

# Annual Report

## 2013-2014



(Formerly known as 7Seas Technologies Ltd.)

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

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## CORPORATE INFORMATION

### Board of Directors

- |                         |                                      |
|-------------------------|--------------------------------------|
| 1. Mr. L. Maruti Sanker | -- Managing Director (DIN: 01095047) |
| 2. Mr. M. Ramamohan Rao | -- Director (DIN: 01906209)          |
| 3. Mr. A.S.R. Murthy    | -- Director (DIN: 02191621)          |

### Registered Office:

6-3-1239/2/A, Renuka Enclave  
3rd Floor, Kotis Court, Rajbhavan Road  
Somajiguda, Hyderabad-500082  
Ph.Nos.040-30686161/30686162  
Fax: 040-30686163  
E-mail Id: info@7seasent.com

### Auditors:

M/s. M. M. Reddy & Co.  
Chartered Accountants, Hyderabad

### Audit Committee:

Mr. M. Ramamohan Rao  
Mr. A.S.R. Murthy  
Mr. L. Maruti Sanker

### Nomination & Remuneration committee:

Mr. A.S.R. Murthy  
Mr. M. Ramamohan Rao  
Mr. L. Maruti Sanker

### Stakeholders Relationship Committee:

Mr. L. Maruti Sanker  
Mr. M. Rammohan Rao  
Mr. A.S.R. Murthy

### Bankers:

Indian Overseas Bank  
Rajbhavan Road, Hyderabad – 500082

### Listing/Trading:

Ahmedabad Stock Exchange Limited  
BSE Limited (Indonext model)

### 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

### CIN:

L72900TG1991PLC013074

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

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## 7SEAS ENTERTAINMENT LTD.

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### NOTICE

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Shareholders of M/s. **7SEAS ENTERTAINMENT LIMITED** will be held on Tuesday, 30.09.2014 at 9.30 a.m. at the registered office of the Company at 6-3-1239/2/A, Renuka Enclave, 3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad - 500082 to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance sheet as at 31st March, 2014 and Statement of Profit & Loss and Cash Flow Statement for the year ended on that date, together with all schedules and notes attached thereto, along with the report of Directors and Auditors thereon.
2. To appoint M/s. M. M. Reddy & Co., as Statutory Auditors of the Company and to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

#### **SPECIAL BUSINESS:**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. A.S.R. Murthy (holding DIN 02191621), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. M Ramamohan Rao (holding DIN 01906209), Director of the

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## 7SEAS ENTERTAINMENT LTD.

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Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

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

**“RESOLVED THAT** pursuant to Section 14 of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered in the following manner:

a) In interpretation clause of Article 2 the following definition is inserted after existing clause 2 (q):

**2(r) 'Electronic mode'** means carrying out electronically-based, transactions whether main server is installed in India or not, including, but not limited to:

- i. business to business and business-to-consumer transactions, data interchange and other digital supply transactions;
- ii. offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India;
- iii. financial statements, web-based marketing, advisory and transactional services, database services and products, supply chain management;
- iv. online services such as telemarketing, telecommuting, education and information research; and all related data communication services;
- v. facsimile telecommunication when directed to the facsimile number or electronic mail directed to electronic mail addresses, using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable;
- vi. posting of an electronic message board or network that the company or the officer has designated for such communications, and which transmission

shall be validly delivered upon the posting; or

vii. other means of electronic communication, in respect of which the Company or the officer has put in place reasonable systems to verify that the sender is the person purporting to send the transmission; and

viii. video conferencing, audio-visual mode, net conferencing and/or any other electronic communication facility.

b) A new Article 124 is being inserted after Article 123 which is as under:

c) A new clause 53B is being inserted under after Article 53A which is as under:

### **“ 53 B Voting by members through electronic mode**

A member may exercise his vote at a General Meeting or Postal Ballot by electronic mode in accordance with Section 108 of the Companies act, 2013 and rules made there under and shall be eligible to vote only once for a single resolution.”

d) A new clause 63 (A) is being inserted after Article which is as under:

### **“63 (A) Participation in Meeting of the Board by Directors through electronic mode**

Notwithstanding anything contained herein, the director(s) may participate in the meeting(s) of the Board or any committee thereof through electronic mode by video conferencing or other audio visual modes as may be prescribed, and the Director(s) so participating shall be deemed to be present at the meeting for the purposes of quorum, voting, recording of minutes and all other relevant provisions in this regard by following procedure specified under applicable laws for the time being in force and rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by competent/statutory authority(ies).”

e) A new Clause 115(A) is being inserted under Article 115 which is as under:

### **“115 (A). Service of documents through electronic mode**

Notwithstanding anything contained in these articles and as per Section 20 & 134 of the Companies Act, 2013 read with rules made there under, a Company may serve copies of the Balance sheet, Statement of Profit and loss, Auditors' Report, Directors' Report, Notice of the General Meeting along with explanatory statements etc. and any other documents to the members through electronic mode, by following conditions laid down under the relevant Rules.”

### **“124. Maintenance of registers and records in electronic mode**

Notwithstanding anything contained in these Articles, Registers, Index, Agreement, Memorandum, Minutes, Books of Accounts or any other documents required to be kept by the Company under the Companies Act, 2013 may be kept in electronic form in such form and manner as may be prescribed under Section 120 of the Companies Act, 2013 and rules made thereunder.”

f) A new Article 125 is being inserted after Article 124 which is as under:

### **125. “General Clause – Overriding effect of Companies Act, 2013”**

The intention of these Articles is to be in consonance with the contemporary Act, Rules and Regulations prevailing in India. If there is an amendment in any Act, Rules and Regulations allowing what was not previously allowed under the Statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles. In case of any of the provisions contained in these articles is inconsistent or contrary to the provisions of the Companies Act, 2013 and rules made thereunder, the provisions of Companies Act, 2013 and rules made thereunder shall override the provisions of these Articles and these Articles shall be deemed to have been amended to include such provisions of the Companies Act, 2013. All references to sections of Companies Act, 1956 shall be deemed to include the corresponding sections/provisions of the Companies Act, 2013 if any.”

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

**Place: Hyderabad  
Date: 14.08.2014**

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

### NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2014 to 30th September, 2014 (both days inclusive).
4. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of up to five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 3 to 4.
5. The relevant details of Directors seeking appointment / re-appointment under item no. 3 and 4 of this Notice are provided in the Annual Report.
6. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form' available on the website of the Company [www.7seasent.com](http://www.7seasent.com) to M/s Venture Capital and Corporate Investments Private Limited / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
7. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their

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request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.

