

### REGISTERED OFFICE

Plot no. 60, Flat no. 301, 3<sup>rd</sup> floor,  
"Abhi's Hiranya", Kavuri hills, Madhapur,  
Hyderabad-500033 Telangana

### CORPORATE IDENTITY NUMBER

L72900TG1991PLC013074

### AUDITORS

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

### BANKERS

Indian Overseas Bank  
Rajbhavan Road, Hyderabad – 500082.

### AUDIT COMMITTEE:

1. Mr. M. Rama Mohan Rao	-	Chairman
2. Mr. Kolli Rama Krishna Reddy	-	Member
3. Mrs. Sita Visalakshi Chimakurthy	-	Member

### NOMINATION & REMUNERATION COMMITTEE:

1. Mr. Kolli Rama Krishna Reddy	-	Chairman
2. Mr. Rama mohan Rao	-	Member
3. Mrs. Sita Visalakshi Chimakurthy	-	Member

### STAKEHOLDER RELATIONSHIP COMMITTEE:

1. Mr. Kolli Rama Krishna Reddy	-	Chairman
2. Mrs. Sita Visalakshi Chimakurthy	-	Member
3. Mr. Rama Mohan Rao	-	Member

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## 7SEAS ENTERTAINMENT LTD.

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### **INDEPENDENT DIRECTORS COMMITTEE:**

- |                                     |   |          |
|-------------------------------------|---|----------|
| 1. Mr. Kolli Rama Krishna Reddy     | - | Chairman |
| 2. Mr. Rama Mohan Rao               | - | Member   |
| 3. Mrs. Sita Visalakshi Chimakurthy | - | Member   |

### **RISK MANAGEMENT COMMITTEE:**

- |                          |   |          |
|--------------------------|---|----------|
| 1. Mr. L. Maruti Sanker  | - | Chairman |
| 2. Mr. M. Rama Mohan Rao | - | Member   |
| 3. Mrs. L. Hemalatha     | - | Member   |

### **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

**LISTED/TRADING AT** : ASE Limited, BSE (Indonext Model)

**ISIN** : INE454F01010

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

**INVESTOR E-MAIL ID** : [investors@7seasent.com](mailto:investors@7seasent.com)

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## 7SEAS ENTERTAINMENT LTD.

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### NOTICE

Notice is hereby given that the Twenty fifth Annual General Meeting of the Shareholders of M/s. 7Seas Entertainment Limited will be held on Friday, 30<sup>th</sup> day of September, 2016 at 9:30 A.M. at the Registered Office of the Company at Plot no. 60, Flat no. 301, 3<sup>rd</sup> floor, "Abhi's Hiranya", Kavuri hills, Madhapur, Hyderabad-500033 Telangana to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mrs. L. Hemalatha (DIN: 02226943) who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-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. APPOINTMENT OF MRS. SITA VISALAKSHI CHIMAKURTHY 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** pursuant to the provisions of Section 149, 152 of the Companies Act, 2013 and the Rules made there under, Mrs. Sita Visalakshi Chimakurthy (DIN: 06380062), who was appointed as Additional Director in the Board of the Company on 14.11.2015 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 intention to propose Mrs. Sita Visalakshi Chimakurthy (DIN: 06380062), 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 an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (Five)

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consecutive years commencing from the date of her appointment as Additional Director i.e. 14th November, 2015 up to 13<sup>th</sup> November, 2020.”

**“RESOLVED FURTHER THAT** Mr. L. Maruti Sanker, Managing Director is authorized to take necessary action in this regard including filing of necessary forms with Registrar of Companies, Hyderabad.”

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

Place: Hyderabad  
Date: 11.08.2016

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

### 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 Registered Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (Both days Inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. 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 dematerialised form are requested to bring their Client ID and DP ID Numbers for identification.
6. 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.
7. 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.
8. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities

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market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Venture Capital and Corporate Investments Private Limited)

9. 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.
10. 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 M/s. Venture Capital and Corporate Investments Private Limited., Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
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. Electronic copy of the Annual Report for 2015-2016 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 2015-2016 is being sent in the permitted mode.

15. Members may also note that the Annual Report for 2015-2016 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)

### 16. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 23.09.2016, are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 09.00 a.m. on 27.09.2016 and will end at 05.00 p.m. on 29.09.2016. The Company has appointed Mr. S. Sarveswar Reddy, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 09.00 a.m. on 27.09.2016 and will end at 05.00 p.m. on 29.09.2016. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23.09.2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - (i) For CDSL: 16 digits beneficiary ID,
  - (ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - (iii) Members holding shares in Physical Form should enter Folio



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Number registered with the Company.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• 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 8 digits of the sequence number in the PAN field.</li><li>• 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 in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company 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. Kindly note that this password is to be also 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 platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for “7Seas Entertainment Limited.”
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

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- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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).
17. 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 23.09.2016.
18. 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.
19. Relevant documents referred to in the accompanying Notice 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.
20. The Ministry of Corporate Affairs (vide circular nos. 17/2011 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.

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

Sd/-

L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Place: Hyderabad  
Date: 11.08.2016

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### EXPLANATORY STATEMENT

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

#### Item No. 4

The members may note that Mrs. Sita Visalakshi Chimakurthy (DIN 06380062) was inducted into Board as Additional Director of the company, with effect from 14.11.2015 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 who is not liable to retire by rotation. As per the provisions of section 160 of the Act, any such proposal ought to be approved by the members in the General Meeting.

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 as 'Independent Director' for a term up to 5 consecutive years commencing from the date of his appointment as Additional Director i.e. 14.11.2015.

Mrs. Sita Visalakshi Chimakurthy has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. Further, in the opinion of the Board Mrs. Sita Visalakshi Chimakurthy fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under, and she is independent of the Management and her association with the Company would be of benefit to the Company.

Hence, the Board recommends the ordinary resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mrs. Sita Visalakshi Chimakurthy is concerned or interested, financially or otherwise, in this Resolution set out at item no. 4 for approval of the Members.

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

Place: Hyderabad  
Date: 11.08.2016

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

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# 7SEAS ENTERTAINMENT LTD.

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## BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

### 1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2016 has been as under:

RS (in Lakhs)

Particulars	2015-2016	2014-2015
Total Income	647.68	32.98
Total Expenditure	630.16	1778.11
Profit Before Tax	17.52	(1745.13)
Provision for Tax	-	-
Profit after Tax	17.52	(1745.13)

### 2. DISCLOSURES UNDER SECTION 134(3) (I) OF THE COMPANIES ACT, 2013:

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report. (i.e. 11/08/2016).

The Company has changed its registered office from 6-3-1239/2/A, Renuka Enclave , III Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad-500082, Telangana to Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri Hills, Madhapur, Hyderabad-500033 Telangana w.e.f. 11.08.2016.

### 3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the period under review and the date of Board's Report there was no change in the nature of Business.

### **4. PUBLIC DEPOSITS:**

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

### **5. TRANSFER TO RESERVES:**

Directors have decided not to transfer any amount to reserves for the year.

### **6. DIVIDEND:**

Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

### **7. REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements for the year under review

### **8. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

### **9. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

### **10. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

The details of transactions/contracts/arrangements entered into by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in detail somewhere else in the report (if applicable) and forms part of this Report.

**11. BOARD MEETINGS DURING THE YEAR:**

The Board of Directors duly met 10 (Ten) times on 02.05.2015, 15.05.2015, 30.05.2015, 09.07.2015, 14.08.2015, 21.09.2015, 30.09.2015, 14.11.2015, 12.02.2016 and 11.03.2016 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

**12. CORPORATE GOVERNANCE:**

A Separate section in the Annual Report titled “Report on Corporate Governance” along with the Auditors’ Certificate on Corporate Governance as stipulated under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**13. 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 –Annexure I

**14. RETIREMENTS AND RESIGNATIONS:**

Mr. A. Seetarama Murthy, Independent Director has resigned from the Company w.e.f 30.09.2015. The Board places its sincere appreciation for the services rendered by Mr. A. Seetarama Murthy during his tenure as the director of the Company.

