

# Annual Report

2009 - 2010



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The Ultimate Entertainment





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**BOARD OF DIRECTORS**

Mr. L. Maruti Sanker – Managing Director  
Mr. Devabhaktuni V. Sai Prasad  
Mr. Devender R. Poreddy  
Mr. M. Ramamohan Rao

**AUDITORS**

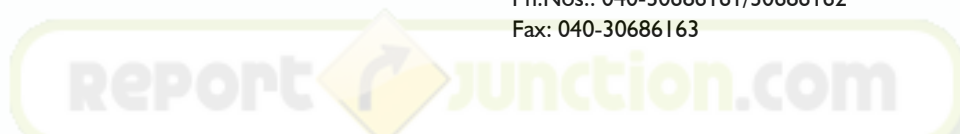
M/s. M.M. Reddy & Co.  
Chartered Accountants, Hyderabad

**BANKERS**

HDFC Bank Ltd.  
Rajbhavan Road, Hyderabad - 500 082.  
  
Union Bank of India  
Tilak Road, Hyderabad - 500 001.

**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



**REGISTRARS & SHARE TRANSFER AGENTS**

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



## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of M/s. 7Seas Technologies Limited will be held on Wednesday the 30<sup>th</sup> June 2010 at 09.30 A.M. at Hotel Inner Circle 6-3-905, Saboo Heights, Behind Saboo Maruti Showroom, Somajiguda, Hyderabad - 500 082 to transact the following Business:

### Ordinary Business

1. To receive, consider and adopt the audited balance sheet as at 31<sup>st</sup> March 2010 and Profit & Loss account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M. Ramamohan Rao who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### Special Business

#### 4. Increase in Authorised Capital of the Company

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Special Resolution:

“Resolved that pursuant to Section 16 and Section 94 of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, the authorised share capital of the company be and is hereby increased from Rs. 6,00,00,000 (Rupees Six crores) divided into 60,00,000 equity shares of Rs. 10/- (Rupees ten) each to Rs.8,00,00,000 (Rupees Eight crores) divided into 80,00,000 equity shares of Rs. 10/- (Rupees ten) each and consequently the existing Clause V of the Memorandum of Association of the company be and is hereby altered by deleting the same and substituting in its place and instead thereof, the following as new Clause V:

“The authorised share capital of the Company is Rs. 8, 00, 00,000 (Rupees Eight Crores) divided into 80,00,000 equity shares of Rs. 10/- (Rupees ten) each with the rights, privileges, and conditions attaching thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.”

“Further Resolved that the Board of Directors or its committee thereof be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing all such necessary documents as may be required in this regard.”

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:  
“RESOLVED THAT in terms of Section 81(IA) and all other applicable provisions, if any, of the Companies Act, 1956 (including

any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more trenches up to 3,00,000 equity shares of Rs. 10/- each at an issue price of Rs. 50/- each which includes a premium of Rs. 40/- per share and 3,00,000 convertible warrants to the promoters and the others, as detailed below, at an issue price of Rs. 50/- per warrant convertible into equal number of Equity Shares with in a period not exceeding 18 months from the date of allotment of warrants at a price of Rs.50/- per Equity Share which includes a premium of Rs.40/- per share as determined in accordance with the preferential issue guidelines given in chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto:

Sl. No.	Name of the proposed Allottee	No. of warrants and / equity shares to be allotted
<b>Promoters Category</b>		
1.	Lingamaneni Maruti Sanker (convertible warrants)	200000
2.	Kolla Narasimha Rao (convertible warrants)	100000
	<b>Total</b>	<b>300000</b>
<b>Non-Promoters Category</b>		
1.	Penumetsa Venkateswara Raju (equity shares)	50000
2.	Penumetsa Yashoda (equity shares)	50000
3.	Tamineedi Madhavi (equity shares)	75000
4.	Vankayalapati Ajitha (equity shares)	25000



5.	Vejendla Srihari Rao (equity shares)	51800
6.	Lakkimsetti Ramakrishna Naga (equity shares)	11600
7.	Palniappan Natrajan (equity shares)	11600
8.	Eliminetti Aruna Rani (equity shares)	25000
	<b>Total</b>	<b>300000</b>

“RESOLVED FURTHER THAT the pricing of the Equity Shares to be allotted on shall be calculated in accordance with the SEBI’s Preferential Issue Guidelines with reference to the ‘Relevant Date’. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Guidelines as provided in Chapter VII of SEBI (ICDR) Regulations, 2009.”