8. 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 Members, whose names appear in the Register of Members / list of Beneficial Owners as on 26.09.2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may vote physically in the Annual General Meeting and approach the Company for copy of Annual Report. The e-voting period will commence at 9.00 a.m. on 25.09.2014 and will end at 6.00 p.m. on 26.09.2014. The Company has appointed Mr. Vivek Surana, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

### **PROCEDURE FOR E-VOTING:**

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio 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.

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(vii) If you are a first time user follow the steps given below:

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 (Available on the Address label pasted in the cover and/or in the e-mail sent to the members) 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>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (i) After entering these details appropriately, click on "SUBMIT" tab.
- (ii) Members holding shares in physical form will then reach directly 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.
- (iii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (iv) Click on the EVSN for the relevant <Company Name> on which you choose

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to vote.

- (iv) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (v) 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.
- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) 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.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (x) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(II) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy]:**

Please follow all steps from sl. no. (ii) to sl. no. (xiv) above, to cast vote.

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details they have to create a user who would be able

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to link the account(s) which they wish to vote on. The list of accounts 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. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (i) Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.
- ii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.
- iii) The voting period begins on 25.09.2014 at 9.00 A.M. and ends on 26.09.2014 at 6.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the 29.08.2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- iv) 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).
- v). 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 29.08.2014 for e voting purpose.
- vi). Mr. Vivek Surana, Practicing Company Secretary, C.P. No. 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii). The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- viii). The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.7seasent.com](http://www.7seasent.com) and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

- ix). Since the Company is required to provide members facility to cast their vote by electronic means, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 29.08.2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
9. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts, will be used by the Company. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
10. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Venture Capital and Corporate Investments Private Limited / Investor Service Department of the Company immediately.
11. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities 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 M/s. Venture Capital and Corporate Investments Private Limited / Investor Service Department of the Company.
12. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
13. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

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## 7SEAS ENTERTAINMENT LTD.

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### ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

#### Brief Details of Directors seeking re-appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Mr. A.S.R. Murthy	Mr. Ramamohan Rao
Date of Birth	22.11.1968	12.02.1945
Date of Appointment	23.07.2011	28.01.2008
Qualifications	Graduate	PhD - Automobile Engineering and Radio Engineering
No. of Shares held in the Company	NIL	NIL
Directorships held in other companies (excluding private limited and foreign companies)	NIL	2
Positions held in mandatory committees of other companies	NIL	NIL

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

**Place: Hyderabad  
Date: 14.08.2014**

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

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## **7SEAS ENTERTAINMENT LTD.**

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### **EXPLANATORY STATEMENT**

**[Pursuant to Section 102 of the Companies Act, 2013]**

#### **ITEM NO. 3**

Mr. ASR Murthy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2011. Mr. ASR Murthy is the member of the Audit Committee, Chairman of the Nomination & Remuneration Committee and a member of the Stakeholders Relationship Committee of the Board of Directors of the Company.

Mr. ASR Murthy retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. ASR Murthy being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. ASR Murthy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. ASR Murthy fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. ASR Murthy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. ASR Murthy as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. ASR Murthy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested either financial or otherwise, in the resolution set out at Item No. 3.

#### **ITEM NO. 4**

Mr. M. Ramamohan Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in January, 2008. Mr. M. Ramamohan Rao is the Chairman of the Audit Committee, Member of Nomination & Remuneration Committee and Member of Stakeholders Relationship Committee of the Company.

Mr. M. Ramamohan Rao is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. M. Ramamohan Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31st March, 2019. A notice has been received from a member proposing Mr. M. Ramamohan Rao as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. M. Ramamohan Rao fulfils the conditions specified in

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## **7SEAS ENTERTAINMENT LTD.**

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the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. M. Ramamohan Rao as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. M. Ramamohan Rao as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. M. Ramamohan Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested either financial or otherwise, in the resolution set out at Item No. 4.

### **ITEM NO.5**

Due to the enactment of majority provisions of the Companies Act, 2013 certain changes are required to be made in the Articles of Association of the Company. Some new articles/clauses are proposed to be inserted in relation to use of electronic mode for voting by members, participation in meeting of the Board by Directors, service of documents and maintenance of registers and records.

A general clause is also proposed to be inserted to the effect that if any provision as mentioned in the articles is inconsistent with the provisions of the Companies Act, 2013 and Rules made therein, then the provisions of the Companies Act, 2013 and rules made therein shall override the provisions of these Articles.

The Board therefore recommends the resolution under section 14 of the Companies Act, 2013 as a special resolution for your approval.

None of the Directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

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

**Place: Hyderabad  
Date: 14.08.2014**

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

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## 7SEAS ENTERTAINMENT LTD.

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### DIRECTORS' REPORT

To  
The Members

We have pleasure in presenting the 23<sup>rd</sup> Annual Report with Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2014.

#### **FINANCIAL RESULTS:**

(Lakhs)

Particulars	2013-14	2012-13
Income	174.03	1073.65
Expenditure	650.34	1057.39
Profit/Loss for the year	(372.09)	4.16
Add: Profit brought forward	671.37	667.20
Profit / (Loss) carried to Balance Sheet	299.28	671.37

#### **DIVIDEND:**

Your Directors express their inability to recommend dividend for the year.

#### **PUBLIC DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

#### **LISTING:**

The equity shares of your company are listed on The Ahmedabad Stock Exchange Limited and are being traded on Indo Next Model of BSE Limited.

#### **ALLOTMENT OF EQUITY SHARES:**

During the year the company has conversion of warrants of into equity Shares. The company paid up capital 71,10,9000 divided into 71,10,900 equity shares of Rs. 10/- each.

#### **SUBSIDIARY COMPANY:**

Company is in process to close its subsidiary M/s Fortune 7Inc, USA due to reduced business volume and unviable business opportunities for M/s. Fortune 7Inc, U.S.A 100% subsidiary of the Company, after taking appropriate approvals.

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## 7SEAS ENTERTAINMENT LTD.

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### **MANAGEMENT DISCUSSION AND ANALYSIS:**

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report as Annexure.

### **INSURANCE:**

The company's assets have been adequately insured against major risks.

### **DIRECTORS:**

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. With the changes in the Companies Act, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint existing independent directors, as Independent Directors on the Board of the Company for a term up to five consecutive years. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

Notices have been received from Members proposing candidature of the Directors namely Mr. ASR Murthy, and Mr. Ramamohan Rao for the office of Independent Directors of the Company. In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company.