**15. DIRECTORS/CEO/CFO AND KEY MANAGERIAL PERSONNEL:**

Mrs. Sita Visalakshi Chimakurthy was appointed as Additional Director w.e.f 14.11.2015. Now the Board proposes her to appoint as director in independent category. Mrs L. Hemalatha retire by rotation and being eligible offers herself for re-appointment. The Board recommends the appointment of both the directors. The details of the directors being appointed/re-appointed are given below:

## 7SEAS ENTERTAINMENT LTD.

Particulars	Name of the Director	Name of the Director
Name	Mrs. Sita Visalakshi Chimakurthy	Mrs. L. Hemalatha
DIN	06380062	02226943
Date of Birth	06/01/1981	30/10/1980
Date of Appointment	14.11.2015	27.03.2015
Qualifications	M.B.A	B.Sc
No. of Shares held in the Company	–	400000
Directorships held in other companies (excluding private limited and foreign companies)	1	–
Positions held in mandatory committees of other companies	–	–
Relationship with other directors of the Company	–	Wife of Mr. L. Maruti Sanker, Managing Director of the Company

### 16. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received declarations from Mr. M. Rama Mohan Rao, Mr. Kolli Rama Krishna Reddy and Mrs. Sita Visalakshi Chimakurthy, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.-Annexure-II

### 17. DIRECTOR'S RESPONSIBILITY STATEMENT:

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;



- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the company and that 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.

### **18. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES:**

The Company does not have any subsidiary. During the year neither any company became a subsidiary nor ceased as a subsidiary.

### **19. STATUTORY 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 reappointment. Your directors propose the re-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.

### **20. INTERNAL AUDITORS:**

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

### **21. 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.

**22. 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, 2016 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 that may occur in the industry.

**(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 does not have any qualifications, reservations or adverse remarks except that the Company does not have a full time Company Secretary and CFO. The Board is looking for a suitable candidate for the post of full time Company Secretary and CFO and the vacancy will be filled soon.

**23. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

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

**24. COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

In compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with ASE Limited and BSE (Indonext Model) and framed the following policies which are available on Company's website i.e. [www.7seasent.com](http://www.7seasent.com)

- Board Diversity Policy
- Policy on preservation of Documents
- Risk Management Policy
- Whistle Blower Policy
- Familiarisation programme for Independent Directors
- Anti Sexual Harrassment Policy

- Related Party Policy
- Code of Conduct

### **25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

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

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

Your Company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

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

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

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

Foreign Exchange Earnings: Rs. 55,07,000

Foreign Exchange Outgo: Rs.24,80,000

### **26. INSURANCE:**

The assets of your Company are adequately insured.

### **27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given loans or Guarantees as per Section 186 of the Companies Act, 2013 during the year under review.

### **28. CREDIT & GUARANTEE FACILITIES:**

The Company has availed Credit and Guarantee facilities from Indian Overseas Bank, Raj Bhavan Road Branch during the year.

### **29. DISCLOSURE ABOUT COST AUDIT:**

Cost Audit is not applicable to your Company.

### **30. RATIO OF 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, the ratio of Managing Director's (Mr. L. Maruti Sanker) and Whole-Time Director's (Mrs L. Hemalatha) remuneration to median employees is 2.94:1 and 1.76:1 respectively

**31. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:**

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

**32. CEO/ CFO CERTIFICATION:**

The Managing Director and CEO/ CFO certification of the financial statements for the year 2015-16 is provided elsewhere in this Annual Report.

**33. 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.

**34. SECRETARIAL STANDARDS:**

The company is in compliance with SS 1 & SS 2.

**35. EVENT BASED DISCLOSURES:**

During the year under review, the Company has not taken up any of the following activities:

- 1. Issue of sweat equity share:** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.
- 2. Issue of shares with differential rights:** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.
- 3. Issue of shares under employee's stock option scheme:** The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014
- 4. Non- Exercising of voting rights :** During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

5. **Disclosure on purchase by company or giving of loans by it for purchase of its shares:** The company did not purchase or give any loans for purchase of its shares.
6. **Buy back shares: The company did not buy-back any shares during the period under review.**
7. **Disclosure about revision:** Since the company did not undergo any revision, this clause is Not Applicable to the company for the period under review.
8. **Preferential Allotment of Shares:** The Company has allotted 40,00,000 equity shares to the promoters and others on preferential basis on 21.09.2015 at an issue price of Rs.10.10/- each and complied with SEBI (ICDR) Regulations and got listed on Ahmedabad Stock Exchange.

### 36. **EMPLOYEE RELATIONS AND REMUNERATION:**

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. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of Companies Act 2013 read with Rule 5 of Companies(Appointment & Remuneration Of Managerial Personnel) Rules, 2014.

### 37. **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

### 38. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, for the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions, other statutory authorities like SEBI, ROC, Stock Exchanges, NSDL, CDSL etc and shareholders of the Company for their continued support for the growth of the Company.

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

Place: Hyderabad  
Date: 11.08.2016

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

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

### CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

**Certificate of Code of Conduct for the year 2015-16 as per Regulation 17(5) read with Regulation 34(3) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

7Seas Entertainment Limited is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2015-16.

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

Place: Hyderabad  
Date: 11.08.2016

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

## CORPORATE GOVERNANCE

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at 7Seas Entertainment Limited as follows:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance is backed by Principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. This philosophy revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

### 2. BOARD DIVERSITY:

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, [www.7seasent.com](http://www.7seasent.com).

### 3. BOARD EVALUATION:

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders



- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the nomination and remuneration committee.

#### **4. FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:**

All new independent directors inducted into the Board attend an orientation program. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities.

#### **5. LISTING AGREEMENT:**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into fresh Listing Agreement with ASE Limited.

#### **6. CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:**

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

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The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on website [www.7seasent.com](http://www.7seasent.com)

### **7. BOARD OF DIRECTORS**

#### **A. COMPOSITION OF THE BOARD:**

The Company is managed and controlled through a professional body of Board of Directors which is headed by Mr. L. Maruti Sanker, Managing Director. As on 31st March 2016, the Board of the Company has 6 members (including 1 Managing Director, 2 Whole-Time Directors and 3 Independent Directors). None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director.

The Board has been enriched with the advices and knowledge of the Independent Directors. None of the Independent Directors has any pecuniary or business relationship except receiving sitting fees. The composition of the Board of Directors as on 31.03.2016 and details of number of Directorships/committee chairmanships/memberships attendance particulars is as under:

#### **B. ATTENDANCE OF EACH DIRECTOR AT BOARD MEETING HELD DURING THE YEAR AND LAST ANNUAL GENERAL MEETING AND NUMBER OF OTHER BOARD OF DIRECTORS IN WHICH A DIRECTOR IS A MEMBER OR CHAIRPERSON.**

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Name of Director	Category of Directorship	Number of Directorships in other Companies (excluding private companies)	Number of Board Committee memberships held in other Companies		Attendance Particulars		
			Member	Chairman	Last AGM 30.09.2015	Board meetings '15-16'	
						held during the Tenure	Attended
Mr. L. Maruti Sanker	Managing Director	–	–	–	Yes	10	10
Mrs. L. Hemalatha	Whole-Time Director	–	–	–	Yes	10	10
Mr. B. Mohan Rao	Whole-Time Director	–	–	–	Yes	7	7
Mr. M. Rama Mohan Rao	Non Executive & independent Director	3	–	–	Yes	10	10
Mr. A. Seetarama Murthy*	Non Executive & independent Director	4	–	–	Yes	7	7
Mr. Kolli Rama Krishna Reddy	Non Executive & independent Director	2	–	–	Yes	6	6
**Mrs. Sita Visalakshi Chimakurthy	Non Executive & independent Director	1	–	–	No	3	3

\*Mr. A. Seetarama Murthy, Independent Director has resigned from the Company w.e.f 30.09.2015

\*\*Mrs. Sita Visalakshi Chimakurthy, Independent Director is appointed as Additional Director w.e.f 14.11.2015

**C. MEETINGS DURING THE YEAR:**

The Board of Directors duly met 10 (Ten) times on 02.05.2015, 15.05.2015, 30.05.2015, 09.07.2015, 14.08.2015, 21.09.2015, 30.09.2015, 14.11.2015, 12.02.2016, and 11.03.2016 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

**D. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE**

Mr. L. Maruti Sanker, Managing Director and Mrs. L.Hemalatha, Whole-Time Director of the Company are inter-se related as Husband and Wife respectively.

**E. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:**

None of the Non-Executive Directors of the company holds any shares and Convertible Instruments in their name.