The “relevant date” for the purpose of pricing of the resultant share is 31.05.2010 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on 30.06.2010).

“RESOLVED THAT the new equity shares and the equity shares issued on conversion of warrants shall rank pari-passu with the existing Equity Shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“RESOLVED FURTHER THAT the aforesaid equity shares and warrants allotted in terms of this resolution and the resultant equity shares arising on exercise of right attached to such warrants shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI ICDR Regulations, 2009.

“RESOLVED FURTHER THAT the aforesaid warrants shall be in accordance with the following terms and conditions:

- A warrant by itself shall not give to a warrant holder thereof, any rights of the shareholder of the company.
- In the event, the equity share of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided / consolidated equity shares without affecting any right or obligation of the said warrant holders and
- In the event the company’s equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares of sale of undertaking, necessary adjustments with respect to the terms of the aforesaid warrants shall

be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the warrant issue price, subject to necessary approvals.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the warrants, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this Resolution, issue and allotment of warrants and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Company does apply for listing of the new equity shares.”

“RESOLVED FURTHER THAT the Company does make an application to the Depositories for admission of the new equity shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

## Explanatory Statement

(Pursuant To Section 173(2) of the Companies Act, 1956)

**Item No. 4:** On amendment of Capital Clause in the Memorandum of Association:

The present authorised share capital of the company is Rs.6,00,00,000 divided into 60,00,000 equity shares of Rs. 10/- each. The company is proposing to issue further shares either on the basis of rights or private placement and a proposal in this regard is contained in this notice. Considering the further issue, the Board has approved, subject to the shareholders’ approval, an increase in the authorised share capital to Rs.8,00,00,000 divided into 80,00,000 equity shares of Rs.10/- each.

Pursuant to the provisions of Sections 16, 31 and 94 of the Companies Act, 1956, an increase in the authorised share capital of the company and consequent amendments in the capital clause of the Memorandum of Association of the company requires approval of the members. Approval of the members is, therefore, sought in terms of the said sections.

None of the directors of the company is in any way concerned or interested in the resolution.

**Item No. 5:**

**Issuance of convertible warrants on preferential basis**

The special resolution as mentioned above proposes to authorise the Board of directors to issue up to **3,00,000 equity shares at an issue price of Rs. 50/- each and 3,00,000 convertible warrants** at an issue price of **Rs. 50/- each** convertible into equal number of equity shares of Rs.10/- each with a premium of Rs. 40/- each to the promoters and the others.

Information pertaining to the proposed preferential allotment in terms of the Chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments there to as set out as below:

**(1) Objects of the issue through preferential offer**

The purpose of the issue of equity shares and convertible warrants is to aid the Company to raise the funds to meet ever increasing working capital requirements as a part of scaling up operations and other general corporate purposes including acquisition of other companies for achieving both organic and in-organic growth.

**(2) Pricing of the issue and Relevant Date**

The issue price of the equity shares / convertible warrants shall be Rs. 50/- each.

The price of the equity shares and convertible warrants shall be of Rs. 50/- each includes premium of Rs. 40/- per share to be issued based on the relevant date being 31.05.2010 (30 days prior to the date AGM – 30.06.2010) and calculated in the manner specified for pricing of shares to be allotted as per the SEBI (ICDR) Regulations. For this purpose, the company has considered and noted that there is no trading in the shares of the company on Ahmedabad Stock Exchange for the last few years preceding to the relevant date. However, the company has considered and fixed the issue price as Rs. 50/- per instrument or share or warrant.

A Certificate has been obtained from the Auditors of the Company confirming the minimum price for the preferential issue as per Preferential Issue Guidelines and showing the calculation thereof and the same is also available for inspection at the Registered Office of the Company.

**(3) Intention of the allottees or their associates and relatives, directors / key management persons to subscribe to the offer:**

The proposed allottees for preferential issue of 3,00,000 equity shares and 3,00,000 convertible share warrants are person(s) as referred to in the resolution.

