

BKV INDUSTRIES LIMITED

SIXTEENTH ANNUAL REPORT

2008 - 2009

BOARD OF DIRECTORS

Sri Bommidala Rama Krishna	Chairman & Managing Director
Sri Bommidala Kasiviswanadham	Director
Smt. Bommidala Saroja Devi	Director
Smt. Bommidala Anitha	Director
Sri Nellore Dolendra Prasad	Director
Sri Kanteti Sridhar	Director
Sri Tunuguntla Ramakrishna	Director

STOCK EXCHANGES :

The Hyderabad Stock Exchange Ltd.

Admn. Office : 6-3-654,
Adjacent to Erramanjil Bus Stop,
Somajiguda, HYDERABAD - 500 082

Madras Stock Exchange Ltd.

Post Box No. 183,
II, 2nd Line Beach,
CHENNAI - 600 001.

Bombay Stock Exchange Ltd.,

Rotunda Building, P.J. Towers,
Dalal Street, Fort,
MUMBAI - 400 001.

The Calcutta Stock Exchange Association Ltd.

7, Lyons Range,
KOLKATA - 700 001

The Delhi Stock Exchange Association Ltd.

D.S.E. House, 3/1, Asaf Ali Road,
NEW DELHI - 110 002.

AUDITORS :

M/s. Garlapati & Co.
Chartered Accountants,
15/1, Arundelpet,
GUNTUR - 522 002.

BANKERS :

Andhra Bank
Main Branch,
Near Gowri Sankar Theatre,
Kothapet, GUNTUR.

REGISTRARS & SHARE

TRANSFER AGENTS :

Karvy Computershare (P) Limited
17-24, Vittalrao Nagar,
Madhapur,
HYDERABAD - 500 081
Tel : 040 - 23420815 - 28

REGISTERED OFFICE :

Bommidala House
5-87-15/A, Lakshmipuram,
Main Road,
GUNTUR - 522 007

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the members of BKV Industries Limited will be held on Wednesday the 16th September, 2009 at 3.00 P.M at Bommidala Cold Complex, By-pass Road, Lalpuram, Guntur – 522 017 to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended 31st March, 2009 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors there on.
2. To appoint a Director in place of Sri B. Kasiviswanadham who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. B. Anitha who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s Garlapati & Co, Chartered Accountants as auditors to hold office from conclusion of this meeting un-till the conclusion of the next Annual General Meeting of the company and to fix remuneration and out of pocket expenses.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass with or without modification the following resolution as ordinary resolution :

“ RESOLVED THAT Mr. Tunuguntla Rama Krishna who was appointed as Additional Director by the Board under section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing under section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as Director of the Company.”

By order of the Board of Directors
For BKV Industries Limited

Place : Guntur
Date: 24th July, 2009

B. RAMAKRISHNA
Chairman & Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, and vote on a poll, instead of himself / herself and such proxy need not be a Member of the company. The proxy form is enclosed which 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 9th September 2009 to Wednesday, 16th September 2009 (both days inclusive).
3. Members holding shares in physical form are requested to intimate any change in the address to the Company or to the Registrar & Share Transfer Agents M/s. Karvy Computershare Pvt Ltd. Members holding shares in de-materialised form are requested to notify any change in address to their respective Depository Participants (DPs).
4. Members are requested to bring their admission slip along with copy of the Annual Report to the Annual General Meeting.

Explanatory statement u/s 173 (2) of the Companies Act, 1956 & Information under clause 49 of the Listing Agreement regarding re-appointment of Directors

(Pursuant to clause 49 VI (A) of the Listing Agreement with the stock exchanges)

Item No. 2

Sri B. Kasi Viswanadham aged 73 years is a founder promoter of your company. He has over 45 years of experience in Tobacco business. He has been associated with administration, marketing and HR related activities and been associated with your company since its inception. B. Kasiviswanadham is also a director on the Boards of 5 other companies. The Board of Directors recommends this resolution for approval of shareholders.

Smt. B. Anitha, Sri. B. Kasiviswanadham, Smt. B. Saroja Devi and Sri B. Rama Krishna are interested in the resolution.

Item No. 3

Smt. B. Anitha is a Law Graduate and underwent training in Personal Management. She has rich experience, expertise and knowledge in areas such as legal, banking and HR related activities. Her knowledge of legal aspects will be a great help to the management

in complying with various governmental and other institutional rules, procedures and regulations. Smt. B. Anitha is not a director on the Board of any other company. She is a Chairman of Share Transfer Committee and member of remuneration committee and shareholder/Investor Grievance committee constituted by the company. The Board of Directors recommends this resolution for approval of shareholders.