**8. AUDIT COMMITTEE:****A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- 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, about 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:
  - a. Any changes in accounting policies and practices;
  - b. Qualification in draft audit report;
  - c. Significant adjustments arising out of audit;
  - d. The going concern concept;

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- e. Compliance with accounting standards;
  - f. Compliance with stock exchange and legal requirements concerning financial statements and
  - g. 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.

### B. COMPOSITION, MEETINGS & ATTENDANCE:

There were four (4) Audit Committee Meetings held during the year on 30.05.2015, 14.08.2015, 14.11.2015 and 12.02.2016.

Name	Designation	Category	No of Meetings held during the tenure of the director	No. of meeting attended
Mr. M. Rama Mohan Rao	Chairman	NED (I)	4	4
Mr. Kolli Rama Krishna Reddy	Member	NED (I)	4	4
Mrs. Sita Visalakshi Chimakurthy *	Member	NED (I)	2	2

\* appointed w.e.f. 14.11.2015

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

**9. NOMINATION AND REMUNERATION COMMITTEE:**

The Committee comprises of three non-executive independent Directors

**A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
  - a. to take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
  - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

**B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:**

Name	Designation	Category	No of Meetings held during the tenure of the director	No. of meeting attended
Mr. M. Rama Mohan Rao	Chairman	NED (I)	1	1
Mr. Kolli Rama Krishna Reddy	Member	NED (I)	1	1
Mrs. Sita Visalakshi Chimakurthy *	Member	NED (I)	1	1

\* appointed w.e.f. 14.11.2015

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

**C. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:**

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.

**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, clause 49 of the Equity Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013, Clause 49(II)(B) of the Equity Listing Agreement and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**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 NR 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, Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.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, Clause 49 of the Equity Listing Agreement and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-



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- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b.
  - (i) who is or was not a promoters of the company or its holding, subsidiary or associate company;
  - (ii) who is not related to promoters or directors of the company its holding, subsidiary or associate company
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or director, during the two immediately preceding financial year or during the current financial year;
- d. none of whose relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial year or during the current finance year;
- e. who, neither himself nor any of his relative-
  - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the or associate company in any of the three finance years immediately preceding the finance year in which he is proposed to be appointed;
  - (ii) Is or has been an employee or proprietor or a partner, in any of the three finance year immediately preceding the financial year in which he is proposed to be appointed of-
- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding subsidiary or associate company amounting to ten per cent or more of the gross turnover of more of the gross turnover of such firm;
  - (i) holds together with his relatives two per cent or more of the total voting power of the company; or
  - (ii) is a chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipt from the company any of its promoters , directors or its holding subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

- (iii) is a material supplier, service provider or customer or a lesser or lessee of the company.
  - f. Shall possess appropriate skills experience and knowledge in one or more field of finance, law management, sales, marketing administration, research, corporate governance, technical operations, corporate social responsibility or this disciplines related to the company's business.
  - g. Shall possess such other qualifications as may be prescribed from time to time, under the Companies Act, 2013.
  - h. who is not less than 21 years of age
- 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 NR 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 as 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.

**10. STAKEHOLDER'S RELATIONSHIP COMMITTEE:****A) COMPOSITION:**

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. Kolli Rama Krishna Reddy	Chairperson	NED(I)
Mrs. Sita Visalakshi Chimakurthy *	Member	NED(I)
Mr. Rama Mohan Rao	Member	NED(I)

\* appointed w.e.f. 14.11.2015

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

**B. NAME AND DESIGNATION OF COMPLIANCE OFFICER**

Mr. L. Maruti Sanker, Managing Director of the company is the compliance officer of the Company.

**C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-16**

INVESTOR COMPLAINTS	
Particulars	Year ended 31.03.2016
Pending at the beginning of the year	NIL
Received during the year	NIL
Disposed of during the year	NIL
Remaining unresolved at the end of the year	NIL

**11. REMUNERATION OF DIRECTORS:**

**A. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY:** The Non- Executive Directors have no pecuniary relationship or transactions.

**B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:** As per the remuneration policy of the company.

**C. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2015-16 AND OTHER DISCLOSURES:**

Name of the Director	Salary(Rs)	Sitting fees(Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. L. Maruti Sanker	3000000	—	4459764	—	—	—	—
Mrs. L. Hemalatha	1800000	—	400000	—	—	—	—
Mr. B. Mohan Rao	—	—	500000	—	—	—	—
Mr. Kolli Rama Krishna Reddy	—	—	—	—	—	—	—
Mrs. Sita Visalakshi Chimakurthy	—	—	—	—	—	—	—
Mr. M. Rama Mohan Rao	—	—	—	—	—	—	—

**D. INDEPENDENT DIRECTORS' MEETING:**

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 14.03.2016, and discussed the following:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc.

**12. 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 14/03/2016 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;
- (b) Review of the performance of the Chairperson of the company.
- (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 Non-Independent Directors namely:

1. Mr. L. Maruti Sanker
2. Mrs. L. Hemalatha
3. Mr. B. Mohan Rao

The meeting recognized the significant contribution made by all the above said directors in directing the Company towards the success path.

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.

### **13. 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 should and individual performance.

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 Finance 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, clause 49 of the Equity Listing Agreement and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 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 NR 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 NR 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 the Companies Act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

#### 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

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## 7SEAS ENTERTAINMENT LTD.

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factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

### **14. 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	Executive Director
Mr. M. Rama Mohan Rao	Member	Independent Director
Mrs. L. Hemalatha	Member	Executive Director

#### **B) 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 minimisation.
- 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.

### **15. DETAILS ON GENERAL BODY MEETINGS:**

#### **A. LOCATION, DATE AND TIME OF LAST THREE AGMS/EGMS AND SPECIAL RESOLUTIONS THEREAT AS UNDER:**



## 7SEAS ENTERTAINMENT LTD.

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2015-16 (EGM)	10.09.2015	9.30 a.m	6-3-1239/2/A, Renuka Enclave, 3 Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082	<ol style="list-style-type: none"> <li>1. Increase in Authorized Share Capital of the Company</li> <li>2. Alteration in Memorandum of Association</li> <li>3. Issue Of Equity Shares on Preferential Basis to the Promoters and the others</li> </ol>
2014-15	30.09.2015	9.30 a.m	6-3-1239/2/A, Renuka Enclave, 3 Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082	<ol style="list-style-type: none"> <li>1. Revision in the remuneration of Managing Director.</li> <li>2. Appointment of Mrs. L. Hemalatha as a Director of the Company</li> <li>3. Appointment of Mrs. L. Hemalatha as Whole Time Director of the company</li> <li>4. Appointment of Mr. B. Mohan Rao as a Director of the Company</li> <li>5. Appointment of Mr. B. Mohan Rao as Whole-time Director of the company:</li> <li>6. Appointment of Mr. K. Rama Krishna Reddy as Director</li> <li>7. . Modification of term of Appointment of Mr. ASR Murthy as Independent Director</li> <li>8. Modification of term of Appointment of Mr. M. Ramamohan Rao as Independent Director</li> <li>9. Amendment of Articles of Association</li> </ol>
2013-14	30.09.2014	9.30 a.m	6-3-1239/2/A, Renuka Enclave, 3 Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082	<ol style="list-style-type: none"> <li>1. Appointment of Mr. A. S. R Murthy as a Director of the Company</li> <li>2. Appointment of Mr. M. Rama Mohan Rao as a Director of the Company</li> </ol>
2012-13	28.09.2013	9.30 a.m	6-3-1239/2/A, Renuka Enclave, 3 Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082	<ol style="list-style-type: none"> <li>1. Issuance of equity shares and convertible warrants on preferential basis</li> </ol>

**B. PASSING OF RESOLUTIONS BY POSTAL BALLOT:**

There were no resolutions passed by the Company through Postal Ballot during the financial year 2015-16.