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

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed and there are no material departures.
- ii. We have selected appropriate accounting policies and applied them consistently and have 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 as on 31<sup>st</sup> March 2014 and of the profit of the company for the financial year ended 31<sup>st</sup> March 2014.
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2014 on a going concern basis.

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## 7SEAS ENTERTAINMENT LTD.

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### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required information as per Sec.217 (1) (e) of the Companies Act 1956 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. 31.67 lacs
Foreign Exchange Outgo	:	NIL

#### PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

#### CODE OF CONDUCT:

The Code of Conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. Code of Conduct has also been placed on the website of the company. A declaration signed by the Managing Director is given in Annexure.

#### AUDITORS:

Your directors propose the appointment of M/s. M. M. Reddy & Co. as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

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## **7SEAS ENTERTAINMENT LTD.**

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### **CORPORATE GOVERNANCE:**

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors forms part of this Report as Annexure.

### **ACKNOWLEDGEMENTS:**

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

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

The shareholders

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

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

**Place: Hyderabad  
Date: 14.08.2014**

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

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## 7SEAS ENTERTAINMENT LTD.

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### MANAGEMENT DISCUSSION AND ANALYSIS

(Forming part of Directors' Report)

7Seas Entertainment Limited is an independent game development Company with a strong focus on developing and publishing IP based games in all genres for all ages.

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 online, mobile and PC gaming, the Company is bringing the world of gaming to every consumer touch point. 7Seas has a newer Business lines with a very high potential.

#### **Business Activities:**

Developing IP based games and providing them to the portals, partners and affiliates through game licensing is the core business focus. 7Seas develops games for online, mobile and PC.

Creating original IP will help the industry move up the value chain and underpin the real value of this segment

#### **Fiscal synopsis**

Your Company performance during the previous year was inadequate. However at the same time your company is focusing on new gaming technologies.

2013-14 turnover was 1.74 crore and profit after tax was (3.72) crores when compared with 2012-13 your Company growth rate was adverse. Net profit and EPS were declined the main reason is that the increased cost of operational expenses for developing the new genre games and the global economy experienced a market slowdown in the course and affected all national economies. However the number of subscribers is increasing year on year and the Company has the strong customer base so once the market is recovered your company can absolutely earn big profits.

#### **Opportunities and Threats**

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

### **Risks and Concerns**

While venturing into latest business lines, 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.

### **Internal Control Systems**

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 internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit committee.

### **Human resource development and industrial relations**

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 senior level apart from strengthening other departments with competent people.

### **CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**REPORT ON CORPORATE GOVERNANCE**

(Forming part of Directors' Report)

**I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company strongly believes that for attaining sustainable growth in this competitive corporate world, Corporate Governance is a pre-requisite. Our Endeavour over the years has been to strengthen the governance processes and systems attributing to constant improvisations, sustainability, profitable growth and creating long-term value for the stakeholders.

All the procedures, policies and practices followed by your Company are based on sound governance principles.

**II. BOARD OF DIRECTORS**

a.) The Board of Directors consists of 3 Members of whom 2 are Non-Executive Independent Directors. The Composition of the Board is in conformity with the listing requirements.

b.) The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV) (G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

c.) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees include only Audit and Stakeholder Relationship Committees.

d.) Pecuniary relationship or transaction of the Non – executive Directors vis-à-vis the company.

None of the Non-executive Directors has any pecuniary relationship or transactions with the company.

e.) The Board of Directors met 5 times during the year on 26.04.2013, 14.08.2013, 14.11.2013, 19.12.2013 and 14.02.2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

## 7SEAS ENTERTAINMENT LTD.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

S.No	Name of the Directors	Category	Attendance Particulars		No. of other Directorships and Committee memberships/chairmanships				
			No. of Board meetings held during the tenure of the director		Last AGM	Other Director ships	Committee Member ships	Committee Chairman ships	No. of Shares
			Held	Attended					
1.	Mr. L. Maruti Sanker	Promoter Executive	5	5	YES	NIL	NIL	NIL	15,15,500
2.	Mr. M. Rama mohan Rao	Independent Non-Executive	5	5	YES	2	NIL	NIL	NIL
3.	Mr. A.S.R. Murthy	Independent Non-Executive	5	5	YES	NIL	NIL	NIL	NIL

### Board's Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

### Committees of the Board:

Currently, there are three (3) Committees of the Board, namely: Audit Committee, Nomination & Remuneration Committee (Remuneration Committee), Stakeholders Relationship Committee (Shareholders/ Investors Grievance Committee and Share Transfer Committee). The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

### III. AUDIT COMMITTEE

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

- b) The terms of reference of the Audit Committee include a review of;
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - Reviewing with management the annual financial statements before submission to the Board, focusing on:
    1. Any changes in accounting policies and practices;
    2. Qualification in draft audit report;
    3. Significant adjustments arising out of audit;
    4. The going concern concept;
    5. Compliance with accounting standards;
    6. Compliance with stock exchange and legal requirements concerning financial statements;
    7. Any related party transactions
  - Reviewing the company's financial and risk management's policies.
  - Disclosure of contingent liabilities.
  - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Reviewing compliances as regards the Company's Whistle

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## 7SEAS ENTERTAINMENT LTD.

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### Blower Policy.

c) The previous Annual General Meeting of the Company was held on 28<sup>th</sup> September, 2013 and Mr. M. Ramamohan Rao, Chairman of the Audit Committee, attended previous AGM.

d) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2013-2014, (4) four meetings of the Audit Committee were held on the 24.04.2013, 14.08.2013, 14.11.2013 and 14.02.2014.

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

Name	Designation	Category	No. of meetings attended
Mr. M. Rammohan Rao	Chairman	NED (I)	4
Mr. ASR Murthy	Member	NED (I)	4
Mr. L. Maruti Sanker	Member	ED (P)	4

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

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

The necessary quorum was present at all the meeting.

### **IV. NOMINATION & REMUNERATION COMMITTEE (REMUNERATION COMMITTEE):**

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. M. Rama Mohan Rao	Chairman	NED (I)
Mr. A.S.R. Murthy	Member	NED (I)
Mr. L. Maruti Sanker	Member	ED (P)

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## 7SEAS ENTERTAINMENT LTD.