Smt. B. Anitha, Sri. B. Kasiviswanadham, Smt. B. Saroja Devi and Sri B. Rama Krishna are interested in the resolution.

Item No. 5

Mr. T. Rama Krishna joined the Board of the company on 30/10/2008 as an Additional Director and as per the provisions of Section 260 of the Companies Act, 1956, he will hold office as a Director up to the date of this Annual General Meeting. Company has received Notice as prescribed under section 257 of the Companies Act, 1956 from a member along with a deposit of Rs. 500/- signifying his intention to propose Mr. T. Rama Krishna as a Director.

Mr. T. Rama Krishna aged about 55 years is a Graduate in Science, Commerce, Post Graduate in Commerce and holding a degree in Law and is practicing as Tax Consultant for the past 20 years. He is experienced in accounting, auditing, tax and Law matters and his knowledge in these fields will be helpful to the company in complying with various governmental and other institutional rules, procedures and regulations.

Mr. T. Rama Krishna is a member in Audit Committee, Remuneration Committee and Shareholders/ Investors Grievance Committee constituted by the company. The Board of Directors recommends this resolution for approval of the shareholders.

None of the Directors except Mr. T. Rama Krishna is interested in the resolution.

DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting you the Sixteenth Annual Report together with Audited Accounts for the year ended 31st March, 2009.

PERFORMANCE OF THE COMPANY

(Rs. in Lakhs)

	For the year ended 31/03/2009	For the year ended 31/03/2008
Sales & Other Income	7.69	9.52
Profit/(Loss) before interest and Depreciation	22.48	-18.62
Depreciation	10.34	12.13
Net Profit / (Loss) before tax & Exceptional item	-32.82	(-)30.75
Exceptional item	192.43	----
Fringe Benefit Tax	0.10	0.08
Net Profit/(Loss) after tax & exceptional Items	159.51	(-)30.83

OPERATIONS:

A. Farm : No culture is carried out during the year in Farm.

B. Hatchery: No seed is produced during the year 2008 - 2009. However shrimp is produced about 4.13 Tonnes in ponds situated at Hatchery and achieved a shrimp turnover of Rs 7.59 lakhs.

DIVIDEND:

In view of huge accumulated losses, no dividend is declared.

The auditors have given a disclaimer in view of discontinuance of operations in Hatchery and Farm. The note No. " C " to the notes to accounts (Schedule 12) is self explanatory in nature and the accounts are drawn up on going concern basis in view of operations of limited shrimp farming near Hatchery.

FUTURE PROSPECTS:

The company is in the process of implementing the capital restructuring to clean up its financial position and to raise working capital funds. Further in view of global liquidity crises and substantial depreciation of rupee, the company is watching the international trade opportunities in tobacco and other merchandise goods. As soon as the adequate opportunities are available, the company would commence trading operations in tobacco and other merchandise goods.

CAPITAL RESTRUCTURING

The company has filed petition under Section 391 and 394 of the Companies Act, 1956 with the Hon'ble High Court of Judicature, Andhra Pradesh, at Hyderabad for restructuring

of the existing paid up capital of the company. The company received approval from the Hon'ble High Court on 06/03/2009 and required Form No. 21 under the Companies Act, 1956 was filed with the Registrar of Companies, Andhra Pradesh on 01/04/2009. Hence the scheme is deemed to have taken effect from 01/04/2009. Hence with effect from 01/04/2009 the paid up share capital of the company has been reduced from Rs. 6,27,94,000 comprising of 62,79,400 number of equity shares of Rs. 10/- each to Rs. 62,79,400/- comprising of 62,79,400 number of equity shares of Rs. 1/- each. As the company being listed company for giving effect to the reduction of capital, the company is following up with the Stock Exchange for completing the procedures required in this respect. The company is expecting the clearance from the stock exchanges in due course. Further the company will proceed to convert a part of the secured loans to equity as per the provisions of the Scheme and also apply to the stock exchanges to seek listing permission of such shares..

PARTICULARS REGARDING ENERGY CONSERVATION etc. :

Information regarding Energy Conservation and Technology Absorption required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is enclosed as annexure.

BOARD:

As per Article 145 of Articles of Association of the Company, Sri B. Kasiviswanadham retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment .

As per Article 145 of Articles of Association of the Company, Smt. B. Anitha retires by rotation at the Annual General Meeting and being eligible offers herself for re-appointment.

PARTICULARS OF EMPLOYEES:

None of the employees of your company was in receipt of remuneration exceeding the limit prescribed under section 217 (2) (A) of the Companies Act, 1956 during the year.

AUDITORS:

M/s. Garlapati & Co, Chartered Accountants, who are the statutory auditors of the company retire at the conclusion of the Sixteenth Annual General Meeting and being eligible offer themselves for re-appointment as Statutory Auditors of the Company. The company has received a letter from them to the effect that appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956.