**16. MEANS OF COMMUNICATION:**

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website, at [www.7seasent.com](http://www.7seasent.com). As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

**17. GENERAL SHAREHOLDER INFORMATION:****A) ANNUAL GENERAL MEETING:**

Day, Date and Time: Friday, 30th September, 2016 at 9.30 a.m

**Venue:** Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri hills, Madhapur, Hyderabad-500033 Telangana

**B) FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2016-17 (TENTATIVE SCHEDULE)**

Financial year to which the Annual General Meeting relates: 2015-16

Financial calendar: 2016-17 (tentative)

Adoption of Quarterly results for the Quarter ending

- 30th June, 2016 : 11.08.2016 (declared)
- 30th September, 2016 : on or before 14.11.2016
- 31st December, 2016 : on or before 14.02.2017
- 31st March, 2017 : on or before 30.05.2017

Annual General Meeting (Next year): August / September, 2017

**C) DIVIDEND PAYMENT DATE:** No Dividend was declared during the Financial Year 2015-16.

**D) NAME AND ADDRESS OF EACH STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:**

**EXCHANGE:** ASE LIMITED, A-2, Kamdhenu Complex, Opp Sahajanand College, Panjara Pol, Ambawadi, Ahmedabad, Gujarat 380015

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## 7SEAS ENTERTAINMENT LTD.

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**E) STOCK CODE:**

**EXCHANGE:** BSE LIMITED    **CODE:** 590116

**F) STOCK MARKET PRICE DATA: BSE**

Month	High	Low
April'15	10.27	6.12
May'15	8.96	6.31
June'15	7.98	6.14
July'15	9.24	6.71
Aug'15	17.90	9.50
Sept'15	17.75	16.70
Oct'15	16.90	12.70
Nov'15	19.80	15.30
Dec'15	25.20	19.05
Jan'16	22.80	16.10
Feb'16	19.70	12.10
Mar'16	17.80	12.83

There is no trading of equity shares of the Company on ASE Limited.

**G) IN CASE SECURITIES ARE SUSPENDED FROM TRADING :**

The securities are not suspended from trading on any of the stock exchanges.

**H) REGISTRAR AND 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

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## 7SEAS ENTERTAINMENT LTD.

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### I) SHARE TRANSFER SYSTEM:

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee. Transfer generally takes 1-2 weeks.

### J) DEMATERIALISATION & LIQUIDITY OF SHARES:

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE454F01010. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form.

Particulars	No. of Shares	% Share Capital
NSDL	3189958	28.71
CDSL	7624540	68.62
PHYSICAL	296402	2.67
Total	11110900	100.00

### K) COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES: NA

### L) ADDRESS FOR CORRESPONDENCE : Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri Hills, Madhapur, Hyderabad-500033 Telangana

### M) BOOK CLOSURE DATE: 24th September, 2016 to 30th September, 2016 (both days inclusive)

### N) LISTING FEES:

The equity shares of the Company are listed on ASE Ltd. The Company has paid the listing fees for the year 2015-16.

### O) ELECTRONIC CONNECTIVITY: The Company has demat connectivity with both NSDL and CDSL. The ISIN is INE454F01010

## 7SEAS ENTERTAINMENT LTD.

### P) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2016:

S. No	Category	No. of shares held	Percentage of shareholding
A	Shareholding of Promoter and Promoter group	-	-
1.	Indian	-	-
	Individual	5559764	50.04
2.	Foreign	-	-
	Individual	-	-
	<b>Sub-Total A</b>	5559764	50.04
B	Public Shareholding	-	-
1.	Institutions	-	-
2.	Non Institutions	5551136	49.96
	Sub Total B	5551136	49.96
	<b>Grand Total (A+B)</b>	<b>11110900</b>	<b>100</b>

### 18. OTHER DISCLOSURES

#### A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

During the year under review, the Company had not entered in to any materially significant transaction with any related party. During the year, the Company had not entered into any other 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 that may have potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on arm's length basis.

#### B. COMPLIANCES:

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

**C. WHISTLE BLOWER POLICY:**

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

**D. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

All mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. As there is no Chairman, the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.

**E. WEB-LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED.**

The Company does not have any subsidiary.

**F. DISCLOSURE OF ACCOUNTING TREATMENT:**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 129 of the Companies Act, 2013.

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

Sd/-

L. Maruti Sanker  
Managing Director  
(DIN: 01095047)

Sd/-

L. Hemalatha  
Whole-Time Director  
(DIN: 02226943)

Place: Hyderabad  
Date: 11.08.2016

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## 7SEAS ENTERTAINMENT LTD.

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### CERTIFICATE BY THE MANAGING DIRECTOR OF THE COMPANY

To  
The Board of Directors  
7Seas Entertainment Limited

Dear Sirs,

As required under Regulation 17(8) read with Part B, Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we state that:

1. I have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of my knowledge and belief;
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls, I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which I was aware and the steps that I have taken or propose to take and rectify the identified deficiencies and,
4. That I have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

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

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

Place: Hyderabad  
Date: 11.08.2016

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## 7SEAS ENTERTAINMENT LTD.

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### AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
7Seas Entertainment Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. 7Seas Entertainment Limited for the year ended 31st March, 2016 as stipulated in Regulation 34(3) read with Para E Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management's,  
we certify that the company has complied with conditions of the Corporate Governance as stipulated in Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M M Reddy & Co., Associates

S/d-  
M M Reddy & Co.,  
M. Madhusudhan Reddy  
Partner  
Membership No. 213077

Place: Hyderabad  
Date: 11.08.2016



**DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/  
UNCLAIMED SUSPENSE ACCOUNT**

As per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company hereby discloses the details of unpaid/unclaimed dividend and the respective share thereof as follows:

Aggregate No. of Shareholders and the outstanding shares in the suspense account at the beginning of the year.	No. of shareholders who approached the company for transfer of shares from suspense account during the year.	No. of shareholders to whom shares were transferred from suspense account during the year.	Aggregate No. of Shareholders and the outstanding shares in the suspense account at the end of the year.
NIL	NIL	NIL	NIL

**\*\* *Voting Right on these shares shall remain frozen till the rightful owner of such shares claims the shares.***

# 7SEAS ENTERTAINMENT LTD.

## MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

7Seas Entertainment Ltd ( 7Seas) is India's First ISO 9001:2008 certified independent games development company. 7Seas focuses on developing and Publishing Game IP's in all genres for different age groups. 7Seas developed & released games 600+ IP based online games, 20+ Mobile Games.

Having pioneered the developing IP based Games in India. 7Seas is today poised to take on the challenges of global demands. With such capabilities across mobile, the Company is bringing unique mobile games for all smart phone gamers. 7Seas has a newer Business lines with a very high potential.

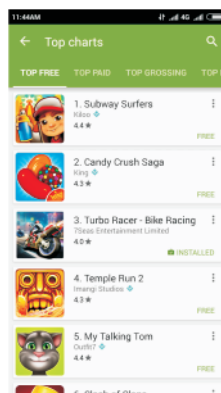
### Business Activities :

At, 7Seas , it is an ongoing process to produce good quality of games for all the genres. Complete End to End Game development methodology process which includes. Game Concept, Story Board Writing, Game Designing, Game Programming, Music & Code Integration, Game Testing and Release, Maintenance & Support Phase is implemented at 7Seas.

7Seas adopts multifaceted revenue strategy : Game Licensing, In-Game Advertisements, In-App Purchases, Paid Downloads for Mobile Games. It is on Revenue Sharing , Subscription and Retail Sales Model.

During the Year, company released an unique animation video song titled " Love Star " into the market. Got good reviews and appreciation. Best Music Video award from MiniBOX was given to "Love Star ".

7Seas released two mobile games : Dark Man 2 Apple Shooter and Turbo Racer . Turbo Racer Bike Racing Game was Featured in Google App Store. Both the games are getting good reviews and appreciation from the gamers.



### **a) Industry Structure, Development and Outlook**

Through its long history, gaming industry has always been a unique source of entertainment for its customers. As a highly discretionary element of consumer spending, it is also exposed to changes in new Technologies, economic confidence and conditions. As per the latest report from PricewaterhouseCoopers, the Global games revenues will grow at a 5.7 percent CAGR, reaching an annual haul of \$93.18 billion by 2019. PwC predicts that it will be eclipsed by social and casual gaming in some emerging market. South Africa, India, Indonesia, Singapore, and five other markets will see a majority of their gaming revenues come from non-traditional sources by 2019.

### **b.) Opportunities and Threats.**

Though the overall scenario for the gaming companies is extremely competitive, there are some niche areas where there are many opportunities for Global Growth. The management is exploring these areas to consider entering these specific multiplatform - Multi languages areas and develop expertise in such new Gaming Genres.