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Terms of reference:

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

To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

### **Remuneration Policy:**

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

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

The details of remuneration paid to the Executive/Non Executive Directors for the financial year 2013-14 are given below:

<b>Name of the Director</b>	<b>Designation</b>	<b>Salary (Rs in Lakhs)</b>	<b>Commission (Rs in Lakhs)</b>	<b>Perquisites (Rs in Lakhs)</b>	<b>Retirement Benefits (Rs in Lakhs)</b>	<b>Contribution to Provident and other funds (Rs in Lakhs)</b>
Mr. L. Maruti Sanker	Managing Director	12.00	Nil	Nil	Nil	0.09
Mr. M. Rama Mohan Rao	Director	—	—	—	—	—
Mr. A.S.R. Murthy	Director	—	—	—	—	—

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## 7SEAS ENTERTAINMENT LTD.

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### **V. STAKEHOLDERS RELATIONSHIP COMMITTEE (SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE):**

A.) Composition:

The Details of composition of the Committee are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. M. Rama Mohan Rao	Chairman	NED (I)
Mr. A.S.R. Murthy	Member	NED (I)
Mr. L. Maruti Sanker	Member	ED (P)

B.) Powers:

The committee has been delegated with the following powers:

To redress shareholders and investor complaints relating to transfer of shares, dematerialization of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

To approve, transfer, transmission, and issue of duplicate/ fresh share certificate(s).

Consolidate and sub-division of share certificate etc.

To redress, approve and dispose off any, other complaints, transactions and requests etc. received from any shareholder of the company and investor in general.

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

The Board has designated Mr. L. Maruti Sanker, Managing Director as the Compliance Officer.

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

Complaints received and redressed by the Company during the financial year:

## 7SEAS ENTERTAINMENT LTD.

During the year no complaints were received.

S.No.	Particulars	Remarks
1.	At the beginning of the year	Nil
2.	Received during the year	Nil
3.	At the end of the year	Nil

### VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
2012-13	28.09.2013	9.30 AM	At 6-3-1239/2/A, Renuka Enclave, 3rd Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad-500082	1) Preferential issue of 75,000 equity shares and 1,75,000 convertible warrants at an issue price of Rs. 11/- each to the promoter, Mr. L. Maruti Sanker.
2011-2012	28.09.2012	9.30 AM	At Hotel Inner Circle 6-3-905, Saboo Heights, Behind Saboo Maruti Showroom, Somajiguda, Hyderabad – 500082.	1) Alteration of Articles to permit participation by the Directors and the Shareholders in the Meetings through electronic mode including video conferencing
2010-2011	22.09.2011	9.30 A.M.	At Hotel Inner Circle 6-3-905, Saboo Heights, Behind Saboo Maruti Showroom, Somajiguda, Hyderabad - 500082	1) Issue of Warrants on preferential basis to the promoters. 2) Employee Stock Option Scheme. 3) Grant of options to the employees of subsidiary and step Down subsidiary company under Employee Stock Option Scheme. 4) Re-appointment of Mr. L. Maruti Sanker as Managing Director.

**VII. OTHER DISCLOSURES**

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) Whistle Blower policy: We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.
- (e) The Company has complied with the non – mandatory requirements to relating to remuneration committee and Whistle Blower policy.
- (f) The Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

**Whistle Blower policy:** We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the company. The mechanism provided direct access to the Managing Director/Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the company.

**VIII. 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 one English newspaper and in one vernacular newspaper. These financial statements, press releases are also posted on the company's website, at [www.7seasent.com](http://www.7seasent.com).

**IX. GENERAL SHAREHOLDERS INFORMATION**

<b>Date and Time</b>	Tuesday, the 30th September, 2014 at 9.30 A.M
<b>Venue</b>	6-3-1239/2/A, Renuka Enclave, 3rd Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad-500082

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## 7SEAS ENTERTAINMENT LTD.

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**b) Book Closure Date** : 27.09.2014 to 30.09.2014 (Both days inclusive)

**c) Financial Year and Calendar (Tentative) 2013-14:**

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Reporting for 2014-2015 (tentative)	On or before
The First Quarter results	14.08.2014
The Second quarter results	14.11.2014
The Third quarter results	14.02.2015
The Fourth quarter results	30.05.2015

**d) Listing on Stock Exchanges:** 1. Ahmedabad Stock Exchange Limited  
2. BSE Limited (trading under Indo Next Segment)

**e) Listing Fees** : Listing fee for the year 2014-15 has been paid

**f) Stock Code** : For equity shares: -ASE: 1729, BSE: 590116

**g) ISIN No.** : For equity shares: - INE454F01010

**h) Stock Price Data** : The monthly high / low prices of shares of the Company from April 2013 to March 2014 at BSE Limited .The Company's shares are not traded on Ahmedabad Stock Exchange.

## 7SEAS ENTERTAINMENT LTD.

Month	High (Rs.)	Low (Rs.)
April, 2013	13.76	9.12
May, 2013	12.39	8.55
June, 2013	11.26	8.37
July, 2013	10.50	9.02
August, 2013	10.38	8.50
September, 2013	8.78	6.94
October, 2013	9.30	6.37
November, 2013	10.24	8.00
December, 2013	9.98	7.77
January, 2014	10.14	7.77
February, 2014	10.60	7.45
March, 2014	7.45	5.85

### **i) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):**

Venture Capital and Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad-500018  
Ph: 040-23818475, 23818476, 23868023  
Fax: 040-23868024  
Email: info@vccilindia.com  
Website: www.vccilindia.com

### **j) Share Transfer System:**

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

## 7SEAS ENTERTAINMENT LTD.

### k) Shareholding Pattern as on 31st March, 2014:

Particulars	Category	No. of shares held	Percentage of shareholding
A.	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	3479764	48.94
	<b>Sub- Total A</b>	<b>3479764</b>	<b>48.94</b>
B.	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
a.	Bodies Corporate	42584	0.60
b.	Indian public and others	3535399	49.72
c.	Any others		
	i) NRI's	51507	0.72
	ii) Clearing Members	1646	0.02
	Sub Total B	<b>3631136</b>	<b>51.06</b>
	<b>Grand Total (A+B)</b>	<b>7110900</b>	<b>100.00</b>

### l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2014 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
Upto - 500	1158	70.83	175311	2.47
501 - 1000	191	11.68	165251	2.32
1001 - 2000	89	5.44	136129	1.91
2001 - 3000	42	2.57	108909	1.53
3001 - 4000	20	1.22	69663	0.98
4001 - 5000	22	1.35	103979	1.46
5001 - 10000	44	2.69	337032	4.74
10001 and above	69	4.22	6014626	84.58
Total	1635	100.00	7110900	100.00

### **m) Dematerialization of Shares:**

The Company's shares are dematerialized on National Securities Depositories limited (NSDL) and Central Depository Services (India) Limited. The Company's ISIN is INE454F01010. As on 31st March, 2014, 67,99,698 equity shares are dematerialized which is 95.62% of the paid up capital of the company and out of which 32,30,711 shares are in CDSL and 35,68,987 shares are in NSDL and the balance are in physical form.