**(4) Identity of the proposed allottees and percentage of pre and post preferential issue capital that may be held by them:**

Sl. No.	Name of the proposed allottee	Pre issue holding		Warrants / Shares proposed to be allotted	Post issue holding	
		Shares	% of shares		Shares	% of shares
	Promoters Group					
1.	Lingamaneni Maruti Sanker	725000	13.03	200000	925000	15.00
2.	Kolla Narasimha Rao	100000	1.80	100000	200000	3.24
	Total	825000	14.83	300000	1125000	18.24
	Non-Promoters Group					
1.	Penumetsa Venkateswara Raju	-	-	50000	50000	0.81
2.	Penumetsa Yashoda	-	-	50000	50000	0.81
3.	Tammineedi Madhavi	-	-	75000	75000	1.22
4.	Vankayalapati Ajitha	-	-	25000	25000	0.41
5.	Vejendla Srihari Rao	-	-	51800	51800	0.84
6.	Lakkimsetti Ramakrishna Naga	-	-	11600	11600	0.19
7.	Palniappan Natrajan	-	-	11600	11600	0.19
8.	Eliminetti Aruna Rani	-	-	25000	25000	0.41
	Total	-	-	300000	300000	4.88

**(5) Shareholding Pattern before and after preferential issue of the capital would be as follows:**

Sl. No.	Category	Pre issue holding details		Post issue holding details	
		No. of shares	% of shares	No. of shares	% of Shares
<b>A</b>	<b>Promoter Share Holding</b>				
	1. Indian Promoters	2439264	43.83	2739264	44.43
	2. Foreign Promoters	-	-	-	-
	<b>Sub-Total (A)</b>	<b>2439264</b>	<b>43.83</b>	<b>2739264</b>	<b>44.43</b>
<b>B</b>	<b>Public Share holding</b>				
	1. Institutions	-	-	-	-
	2. Non-Institutions	-	-	-	-
A	Bodies Corporate	1380	0.03	1380	0.02
B	Individuals	3125076	56.14	3334076	54.07
C	NRIs	-	-	91000	1.48
D	Others (Clearing Member)	-	-	-	-
	<b>Sub-Total (B)</b>	<b>3126456</b>	<b>56.17</b>	<b>3426456</b>	<b>55.57</b>
	<b>Grand Total (A+B)</b>	<b>5565720</b>	<b>100.00</b>	<b>6165720</b>	<b>100.00</b>

\* Assuming that all warrants are converted into equity shares

**(6) Proposed time within which the allotment shall be completed:**

The Board may allot equity shares / convertible warrants at a price not being less than Rs. 50/- per equity share / warrant.

The allotment of equity shares / convertible warrants shall be completed, within a period of 15 days from the date of passing of the resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on the date of allotment of the warrants. The warrants would be allotted on the following terms:

- a. The holder of warrants will have an option to apply for and be allotted 1 (one) equity share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches.
- b. Upon receipt of the payment as above, the Board shall allot one equity share per Warrant by appropriating Rs.10/- towards equity share capital and the balance amount paid against each warrant, towards the securities premium.
- c. If the entitlement against the warrants to apply for the equity share is not exercised within the period specified, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
- d. The warrant holder shall also be entitled to any future bonus/ rights issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- e. The warrants by itself do not give to the holder thereof any rights of the shareholders of the Company.

**(7) Approvals**

The Company is taking necessary steps to obtain the required approvals from the Stock Exchanges, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares and warrants.

**(8) SEBI Takeover code**

The provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are not attracted for this issue and therefore proposed allottees are not required to make an open offer and comply with formalities related to an open offer for this preferential allotment except the specific disclosures as may be required by the Guidelines.

**(9) Holding of shares in the Demat Account, non disposal of shares by the proposed allottees and lock-in period of shares:**

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form.

The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of preferential allotment.

The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.

**(10) Lock-in Period**

The convertible warrants or equity shares allotted to the proposed allottees shall be subject to 'lock-in' for a period of one year / three years from the date of their allotment as per Clause 78 of the SEBI (ICDR) Regulations, 2009.

**(11) Auditor's Certificate**

M.M. Reddy & Co. Chartered Accountants Auditor's Certificate confirming that the proposed issue of equity shares and / or convertible warrants are in accordance with the SEBI (ICDR) Regulations, is available for inspection up to the date of the Annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

**(12) Control**

As a result of the proposed preferential allotment of equity shares and / convertible warrants, there will be no change in the management control of the Company.