### **c) Business performance and Segment Reporting**

During the year under review, the Company has recorded revenue of Rs. 647.68 lakhs and made a net profit of Rs. 17.52 lakhs against revenue of Rs. 32.98 lakhs and net loss of Rs. 1745.13 lakhs in the previous financial year 2014-15.

The company is engaged in the business of Software Games Development, which as per Accounting Standard 17 is considered the only reportable business.

### **d.) Outlook:**

Presently the outlook is very promising. The performance of the Company remained satisfactory in comparison to previous financial years. Your company is continuing in well performance and focusing on new gaming technologies platforms.

### **e.) Risks and Concerns:**

The Company needs to promote the Games Portfolio to reach Global Gamers. It also has to focus on developing games for new multiplatform technologies in Mobile Gaming Industry, the company would need access to Funds. The risk of not being able to raise funds at the timer needed is the biggest risk that the management foresees due to Global Competition.

### **f) Internal Control System and its adequacy**

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness.

The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to Security and its Adequacy. Reports are prepared and circulated to Senior Management and action taken to strengthen controls where necessary.

### **h) Human resources and Industrial relations**

Your company continues to have cordial relations with its employees. During the year under review the company has taken some HR initiatives to train and develop talent pool. In order to improve the performance of management and to scale up the business operations, the company planned to recruit experienced personnel at various levels and technologies apart from strengthening other departments with competent people.

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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 31ST MARCH, 2016**

To  
The Members of  
M/s. 7Seas Entertainment Limited

We have conducted the 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"). Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our 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 audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2015 and ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes 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 the Company for the financial year ended on 31st of March, 2016 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 12th September, 2013 and sections and Rules notified and came into effect from 1st April, 2014;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (FDI),

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## 7SEAS ENTERTAINMENT LTD.

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Overseas Direct Investment and External Commercial Borrowings;

- (v) The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Compliance status in respect of the provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') is furnished hereunder for the financial year 2015-16:-
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **All the required disclosures from time to time and as and when applicable were complied with.**
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **All the required disclosures from time to time and as and when applicable were complied with.**
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
  - 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; **Not Applicable**
  - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
  - vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable**
  - viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; **The Company has framed code of conduct for regulating & reporting trading by Insiders and for Fair Disclosure, 2015 and displayed the same on company's Website i.e www.7seasent.com and all required disclosures from time to time as and when applicable are complied with.**
  - ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and

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## 7SEAS ENTERTAINMENT LTD.

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- The Company has signed Uniform listing agreement with Ahmedabad Stock Exchange;
  - The company has framed the policies as mentioned below and displayed the same on the company's website i.e [www.7seasent.com](http://www.7seasent.com).
    - Board Diversity Policy
    - Policy on Preservation of Documents
    - Risk Management Policy
    - Whistle Blower Policy
    - Related party transaction policy
    - Familiarisation programme for independent directors
    - Anti Sexual harassment policy
    - Code of conduct
3. During the year the company has conducted 10 Board meetings, 4 Stakeholders Relationship Committee meetings, 4 Audit committee meetings and 1 Nomination & Remuneration Committee meeting. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreement entered into by the Company with Ahmedabad Stock Exchange Limited.
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;
5. 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 provisions of Software technology Park of India (STPI) made there under as applicable specifically to the Company.

### **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 under the financial year under report;
  - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
  - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was not attracted to the company under 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 Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) We further report that:
- (i) The Company has not appointed Company Secretary and Chief Financial Officer.
- (ii) The Company has the internal auditors namely M/s. Chanamolou & Co., Chartered Accountants, Hyderabad.
- (iii) The Company has allotted 40,00,000 equity shares to the promoters and others on preferential basis on 21.09.2015 at an issue price of Rs.10.10/- each and complied with SEBI (ICDR) Regulations and got listed on Ahmedabad Stock Exchange.

### **We further report that:-**

- 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.
- Adequate notice of board meeting is given to all the directors along with agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items



## 7SEAS ENTERTAINMENT LTD.

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before the meeting and meaningful participation at the meeting.

- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy  
Proprietor

C.P.No: 7478, M.No. A12611

Place: Hyderabad  
Date: 11.08.2016

## 7SEAS ENTERTAINMENT LTD.

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### Annexure

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 records 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. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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 S.S. Reddy & Associates

Sd/-

S. Sarveswar Reddy  
Proprietor

C.P.No: 7478, M.No. A12611

Place: Hyderabad  
Date: 11.08.2016

# 7SEAS ENTERTAINMENT LTD.

## MGT 9

### Extract of Annual Return

As on the Financial Year 31.03.2016

[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	L72900TG1991PLC013074			
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:-					
S.N o.	Name and Address of the Company	CIN/GLN	Subsidiary Company	% of shares held	Applicable Section
1.	The Company donot have any Subsidiary.				

## 7SEAS ENTERTAINMENT LTD.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) <i>Category-wise Share Holding:-</i>									
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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	3479764	--	3479764	48.94	5559764	--	5559764	50.04	1.1
Central Govt.	--	--	--	--	--	--	--	--	--
State Govt .(s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1) :-</b>	3479764	--	3479764	48.94	5559764	--	5559764	50.04	1.1
<b>(2) Foreign</b>									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (2):-</b>	--	--	--	--	--	--	--	--	--

## 7SEAS ENTERTAINMENT LTD.

<b>Total shareholding of Promoter (A)</b> <b>=(A)(1)+(A)(2)</b>	3479764	--	3479764	48.94	5559764	--	5559764	50.04	1.1
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Fund	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>2. Non Institutions</b>									
a) Bodies Corp.	35470	0	35470	0.50	53648	0	53648	0.48	0.02
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--

## 7SEAS ENTERTAINMENT LTD.

i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	928404	119402	1047806	14.74	925234	116102	1041336	9.37	(5.37)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2350796	132100	2482896	34.92	4260747	132100	4392847	39.54	4.62
c) Others (specify)									
1. NRI	2830	48200	51030	0.72	1575	48200	49775	0.45	(0.27)
2. Clearing Members	13934	0	13934	0.20	13530	--	13530	0.12	(0.08)
Sub-total (B)(2):- Total Public Shareholding	331434	299702	3631136	51.06	5254734	296402	5551136	49.96	(1.1)
(B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	6811198	299702	7110900	100	10814488	296402	11110900	100.00	--

## 7SEAS ENTERTAINMENT LTD.

(ii) Shareholding of Promoters										
Sl. No	Shareholder's 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	1515500	--	1515500	21.31	4459764	--	4459764	40.14	18.83
2.	Hemalatha Lingamaneni	370000	--	370000	5.20	400000	--	400000	3.60	1.6
3.	K. Krishnam Raju	80864	--	80864	1.14	--	--	--	--	(1.14)
4.	Kalidindi Sarada Vijaya Kumari	763400	--	763400	10.74	--	--	--	--	(10.74)
5.	Kolla Narasimharao	200000	--	200000	2.81	200000	--	200000	1.80	(1.01)
6.	Devabhaktuni V Sai Prasad	150000	--	150000	2.11	--	--	--	--	(2.11)
7	G. Neelima	400000	--	400000	5.63	--	--	--	--	(5.63)
8	B. Mohan Rao	--	--	--	--	500000	--	500000	4.50	4.50

## 7SEAS ENTERTAINMENT LTD.

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

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
1	Maruti Sanker Lingamaneni	1515500	21.31	4459764	40.14
2.	Hemalatha Lingamaneni	370000	5.20	400000	3.60
3.	K. Krishnam Raju	80864	1.14	--	--
4.	Kalidindi Sarada Vijaya Kumari	763400	10.74	--	--
5.	Devabhaktuni V Sai Prasad	150000	2.11	--	--
6.	G. Neelima	400000	5.63	--	--
7.	B. Mohan Rao	--	--	500000	4.50

**(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
1.	Penumetsa Swathi	100000	1.41	100000	0.90
2	Penumetsa Keerthi	100000	1.41	100000	0.90
3	Francis Micheal	87592	1.23	13972	0.13