### **n) Address for Investors Correspondence:**

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

6-3-1239/2/A, Renuka Enclave, 3rd floor  
Kotis court, Rajbhavan Road  
Somajiguda, Hyderabad – 500082  
Ph No: 040-30686161, 30686162  
Email Id: 7seasent@gmail.com

### **o) CEO/MD Certification:**

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO is attached elsewhere in the annual report.

### **p) Compliance Certificate of the Auditors:**

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

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

**Place: Hyderabad  
Date: 14.08.2014**

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

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## 7SEAS ENTERTAINMENT LTD.

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### DECLARATION

To  
The Members of 7Seas Entertainment Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

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

**Place: Hyderabad  
Date: 14.08.2014**

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

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

### **MANAGING DIRECTOR CERTIFICATE**

I, L. Maruti Sanker, Managing Director of M/s 7Seas Entertainment Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

(a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.

3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.

4. We indicate to the Auditors and to the Audit Committee:

(a) Significant changes in internal controls over financial reporting during the year;

(b) Significant changes in the accounting policies during the year;

(c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

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

**Place: Hyderabad  
Date: 14.08.2014**

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

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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 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the Listing Agreement with stock Exchanges.

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 Clause 49 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 and on behalf of the Board  
For 7Seas Entertainment Limited**

**Place: Hyderabad  
Date: 14.08.2014**

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

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## **7SEAS ENTERTAINMENT LTD.**

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### **Independent Auditors Opinion**

**To**

The Members of **7Seas Entertainment Limited**  
Hyderabad.

### **Report on the financial Statements**

We have audited the accompanying financial Statements of M/s. 7Seas Entertainment Limited which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, The statement of Profit & Loss Account and the cash flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

### **Managements Responsibility for the Financial Statements**

The Companies management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the accounting standards referred to in Sub-section (3C) of section 211 of the companies Act, 1956. This responsibility includes the design, Implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### **Auditors Responsibility**

We have audited the attached Balance Sheet of M/s 7SEAS ENTERTAINMENT LIMITED, Hyderabad as at 31<sup>st</sup> March 2014, the Profit & Loss Account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are

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## 7SEAS ENTERTAINMENT LTD.

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free of material misstatements. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation.

We believe that our audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us the said accounts read with other notes to accounts and accounting policies give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:-

- i) In the case of Balance Sheet of the state of the affairs of the Company as at 31st March 2014 and
- ii) In the case of Profit & Loss Account of the Loss of the Company for the year ended on that date.
- iii) In the Cash Flow statement of the Cash Flow for the year ended on that date.

**For M M Reddy & Co.  
Chartered Accountants  
FRN. 010371S**

**Sd/-  
M. Madhusudhana Reddy  
Partner  
Membership No.213077**

**Place: Hyderabad  
Date: 22.05.2014**

### ANNEXURE TO AUDITOR'S REPORT

[Referred to in paragraph 3 of Auditor's Report of even date to the members of 7seas Entertainment Limited on the financial statements for the year ended March 31, 2014]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) According to the information and explanations given to us, fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
2. The Company does not have any inventories and accordingly the provisions of clause 4 (ii) (a), (b) and (c) of the order are not applicable to this Company.
3. The company has neither granted nor taken any loans secured or unsecured to/from companies, firms or parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the company do not involve purchase of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to section 301 of the Act during the year to be entered in the register required to be maintained

## 7SEAS ENTERTAINMENT LTD.

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under that section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.

6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. The Company has an adequate internal audit system commensurate with its size and nature of its business.
8. The maintenance of cost records is not applicable to this company.
9. (a) According to the information and explanations given to us and the records of the company examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us and the records of the company examined by us, excise duty and cess are not applicable to the company for the current year.  
  
(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service tax, customs duty which have not been deposited on account of any dispute.
10. The company has no accumulated losses at the end of the financial year and it has incurred cash losses of Rs. 1,91,01,435/- during the year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks and to the financial institutions.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not in the business of Nidhi/ Mutual Benefit Fund/ Societies.

## **7SEAS ENTERTAINMENT LTD.**

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14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanation given to us, the term loan has been applied on an overall basis, for the purposes for which they are obtained.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, we report that funds raised on short-term basis have not been used for long-term investment.
18. The Company has not issued any debentures during the year.
19. The company has not raised any money by public issues during the year.
20. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**For M M Reddy & Co.  
Chartered Accountants  
FRN. 010371S**

**Sd/-  
M. Madhusudhana Reddy  
Partner  
Membership No.213077**

**Place: Hyderabad  
Date: 22.05.2014**

## 7SEAS ENTERTAINMENT LTD.

### Balance Sheet as on 31st March, 2014

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

(Amount in ₹)

Particulars	Note No.	2013-14 As at 31-03-2014	2012-13 As at 31-03-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	71,590,250	89,609,000
Reserves and Surplus	3	143,403,826	161,287,653
Preference Share Warrant		-	-
	<b>A</b>	<b>214,994,076</b>	<b>250,896,653</b>
<b>Non - Current Liabilities</b>			
Long - term borrowings	4	6,715,008	15,438,570
Deferred tax liabilities (Net)		1,533,152	11,955,318
Long term provisions		-	-
	<b>B</b>	<b>8,248,160</b>	<b>27,393,888</b>
<b>Current Liabilities</b>			
Short - term borrowings	5	45,191,884	37,751,837
Trade Payable	6	5,385,172	3,849,909
Short - term provisions	7	-	310,165
	<b>C</b>	<b>50,577,056</b>	<b>41,911,911</b>
<b>Total</b>	<b>A+B+C</b>	<b>273,819,293</b>	<b>320,202,452</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
(i) Tangible assets	8	2,666,210	3,371,645
(ii) Intangible assets		172,120,110	199,930,433
(iii) Capital work- in- progress		-	-
<b>Total</b>	<b>A</b>	<b>174,786,320</b>	<b>203,302,078</b>