**(13) Compliances**

The company has complied with the requirements of listing agreement including clause 40A i.e., maintaining a minimum of 25% of the paid up capital in the hands of public.

**(14) Approval under the Companies Act, 1956**

Section 81-IA of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956, SEBI Guidelines or regulations and the provisions of the Listing Agreement with the Stock Exchanges for authorizing the Board to offer, issue and allot equity shares or convertible share warrants as stated in the resolution, which would result in a further issuance of securities of the Company to the promoters and the others on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in the Notice.

Managing Director of the company Mr. L. Maruti Sanker is concerned or interested in the above said resolution to the extent of issue of convertible warrants to the promoters under promoters category.

### Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on a poll instead of himself / herself and the Proxy need not be a member of the Company.
2. Proxies, in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 26.06.2010 to 30.06.2010 (Both days inclusive).

4. Members are requested to notify immediately any change in their address to the Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on to their respective Depository Participants.
5. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
6. Members are requested to kindly bring their copies of the Annual Report to the meeting. As a measure of economy, copies of Annual Report will not be distributed at the AGM.

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

Place : Hyderabad  
Date : 19.05.2010

Sd/-  
L. Maruti Sanker  
Managing Director

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## DIRECTORS' REPORT

Dear Shareholders,

Yours Directors have pleasure in presenting the Nineteenth Annual Report of the Company for the financial year ended 31st March, 2010.

### Financial Results

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Income	681.11	1116.24
Expenditure	597.10	980.00
Profit for the year	63.00	111.97
Add: Profit brought forward	210.09	98.12
Profit / (Loss) carried to Balance Sheet	273.09	210.09

### Operations

The Company has recorded a turnover of Rs. 681.11 lacs in the current year against the turnover of Rs. 1115.17 lacs in the previous financial year ending 31.03.09.

The Company has been continuously working on development of more games and cost reduction plans for achieving efficient running of the organization.

### Dividend

Your directors express their inability to recommend any dividend for the financial year 2009-2010.

### 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.

### Capital of the Company

During the period, the company has allotted 300,000 equity shares on preferential basis to the promoters and the others at an issue price of Rs.50/- per share and 1,37,720 equity shares to the employees on exercise of conversion of 1,37,720 options at an exercise price of Rs.14.85/- per share. As a result the paid up capital of the company stands at 55,65,720 equity shares of Rs. 10/- each. Authorised capital of the company stands at 60,00,000 equity shares of Rs.10/- each.

### Utilisation of Funds

During the period the company has raised funds of about Rs. 50 Lakhs by way of preferential allotment of shares / warrants, etc. The amount has been spent towards the capital expenditure and working capital requirements etc.

### Directors

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Director namely Mr. Ramamohan Rao retires by rotation and is eligible for re-appointment. Your Board recommends the re-appointment of the Director above in the best interests of the company.

### Directors' Responsibility Statement

Pursuant to the provisions of Sec.217 (2AA) of the Companies Act, 1956 the Board of Directors of your Company hereby certifies and confirms that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the Annual accounts on a going concern basis.

### 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. 677.08 Lacs
Foreign Exchange Outgo	: Rs. 41.35 Lacs

### 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.

## Employee Stock Option Scheme

The members of the company in the AGM's held on 29.09.2006 and 22.09.2007 approved formulation of "Employee Stock Option Plans" for all eligible employees.

Pursuant to the above said Schemes, the company has granted 4,57,400 options (207400 options of 2005-06 and 250000 options of 2006-07) during the financial year to the eligible employees of the company, at a price of Rs. 14.85/- per option.

Each option entitles the holder thereof to apply for and be allotted an ordinary share of the company of the nominal value of Rs. 10/- each, upon payment of the exercise price of Rs. 14.85/- per share during the exercise period. The exercise period commences from the date of vesting of the options. Relevant disclosures were made in Annexure. A certificate has been obtained from the statutory auditors regarding compliance with the ESOP guidelines. During the year to an extent of 1,37,720 options were converted in to equity shares and the same got listed on Ahmedabad Stock Exchange.

## Code of Conduct

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

## Auditors

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

## 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 of Directors  
7SEAS TECHNOLOGIES LIMITED

Sd/-

Place : Hyderabad  
Date : 19.05.2010

L. Maruti Sanker  
Managing Director