## 7SEAS ENTERTAINMENT LTD.

4	P. Madhavi	75000	1.05	75000	0.68
5	Himachalam Dasaraju	50701	0.73	75001	0.68
6	Meenu Bhanshali	475097	6.68	286833	2.58
7	Venu Madhav Edupuganti	--	--	250000	2.25
8	Vallabh Roopchand Bhanshali	--	--	237500	2.14
9	Valina Surya Rama Rani	--	--	170000	1.53
10	Palacharla Srinivasu	--	--	164307	1.48
11	Ch. Sita Ramu	149500	2.10	149500	1.35
12	P. Murali Krishnam Raju	--	--	109300	0.98
13	K .Leela Rani	--	--	101297	0.91
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): allotment					

## 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
1	L. Maruti Sanker				
	At the beginning of the year	1515500	21.31	2944264	18.83
	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):	2944264 Preferential Allotment+ Open Market Purchase	18.83		
	At the End of the year	4459764	40.14	--	--
2.	Mrs. L. Hemalatha				
	At the beginning of the year	370000	5.20	30000	
	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):	30000 Preferential Allotment+ Open Market Purchase	(1.6)		
	At the End of the year	400000	3.60	--	--
3.	Mr. B. Mohan Rao				
	At the beginning of the year	--	--	500000	4.50
	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):	500000 Preferential Allotment	4.50	--	--

## 7SEAS ENTERTAINMENT LTD.

	At the End of the year	500000	4.50	--	--
4.	Mr. M Rama Mohan Rao				
	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):	--	--	--	--
	At the End of the year	--	--	--	--
5.	Mr. Kolli Rama Krishna Reddy				
	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):	--	--	--	--
	At the End of the year	--	--	--	--
6.	Mrs. Sita Visalakshi Chimakurthy				
	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):	--	--	--	--
	At the End of the year	--	--	--	--

## 7SEAS ENTERTAINMENT LTD.

<b>V. INDEBTEDNESS</b>				
<b>Indebtedness of the Company including interest outstanding/accrued but not due for payment</b>				
<b>Indebtedness at the beginning of the financial year</b>	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
Principal Amount	37139686	22375027	--	59514713
ii) Interest due but not paid				
iii) Interest accrued but not due	5721872	--		5721872
<b>Total (i+ii+iii)</b>	<b>42861558</b>	<b>22375027</b>	<b>--</b>	<b>65236585</b>
Change in Indebtedness during the financial year	(1154195)	(22375027)	--	(23529222)
Addition Reduction				
<b>Net Change</b>	<b>(1154195)</b>	<b>(22375027)</b>	<b>--</b>	<b>(23529222)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount ii) Interest due but not paid	41707363	--	--	41707363
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>41707363</b>	<b>--</b>	<b>--</b>	<b>41707363</b>
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>				
<i>A. Remuneration to Managing Director, Whole-time Directors and/or Manager:</i>				
<b>Sl. no.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD (L. Maruti Sanker)</b>	<b>Name of WTD (L. Hemalatha)</b>	<b>Total Amount</b>
1.	Gross salary	Remuneration to managing Director Rs. 250000/- Per Month (250000*12)= 3000000	Remuneration to Whole-Time Director Rs. 150000/- Per Month (150000*12) = 1800000	Rs 48,00,000
	(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	NIL	NIL	
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	NIL	
2.	Stock Option		--	--
3.	Sweat Equity		--	--

## 7SEAS ENTERTAINMENT LTD.

4.	Commission - as % of profit - Others, specify...	--	--
5.	Others, please specify	--	--
6.	Total (A)	--	48,00,000
7.	Ceiling as per the Act	--	--

### B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Director	Total Amount
	Independent Directors Fee for attending board / committee meetings · Commission · Others, please specify	--	--
	Total (1)	--	--
	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	--	--

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
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	--	--	--	--

## 7SEAS ENTERTAINMENT LTD.

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5.	Others, please Specify	NIL	NIL	NIL	NIL
6.	Total	NIL	NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>B. DIRECTORS</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	--	--	--	--	--
Punishment	--	--	--	--	--
Compounding	--	--	--	--	--

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## 7SEAS ENTERTAINMENT LTD.

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### ANNEXURE II DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To  
The Board of Directors  
7Seas Entertainment Limited

Dear Sir,

I undertake to comply with the conditions laid down in Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.  
Yours Faithfully,

Date: 11.08.2016  
Place: Hyderabad

S/d-  
M. Rama Mohan Rao  
(Independent director)

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## 7SEAS ENTERTAINMENT LTD.

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### ANNEXURE II DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To  
The Board of Directors  
7Seas Entertainment Limited

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- (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.  
Yours Faithfully,

Date: 11.08.2016  
Place: Hyderabad

S/d-  
Kolli Rama Krishna Reddy  
(Independent director)



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## 7SEAS ENTERTAINMENT LTD.

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### ANNEXURE II DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To  
The Board of Directors  
7Seas Entertainment Limited

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- (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.  
Yours Faithfully,

Date: 11.08.2016  
Place: Hyderabad

S/d-  
Sita Visalakshi Chimakurthy  
(Independent director)

## Independent Auditors' Report on Financial Statements

To the Members of

7 SEAS ENTERTAINMENT LIMITED.

### Report on the financial Statements

We have audited the accompanying standalone financial statements of 7SEAS ENTERTAINMENT LIMITED('the Company'), which comprise the balance sheet as at 31st March 2016, 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.

### Managements 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. Auditors 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 thereunder. 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 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

### **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 2016 and its profit and its cash flows for the ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of 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;

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## 7SEAS ENTERTAINMENT LTD.

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- 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in Annexure B.
- g) 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

Place: Hyderabad  
Date : May 30th, 2016

M Madhusudhana Reddy  
Partner  
Membership No.213077

### **Annexure-A to the Auditors' Report**

The Annexure-A referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the Year ended 31 March 2016, we report that:

1. 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.
- c. The title deeds of the immovable property are held in the name of the company.
2. The physical verification of the inventory excluding stocks with third parties has been conducted at reasonable intervals by the management during the year. In our opinion the frequency of the verification is reasonable.
3. 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').
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. The Company has not accepted any deposits from the public.
6. 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.
7. 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 in the books of account in respect of undisputed statutory dues including provident fund, employees'

## 7SEAS ENTERTAINMENT LTD.

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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, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 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.
- 8. The Company has not paid outstanding dues and interest thereon to banks at yearended.
  - 9. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and terms loans during the year.
  - 10. 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.
  - 11. The company has paid/ provided managerial remuneration in accordance with requisite approvals mandated by the provisions of section 197 read with schedule V to the act.
  - 12. The company is not Nidhi Company and the Nidhi Rules, 2014 not applicable to it. Accordingly the provisions of Clause 3(Xii) of order not applicable to the company.
  - 13. The company has entered transactions with the related parties and complied with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards.
  - 14. The Company has allotted 40,00,000 equity shares to the promoters and others on preferential basis on 21.09.2015 at an issue price of Rs.10.10/- each and complied with SEBI (ICDR) Regulations and got listed on Ahmedabad Stock Exchange.

## **7SEAS ENTERTAINMENT LTD.**

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15. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) of order not applicable to the company.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Hyderabad  
Date : May 30th, 2016

M Madhusudhana Reddy  
Partner  
Membership No.213077

### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF 7SEAS ENTERTAINMENT LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of 7SEAS ENTERTAINMENT LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my / our audit. We conducted my our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating



effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

M Madhusudhana Reddy  
Partner  
Membership No.213077

Place: Hyderabad  
Date : May30th, 2016

# 7SEAS ENTERTAINMENT LTD.

## Balance Sheet as on 31st March, 2016

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

	Note No	2015-16 As at Mar' 31, 2016	2014-15 As at Mar' 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	111,109,000	71,590,250
Reserves and Surplus	3	(62,252,114)	(64,885,372)
Preference Share Warrant		-	-
	<b>A</b>	<b>48,856,886</b>	<b>6,704,878</b>
<b>Non - current liabilities</b>			
Long - term borrowings	4	-	2,599,686
Deferred tax liabilities (Net)		1,533,152	1,533,152
Long term provisions		-	-
	<b>B</b>	<b>1,533,152</b>	<b>4,132,838</b>
<b>Current liabilities</b>			
Short - term borrowings	5	41,707,363	62,636,899
Trade Payables	6	13,418,781	6,223,479
Short - term provisions	7	-	-
	<b>C</b>	<b>55,126,144</b>	<b>68,860,378</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>105,516,182</b>	<b>79,698,094</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>	8		
(i) Tangible assets		610,421	1,210,042
(ii) Intangible assets		49,926,798	74,890,196
(iii) Capital work- in- progress		-	-
	<b>A</b>	<b>50,537,219</b>	<b>76,100,238</b>
Non-current investments	9	-	596,700
Long - term loans and advances		-	-
Other Non- Current Assets		-	-
	<b>B</b>	<b>-</b>	<b>596,700</b>
<b>Current assets</b>			
Inventories			
Trade receivables	10	52,898,725	183,067
Cash and cash equivalents	11	334,461	4,687
Short - term loans and advances	12	1,745,777	2,813,402
Other current assets	13	-	-
	<b>C</b>	<b>54,978,963</b>	<b>3,001,156</b>
<b>Total</b>	<b>(A+B+C)</b>	<b>105,516,182</b>	<b>79,698,094</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