# 7SEAS ENTERTAINMENT LTD.

## Balance Sheet as on 31st March, 2013

(Amount in ₹)

Particulars	Note No.	2013-14	2012-13
		As at 31-03-2014	As at 31-03-2013
<b>Non-current investments</b>	<b>9</b>	596,700	596,700
		-	-
		-	-
	<b>B</b>	<b>596,700</b>	<b>596,700</b>
<b>Current Assets</b>			
Inventories			
Trade receivables	10	94,515,841	104,611,991
Cash and cash equivalents	11	122,078	119,642
Short - term loans and advances	12	3,798,354	3,027,197
Other current assets	13	-	8,544,844
	<b>C</b>	<b>98,436,273</b>	<b>116,303,674</b>
	<b>A+B+C</b>	<b>273,819,293</b>	<b>320,202,452</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**

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

**M Madhusudhana Reddy**  
**Partner**  
**Membership No. 213077**

**L. Maruti Sanker**  
**Managing Director**  
**(DIN: 01095047)**

**Place: Hyderabad**  
**Date : 22-05-2014**

**A.S.R. Murthy**  
**Director**  
**(DIN: 02191621)**

# 7SEAS ENTERTAINMENT LTD.

## Statement of Profit And Loss For The Year Ended 31st March, 2014 (Amount in ₹)

Particulars	Note No.	Year Ended	
		31-3-2014	31-3-2013
<b>INCOME</b>			
<b>Turnover (Gross)</b>			
Revenue from Operations		17,275,812	107,254,376
Other Income		127,350	110,640
<b>Total Revenue</b>		<b>17,403,162</b>	<b>107,365,016</b>
<b>EXPENDITURE</b>			
Operating Expenses	14	23,900,732	61,206,009
Administration expenses	15	12,603,865	18,570,399
Depreciation / amortization	8	28,529,557	25,962,494
<b>Total</b>		<b>65,034,154</b>	<b>105,738,902</b>
<b>Profit / (Loss) before tax</b>		(47,630,992)	1,626,114
<b>Exceptional Items</b>		-	-
<b>(Refer note no.18 of scheduled 20)</b>			
<b>Profit before tax</b>			
Provision for taxation			
- Current Year Tax		-	310,165
- Deferred Tax		(10,422,166)	899,673
<b>Total Tax expense</b>		<b>(10,422,166)</b>	<b>1,209,838</b>
Profit / (Loss) from continuing Operations		(37,208,827)	416,276
Balance brought forward from previous year		67,136,729	66,720,453
<b>Balance carried to Balance Sheet</b>		<b>29,927,902</b>	<b>67,136,729</b>
<b>Earnings per share</b>			
Basic		(5.30)	0.06
Weighted Number of Shares		7,019,393	6,485,900
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 Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

**For M M Reddy & Co.**  
Firm Registration Number : 010371S

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

**M Madhusudhana Reddy**  
Partner  
Membership No. 213077

**L. Maruti Sanker**  
Managing Director  
(DIN: 01095047)

**Place: Hyderabad**  
**Date : 22-05-2014**

**A.S.R. Murthy**  
Director  
(DIN: 02191621)

# 7SEAS ENTERTAINMENT LTD.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Amount in ₹)

Particulars	As at	
	31-3-2014	31-3-2013
<b>A. Cash flow from operating activities</b>		
Net profit / (Loss) before tax	(47,630,992)	1,626,114
Adjustments for:		
Preliminary Expenses Written Off	-	-
Depreciation	28,529,557	25,962,494
Interest and other income received	(127,350)	(110,640)
Loss on sale of asset	-	1,901
<b>Operating profit before working capital changes</b>	<b>(19,228,785)</b>	<b>27,479,869</b>
<b>Movements in working capital :</b>		
Increase in Trade Receivables	10,096,150	(49,349,583)
Work in Progress (Product Development)	8,544,844	86,892,954
(Increase) /Decrease in Short term loans and advances	(771,157)	(1,831,612)
Increase in other current assets	-	-
increase in Trade Payables	1,535,263	461,843
<b>Cash generated from / (used in) Operations</b>	<b>176,314</b>	<b>63,653,470</b>
Taxes paid	310,165	8,155,980
<b>Net cash used in / (generated from) Operating activities</b>	<b>(133,851)</b>	<b>55,497,490</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(13,800)	(95,038,867)
Sales of fixed assets	-	2,500
Fixed deposits	-	-
Interest and other income received	127,350	110,640
<b>Net cash used in investing activities</b>	<b>113,550</b>	<b>(94,925,727)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds share capital	1,306,250	15,610,000
Other short term Borrowing (Net)	7,440,047	18,235,686
Other Long term Secured & Unsecured Loans (Net)	(8,723,562)	1,429,736
Interest received	-	-
Interest Paid	-	-
<b>Net cash generated from/ (used in) financing activities</b>	<b>22,736</b>	<b>35,275,423</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,435</b>	<b>(4,152,814)</b>
Cash and cash equivalents at the beginning of the year	119,642	4,272,456
Cash and cash equivalents at the end of the year	122,078	119,642

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

**For M M Reddy & Co.**  
**Firm Registration Number : 010371S**

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

**M Madhusudhana Reddy**  
**Partner**  
**Membership No. 213077**

**L. Maruti Sanker**  
**Managing Director**  
**(DIN: 01095047)**

**Place: Hyderabad**  
**Date : 22-05-2014**

**A.S.R. Murthy**  
**Director**  
**(DIN: 02191621)**

# 7SEAS ENTERTAINMENT LTD.

## Notes to Accounts

(Amount in ₹)

Particulars	As at	
	31-3-2014	31-3-2013
<b>Note 2 : Share Capital</b>		
<b>Authorised:</b>		
10000000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
<b>Issued, Subscribed and Paid up</b>		
7110900 equity shares of Rs. 10/- each	71,109,000	64,859,000
Convertible Warrants Application Money Received	481,250	24,750,000
	<b>71,590,250</b>	<b>89,609,000</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	6,485,900	6,485,900
Add: Additional shares issued during the year	625,000	-
Equity Shares outstanding at the closing of the year	7,110,900	6,485,900
<b>Terms/rights attached to equity shares</b>		
The company has only one class of equity shares having a par value of ` 10/- per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held		
<b>Names of shareholders holding more than 5 % shares Equity Shares</b>	No of Shares % of Shares	No of Shares % of Shares
L. Maruti Sanker	1515500 21.31%	1040500 16.04%
Meenu Bhanshali	712597 10.02%	712597 10.99%
Kalidindi Sarada Vijaya Kumari	763400 10.74%	763400 11.77%
Neelima Kalidindi	400000 5.63%	400000 6.17%
L. Hemalatha	370000 5.20%	220000 3.39%