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

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

Place : Hyderabad  
Date : 30-05-2016

## 7SEAS ENTERTAINMENT LTD.

### Profit and Loss Account for the year ended 31st March, 2016

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

		2015-16	2014-15
	Note No	As at Mar' 31, 2016	As at Mar' 31, 2015
<b>INCOME</b>			
<b>Turnover (Gross)</b>			
Revenue from operations		64,563,157	3,233,125
Other Income		205,266	65,405
<b>Total Revenue</b>		<b>64,768,423</b>	<b>3,298,530</b>
<b>EXPENDITURE</b>			
Operating Expenses	14	12,064,955	7,524,710
Administration expenses	15	25,388,441	105,376,936
Depreciation/amortization	8	25,563,019	64,910,133
<b>Total</b>		<b>63,016,415</b>	<b>177,811,779</b>
<b>Profit / (Loss) before tax</b>		1,752,008	(174,513,249)
<b>Profit before tax</b>			
Provision for taxation			
- Current Year Tax		-	-
- Deferred tax		-	-
<b>Total tax expense</b>		-	-
Profit/(Loss) from continuing operations		1,752,008	(174,513,249)
Balance brought forward from previous year		(144,585,346)	29,927,903
<b>Balance carried to Balance Sheet</b>		<b>(142,833,338)</b>	<b>(144,585,346)</b>
<b>Earnings per share</b>			
Basic		0.20	(24.54)
Weighted Number of Shares		8,886,242	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

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

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

Place : Hyderabad  
Date : 30-05-2016

## 7SEAS ENTERTAINMENT LTD.

### Cash Flow Statement for the year ended March 31, 2016

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

	2015-16 As at Mar' 31, 2016	2014-15 As at Mar' 31, 2015
<b>A. Cash flow from operating activities</b>		
<b>Net profit / (Loss) before tax</b>	1,752,008	(174,513,249)
<b>Adjustments for:</b>		
Preliminary Expenses Written Off	-	-
Depreciation	25,563,019	64,910,133
Interest and other income received	(205,266)	(65,405)
Investment written off	596,700	-
<b>Operating profit before working capital changes</b>	27,706,461	(109,668,521)
<b>Movements in working capital :</b>		
Increase in Trade Receivables	(52,715,658)	94,332,774
Work in Progress (Product Development)	-	-
(Increase) /Decrease in Short term loans and advances	1,067,625	984,952
Increase in other current assets	-	-
increase in Trade Payables	7,195,302	838,307
<b>Cash generated from /(used in) operations</b>	<b>(16,746,271)</b>	<b>(13,512,489)</b>
Taxes paid	-	-
<b>Net cash used in /(generated from ) operating activities</b>	<b>(16,746,271)</b>	<b>(13,512,489)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	-	-
Sale of fixed assets	-	-
Fixed deposits	-	-
Interest and other income received	205,266	65,405
<b>Net cash used in investing activities</b>	<b>205,266</b>	<b>65,405</b>
<b>C. Cash flows from financing activities</b>		
Proceeds Share capital	40,400,000	-
Other Short term Borrowings(Net)	(20,929,536)	17,445,015
Other Long term Secured & Unsecured Loans (Net)	(2,599,686)	(4,115,322)
Interest received	-	-
Interest paid	-	-
<b>Net cash generated from /(used in) financing activities</b>	<b>16,870,779</b>	<b>13,329,694</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>329,774</b>	<b>(117,390)</b>
Cash and cash equivalents at the beginning of the year	4,687	122,078
<b>Cash and cash equivalents at the end of the year</b>	<b>334,461</b>	<b>4,687</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

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

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Sd/-  
L. Maruti Sanker  
Managing Director

Sd/-  
L. Hemalatha  
Director

Place : Hyderabad  
Date : 30-05-2016

**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. Product under development**

Revenue expenditure incurred on product under development for development of new games and portals has been shown separately under Products and Development.

**8. 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.

### **9. 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.

### **10. 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.

### **11. Investments**

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

### **12. 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	
	31-3-2016	31-3-2015
<b>Note 2 : Share Capital</b>		
<b>Authorised:</b>		
11250000 Equity Shares of Rs. 10/- each	<b>112,500,000</b>	<b>100,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
11110900 equity shares of Rs. 10/- each	111,109,000	71,109,000
( Previous year: 7110900 equity sharesOF Rs. 10/- each)		
Convertible Warrants Application Money Received	-	481,250
	<b>111,109,000</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	7,110,900
Add: Additional shares issued during the year	4,000,000	-
Equity Shares outstanding at the closing of the year	11,110,900	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	4459764 40.14%	1515500 21.31%
Meenu Bhanshali	286833 2.58% "	712597 10.02%
Kalidindi Sarada Vijaya Kumari	-	763400 10.74%
Neelima Kalidindi	-	400000 5.63%
L. Hemalatha	400000 3.60% "	370000 5.20%



## 7SEAS ENTERTAINMENT LTD.

### Notes to Accounts

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

Particulars	As at	
	31-3-2016	31-3-2015
<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
Add: Addition during year	400,000	
Forfeited Shares Reserve	1,971,660	1,490,410
<b>Profit &amp; Loss A/c Surplus</b>		
Balance in the statement of profit & loss	(178,361,296)	(3,848,047)
Additions during the year	1,752,008	(174,513,249)
	<b>(62,252,114)</b>	<b>(64,885,372)</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
Other Loans	-	-
	<b>-</b>	<b>2,599,686</b>
<b>Note 5 : Short term Loans:</b>		
<b>Secured Loans</b>		
Working Capital Loan-IOB	41,707,363	40,261,872
<b>Total Secured Loans</b>	<b>41,707,363</b>	<b>40,261,872</b>
<b>Unsecured Loans</b>		
Loan From Director	-	22375027
<b>Total Unsecured Loans</b>	<b>-</b>	<b>22,375,027</b>
<b>Total Short term Liabilities</b>	<b>41,707,363</b>	<b>62,636,899</b>



# 7SEAS ENTERTAINMENT LTD.

Note 8 : Fixed Assets

Particulars	Gross Block			Depreciation /amortization			Net Block	
	As at April 1, 2015	Additions	Deletions	As at March 31, 2016	As at April 1, 2015	Deletions	As at March 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>								
1. Computers	139,300	-	-	139,300	139,300	-	139,300	-
2. Furniture and Fixtures	3,390,821	-	-	3,390,821	2,649,538	-	2,965,990	741,283
3. Office Equipments	1,519,663	-	-	1,519,663	1,234,885	-	1,383,609	284,778
4. Vehicles	1,264,306	-	-	1,264,306	1,264,306	-	1,264,306	-
5. Electrical Fittings	401,985	-	-	401,985	324,751	-	371,773	77,234
6. Interiors	750,489	-	-	750,489	643,743	-	731,165	106,746
<b>Total</b>	<b>7,466,564</b>	-	-	<b>7,466,564</b>	<b>6,256,522</b>	-	<b>6,856,142</b>	<b>1,210,042</b>
<b>Intangible Assets</b>								
7. Software	3,429,270	-	-	3,429,270	3,429,270	-	3,429,270	-
8. Games & IPs	135,580,152	-	-	135,580,152	87,407,663	-	103,465,159	48,172,489
9. Web Portals	54,695,330	-	-	54,695,330	27,977,623	-	36,883,525	26,717,707
<b>Total</b>	<b>193,704,752</b>	-	-	<b>193,704,752</b>	<b>118,814,557</b>	-	<b>143,777,955</b>	<b>74,890,196</b>
<b>Grand Total</b>	<b>201,171,316</b>	-	-	<b>201,171,316</b>	<b>125,071,079</b>	-	<b>50,537,219</b>	<b>76,100,238</b>