# 7SEAS ENTERTAINMENT LTD.

## Notes to Accounts

(Amount in ₹)

Particulars	As at	
	31-3-2014	31-3-2013
<b>Note3 : Reserves and Surplus</b>		
<b>General Reserve</b>		
Balance as per last account		
<b>Capital Reserve</b>		
Share Premium	111,985,515	92,660,515
Forfeited Shares Reserve	1,490,410	1,490,410
<b>Profit &amp; Loss A/c Surplus</b>		
Balance in the statement of profit & loss	67,136,729	66,720,453
Additions during the year	(37,208,827)	416,276
	<b>143,403,826</b>	<b>161,287,653</b>
<b>Note 4 : Long - term borrowings</b>		
<b>Loans and advances from banks</b>		
<b>Term loans</b>		
From banks		
IOB- Secured Loan	4,240,303	6,927,433
Kotak Mahindra- Unsecured Loan	2,275,497	6,041,090
From others- Religare- Unsecured Loan	199,208	2,470,047
Other Loans	-	-
	<b>6,715,008</b>	<b>15,438,570</b>
<b>Note 5 : Short term Loans:</b>		
<b>Secured Loans</b>		
Working Capital Loan-IOB	35,407,861	34,289,267
<b>Total Secured Loans</b>	<b>35,407,861</b>	<b>34,289,267</b>
<b>Unsecured Loans</b>		
Tata Capital Ltd	0	1,676,150
Bajaj Finance Limited	0	1,068,363
Loan From Director	9784023	718,057
<b>Total Unsecured Loans</b>	<b>9,784,023</b>	<b>3,462,570</b>
<b>Total Short term Liabilities</b>	<b>45,191,884</b>	<b>37,751,837</b>

(Amount in ₹)

**Note 8 : Fixed Assets**

Particulars	Gross Block			Depreciation / amortization			Net Block	
	As at April 1, 2013	Additions	Deletions	As at March 31, 2014	As at April 1, 2013	For the year 2014	As at March 31, 2014	As at March 31, 2013
<b>Tangible Assets</b>								
1. Computers	4,369,906	-	-	4,369,906	3,933,830	174,431	261,646	436,076
2. Furniture and Fixtures	3,390,821	-	-	3,390,821	1,946,148	261,486	1,183,187	1,444,673
3. Office Equipments	1,505,863	13,800	-	1,519,663	955,543	101,982	462,137	550,320
4. Vehicles	1,699,606	-	-	1,699,606	1,360,980	87,670	250,956	338,626
5. Electrical Fittings	686,910	-	-	686,910	322,040	50,753	314,116	364,870
6. Interiors	750,489	-	-	750,489	513,409	42,911	194,168	237,080
<b>Total</b>	<b>12,403,595</b>	<b>13,800</b>	<b>-</b>	<b>12,417,395</b>	<b>9,031,950</b>	<b>719,234</b>	<b>2,666,210</b>	<b>3,371,645</b>
<b>Intangible Assets</b>								
7. Software	69,217,024	-	-	69,217,024	27,457,854	5,808,701	35,950,470	41,769,170
8. Games & IP's	135,580,152	-	-	135,580,152	23,668,226	15,566,949	96,344,977	111,911,926
9. Web Portals	54,695,330	-	-	54,695,330	8,435,993	6,434,674	39,824,663	46,259,337
<b>Total</b>	<b>259,492,506</b>	<b>-</b>	<b>-</b>	<b>259,492,506</b>	<b>59,562,073</b>	<b>27,810,323</b>	<b>172,120,110</b>	<b>199,930,433</b>
<b>Grand Total</b>	<b>271,896,101</b>	<b>13,800</b>	<b>-</b>	<b>271,909,901</b>	<b>68,594,023</b>	<b>28,523,557</b>	<b>174,786,320</b>	<b>203,302,078</b>

## 7SEAS ENTERTAINMENT LTD.

### Notes to Accounts

(Amount in ₹)

Particulars	As at	
	31-3-2014	31-3-2013
<b>Note 9 : Non Current Investments</b>		
Investment in Fortune 7Inc., (wholly owned subsidiary)	596700	596,700
	<b>596,700</b>	<b>596,700</b>
<b>Note 10 : Trade receivables</b> <b>(Unsecured, considered good, unless otherwise stated)</b>		
Debts outstanding for a period exceeding six months		
Considered good	94,198,663	100,260,356
Considered doubtful		
Other debts		
Debts outstanding for a period less than six months	317,178	4,351,635
	<b>94,515,841</b>	<b>104,611,991</b>
Less: Provision for doubtful debts	-	-
	<b>94,515,841</b>	<b>104,611,991</b>
<b>Note 11 : Cash and cash equivalents</b>		
Cash on hand	4,921	3,089
Balances with scheduled banks		
On current accounts	117,157	116,553
On deposit accounts	-	-
	<b>122,078</b>	<b>119,642</b>
<b>Note 12 : Short - term loans and advances</b>		
Advances recoverable in cash or in kind or for value to be received	2,400,580	1,104,284
Other Deposits	1,327,260	1,788,333
Prepaid Expenses	70,513	134,579
	<b>3,798,354</b>	<b>3,027,197</b>
<b>Note 13: Other current assets</b>		
Games & Game Engines Development	-	3,043,583
Portals Development	-	5,501,261
	<b>-</b>	<b>8,544,844</b>

(Amount in ₹)

**SCHEDULE: 01****SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:****I. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of preparation of financial statements**

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and Liabilities accounted/recognized on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Management evaluates all recently issued or revised accounting standards on an ongoing basis.

**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 is applied on diminishing value method, pro-rata for the period of usage, in accordance with the rates prescribed under schedule XIV of the Companies Act, 1956.

**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.

**II. NOTES ON ACCOUNTS:**

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

**1. Contingent Liabilities : Nil**

**2. Secured Loans**

**Working Capital Loan and Term Loan from Indian Overseas Bank:** First charge on all current assets by way of hypothecation of all book debts and other current assets of the Company and Collateral Security on open Plot No.38 of 313.33 Sy of Smt, L. Usha Kumari in S.No.416/4 at Prabhu Nagar, Poranki, Krishna Dist, and open plot No.8 of 485 Sy of Smt. L. Hemalatha in s.No.404/1 at Poranki, Krishna Dist, AP and personal guarantee given by Directors.

**3. 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.

**4. Foreign Exchange earned and outgo**

<b>a. Activity in foreign currency</b>		(In Rs. Lakhs)
<b>Particulars</b>	<b>For the Year 2013-2014</b>	<b>For the Year 2012-2013</b>
<b>Earnings in foreign exchange (on accrual basis)</b>		
Income from software products	31.76	881.85
<b>Expenditure in foreign exchange (on accrual basis)</b>		
Cost of services	Nil	Nil
<b>Net earnings in foreign exchange</b>	<b>31.76</b>	<b>881.85</b>

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## 7SEAS ENTERTAINMENT LTD.

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### 5. Related Party Transactions

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

#### A. Subsidiaries

**Name of the Subsidiary company: Fortune 7Inc**

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

#### B. Transactions with key management personnel

Particulars of remuneration and other benefits paid to key management personnel during the year ended March 31, 2014:

(In Rs. Lakhs)

Name	Salary and allowances	Contributions to provident and other funds	Perquisites and incentives	Total remuneration
L. Maruti Sanker	12.00	0.09	-	12.09

No commission paid to the directors and computation of net profit in accordance with Section 349 of the Companies Act, 1956, for commission payable to non-whole-time directors is not required.

### 6. Dues to micro & small-scale industrial undertakings

As at March 31, 2014 as per available information with the company, there are no dues to small scale Industrial Undertakings.

### 7. 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.

Most of the operations are conducted through Software Technology Parks (STPs). Income from STPs are tax exempt for the earlier of 10 years commencing from fiscal year in which the unit commences software development or March 31, 2011. Hence from the fiscal year ending March 31, 2012 the tax exemption is waived off.

## 7SEAS ENTERTAINMENT LTD.

The detail of deferred tax liability comprises the following:

(In Rs.)

	Particulars	31-Mar-14	31-Mar-13
I.	<b>Deferred tax liability -</b> On account of depreciation	15,33,152	1,19,55,318
	<b>Net deferred tax liability</b>	<b>15,33,152</b>	<b>1,19,55,318</b>

### 8. 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.

### 9. Auditors Remuneration

(In Rs.)

Particulars	For the Year 2013-2014	For the Year 2012-2013
<b>Statutory Audit</b>	1,00,000	1,50,000
<b>Tax Audit</b>	25,000	50,000
<b>Total</b>	<b>1,25,000</b>	<b>2,00,000</b>

### 10. Earnings per share

(In Rs.)

Particulars	For the Year 2013-2014	For the Year 2012-2013
Net profit after tax	(3,72,08,827)	4,16,276
Weighted average number of equity shares	7019393	6485900
Nominal value of shares	10	10
Earnings per share (basic/diluted)	(5.30)	0.06

## **7SEAS ENTERTAINMENT LTD.**

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11. The Balance in Sundry Debtors, Loans & Advances are subject to confirmation, and consequential adjustments if any.
12. The previous year figures have been recast / restated, wherever necessary, to the current period's classification.
13. Financial figures have been rounded off to nearest rupee.
14. Schedules 2 to 15 form part of Balance Sheet and have been authenticated.

**As per our report of even date attached  
For M M Reddy & Co.  
Firm Registration Number : 010371S**

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

**M Madhusudhana Reddy  
Partner  
Membership No. 213077**

**L. Maruti Sanker  
Managing Director  
(DIN: 01095047)**

**Place: Hyderabad  
Date : 22-05-2014**

**A.S.R. Murthy  
Director  
(DIN: 02191621)**

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## 7SEAS ENTERTAINMENT LTD.

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### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

S.No.	Particulars	Details of Subsidiary Companies
1.	Name of the Subsidiary	Fortune 7Inc
2.	Financial year ending of the Subsidiary	March 31, 2014
3.	Holding Company's Interest	
a.	Number and Face Value	1500 Shares of \$10 each
b.	Extent of Holding	100%
4.	Net aggregate amount of profit / (losses) for the above financial year of the subsidiary so far as it concerns the members of the holding company	
a.	Dealt with or provided for in the accounts of the holding Company	Nil
b.	Not dealt with or provided for in the accounts of the holding Company	USD (39, 882)
5.	Net aggregate amount of profits / (losses) for previous financial years of the subsidiary so far as it may concern the members of the holding Company	
a.	Dealt with or provided for in the accounts of the holding Company	Nil
b.	Not dealt with or provided for in the accounts of the holding Company	USD 37,560

For and on behalf of the Board of Directors of

**L. Maruti Sanker**  
**Managing Director**  
**(DIN: 01095047)**

**Place: Hyderabad**  
**Date: 22.05.2014.**

**A.S.R. Murthy**  
**Director**  
**(DIN: 02191621)**

## 7SEAS ENTERTAINMENT LTD.

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### MGT-11

#### Proxy form

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

CIN : L72900TG1991PLC013074  
Name of the company : 7seas Entertainment Limited  
Registered office : 6-3-1239/2/A, Renuka Enclave,  
3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road,  
Somajiguda, Hyderabad-500082

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client Id:

DP 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 23rd Annual General Meeting of the company, to be held on Tuesday The day of 30th September, 2014 at 9.30 a.m. at 6-3-1239/2/A, Renuka Enclave, 3rd Floor, Kotis Court,

## 7SEAS ENTERTAINMENT LTD.

Rajbhavan Road, Somajiguda, Hyderabad-500082 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1 Approval of financial statements for the year ended 31.03.2014
- 2 Appointment of statutory auditors and fixation of their remuneration
- 3 Appointment of Mr. ASR Murthy as Independent Director
- 4 Appointment of Mr. M Ramamohan Rao as Independent Director
5. Amendment of Articles of Association

Signed this ..... day of..... 2014

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

6-3-1239/2/A, Renuka Enclave, 3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road, Somajiguda  
Hyderabad-500082

#### ATTENDANCE SLIP

**(Please present this slip at the Meeting venue)**

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the members of the company to be held on Tuesday 30th September 2014 at 9.30 a.m. at the registered office of the Company at 6-3-1239/2/A, Renuka Enclave, 3<sup>rd</sup> Floor, Kotis Court, Rajbhavan Road, Somajiguda, Hyderabad-500082

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.