## 7SEAS ENTERTAINMENT LTD.

### Notes to Accounts

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

Particulars	As at	
	31-3-2016	31-3-2015
<b>Note 9 : Non Current Investments</b>		
Investment in Fortune 7Inc., (wholly owned subsidiary)	-	596700
	-	<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	-	-
Considered doubtful	-	
Other debts	-	
Debts outstanding for a period less than six months	52,898,725	183,067
	<b>52,898,725</b>	<b>183,067</b>
Less: Provision for doubtful debts		-
	<b>52,898,725</b>	<b>183,067</b>
<b>Note 11 : Cash and cash equivalents</b>		
Cash on hand	47,787	727
Balances with scheduled banks		
On current accounts	286,674	3,960
On deposit accounts	-	-
	<b>334,461</b>	<b>4,687</b>
<b>Note 12 : Short - term loans and advances</b>		
Advances recoverable in cash or in kind or for value to be received	1,229,895	2,322,234
Other Deposits	464,340	464,340
Prepaid Expenses	51,542	26,827
	<b>1,745,777</b>	<b>2,813,402</b>
<b>Note 13: Other current assets</b>		
Games & Game Engines Development	-	-
Portals Development	-	-
	-	-



## 7SEAS ENTERTAINMENT LTD.

### II. NOTES ON ACCOUNTS:

All amounts in the financial statements are presented in Rupees and as otherwise stated.

#### 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. UshaKumari in S.No.416/4 at Prabhu Nagar, Poranki, KrishnaDist, and open plot No.8 of 485 Sy of Smt. L. Hemalatha in s.No.404/1 at Poranki, KrishnaDist, AP and personal guarantee given by Directors. Due to non-payment interest on cash credit accounts, the bank has classified cash credit as NPA account.

#### 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

a. Activity in foreign currency		(In Rs. Lakhs)
Particulars	For the Year 2015-2016	For the Year 2014-2015
Earnings in foreign exchange (on accrual basis)		
Income from software products	55.07	19.54
Expenditure in foreign exchange (on accrual basis)		
Cost of services	24.80	Nil
Net earnings in foreign exchange	30.27	19.54

**20. Related Party Transactions**

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

**A. Subsidiaries**

Name of the Subsidiary company:

The Company donot have any Subsidiary.

**B. Transactions with key management personnel**

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2016:

(In Rs. Lakhs)

Particulars	For the Year 2015-2016	For the Year 2014-2015
Remuneration to Mr. L. MarutiSanker	30.00	12,17
Remuneration to Mrs. L. Hemalatha	18.00	-

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

As at March 31, 2016 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 2015-2016	For the Year 2014-2015
Statutory Audit	75,000	1,00,000
Tax Audit	25,000	25,000
<b>Total</b>	<b>1,00,000</b>	<b>1,25,000</b>

### 26. Earnings per share

(In Rs.)

Particulars	For the Year 2015-2016	For the Year 2014-2015
Net profit after tax	17,52,008	(174,513,249)
Weighted average number of equity shares	88,86,242	7110900
Nominal value of shares	10	10
Earnings per share (basic/diluted)	0.20	(25.54)

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 29 form part of Balance Sheet and have been authenticated.

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

M Madhusudhana Reddy  
Partner  
Membership No. 213077

Place : Hyderabad  
Date : 30-05-2016

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: Plot no. 60, Flat no. 301, 3rd floor,  
"Abhi's Hiranya", Kavuri hills, Madhapur,  
Hyderabad-500033 Telangana

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client 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

2. Name : .....

Address:

E-mail Id :

Signature: ....., or failing him

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 25th Annual General Meeting of the Company, to be held on Friday, 30th day of September, 2016 at 09.30 a.m at Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri hills, Madhapur, Hyderabad-500033 Telangana and at any adjourned meeting thereof in respect of such resolutions as are indicated below:

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## 7SEAS ENTERTAINMENT LTD.

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### Resolutions:

1. Approval of financial statements for the year ended 31.03.2016
2. Appointment of Mrs. L. Hemalatha, Director who retires by rotation.
3. Appointment of statutory auditors and fixation of their remuneration
4. Appointment of Mrs. Sita Visalakshi Chimakurthy as Independent Director

Signed this ..... day of ..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

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.

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### 7Seas Entertainment Limited

Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri hills, Madhapur,  
Hyderabad-500033 Telangana

### ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence for the 25th Annual General Meeting of the members to be held on Friday, 30th day of September, 2016 at 09.30 a.m at Plot no. 60, Flat no. 301, 3rd floor, "Abhi's Hiranya", Kavuri hills, Madhapur, Hyderabad-500033 Telangana and at any adjourned meeting thereof.

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

Shareholders/Proxy's full name \_\_\_\_\_

(In block letters)

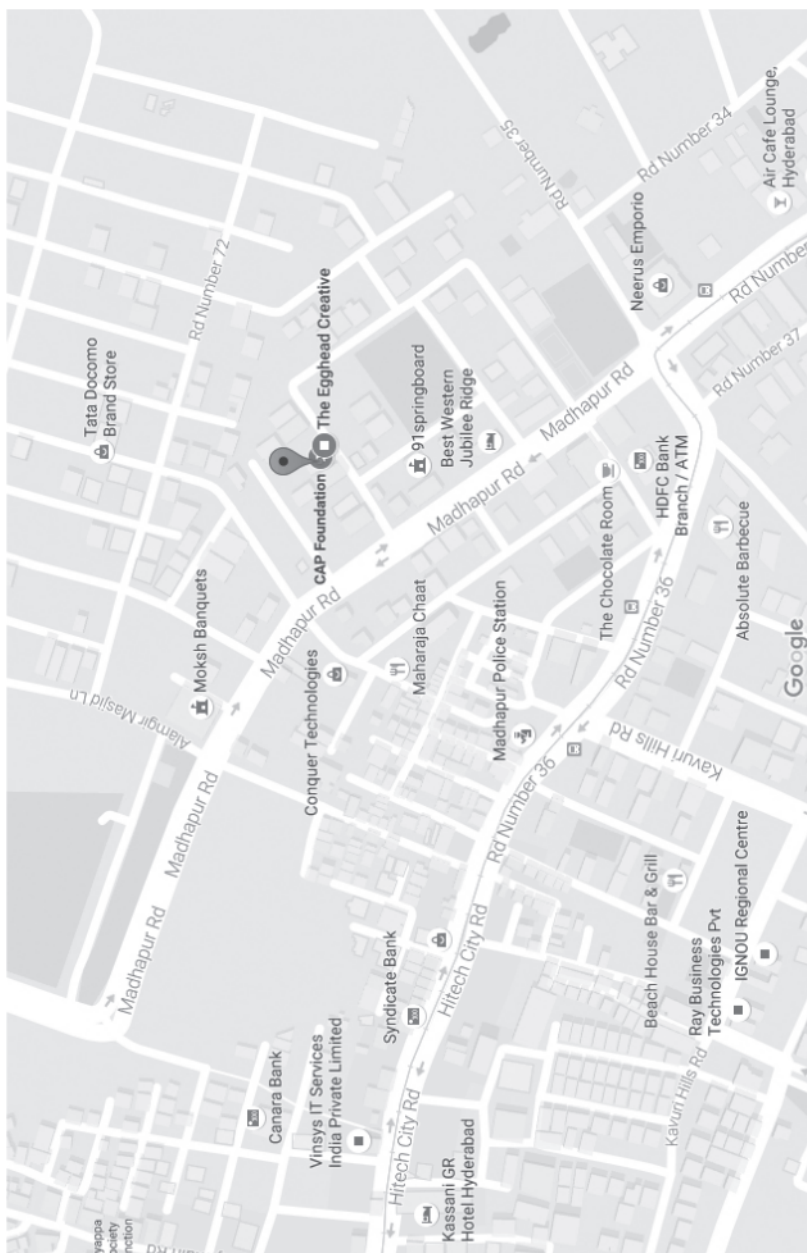
Folio No./ Client ID \_\_\_\_\_

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.

## ROUTE MAP FOR AGM VENUE





*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)