LISTING AGREEMENT WITH STOCK EXCHANGES:

As per the requirement of Listing Agreement, the Company declares that its securities are listed on the Stock Exchanges of Mumbai, Delhi, Kolkata, Chennai and Hyderabad. The company confirms that it has paid annual listing fees to the Stock Exchanges of Mumbai & Chennai for the year 2009 -10. There is no demand from Hyderabad Stock Exchange Ltd for payment of Annual Listing Fees for the year 2009-2010 as we were informed that the Hyderabad Stock Exchange is derecognized. In pursuance of resolution passed by members the company has made an application to the Stock Exchanges of Kolkata, and Delhi . to de-list its securities from these Stock Exchanges and hence not paid annual listing fees for the year 2009-2010.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors confirm :

- a) that in the preparation of the annual accounts for the year ended 31st March, 2008, the applicable accounting standards have been followed.
- b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2008 and of the Loss of the Company for that year.
- c) that 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.
- d) that the directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance with Auditor's certificate on its compliance is attached as Annexure to this report.

MANAGEMENT DISCUSSION & ANALYSIS**A. INDUSTRY, STRUCTURE, DEVELOPMENT AND OUTLOOK. INDUSTRY, STRUCTUE, DEVELOPMENT AND OUTLOOK**

A. Everywhere including United States, European Union or Japan the farmed shrimp market is depressed, the result of an unfavorable economic climate. The problem lies with demand, customers spending non supply and the industry expects that this should continue through much of 2009. Asian shrimp producers are under pressure to keep prices down and are reacting by curbing output or expanding the domestic market for shrimp, where they can fetch higher prices. The decline in the strength of the dollar against some major global currencies, slower growth of the US economy, anti-dumping tariff disputes and reduction in consumer confidence have all weakened the world's

biggest shrimp importer, the US, which accounts for an annual shrimp import of 5,50,000 tonnes valued at around \$4 billion.

Indian shrimp exports to the US has been consistently falling in recent years while those to competing destinations such as EU and Japan have proved more resilient. While shrimp exports still remain the biggest constituent of Indian marine exports, it has been falling in both quantity and value in the export basket. The position of India among the top shrimp exporting countries to the US has fallen to eighth in 2007. Following 10 years of constant expansion, 2007 was the first year when shrimp imports into the US witnessed a fall in quantity and value. The year 2008 has also not been significantly different. A survey conducted among the US consumers revealed that about two-third are reducing their consumption pattern and about half of them are eating out less.

Commodity market to grow by 30% by 2010. Indian commodity market which expanded by 50 times in a span of 5 years from Rs.66,530 crore in 2002 to Rs.33,75,336 crore in 2007, is now expected to grow at a steady speed of about 30% by 2010 and touch a volume of Rs.74,15,613 crore since people's participation in such trade would continue, according to findings of the ASSOCHAM. But there has been a quiet story brewing in the global agricultural commodities sector for some time now, which has been overshadowed by the usual suspects amongst the larger economic indicators. The Indian monsoon is setting up for a below normal season, and this comes in a year when the country needs healthy rains to stimulate the agricultural sector more than most other years in recent history.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The promoters of the company are pioneers in tobacco and commodities industry for more than four decades and experienced in trading, manufacturing and exporting. Your promoters would like to take advantage of the changing patterns of the commodities market due to increase volumes. The promoters are watching the wild fluctuations in the foreign exchange rates carefully and hence could not clinch any trading deals in the year ended 31st March, 2009. With High Court order for capital re-structuring, the company would be able to clean up its Balance Sheet and would be able to raise the working capital funds in the near future and carry on the trading operations substantially. The company and promoters recognize the need for managing the business risks effectively for producing significant rewards.

C. INTERNAL CONTROL SYSTEM

An effective internal control system and all controls are continuously reviewed and risks of inaccurate financial reporting and fraud, if any, are dealt with immediately and eliminated.

The company has a well established system of internal control in operation which complies with the relevant provisions on ' Internal Control ' under the Company's Auditor's Report Order 2003 and as prescribed under revised clause 49 of the Listing Agreement with stock exchanges.

The status of implementation of recommended solutions are regularly reviewed and presented to Audit Committee of the Board.

D. FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles in India. The management accepts the responsibility of integrity and objectivity of the financial statements and the basis for various estimates and the judgements used in preparing the financial statements.

During the year ended 31st March, 2009, the company achieved a turnover of Rs.7.69 lakhs against the previous year Rs.9.52 lakhs clocking a depressed negative growth. This is mainly due to no exports during the year and slump in the prices of shrimp. Despite considerable efforts in controlling the administrative expenditure, the company incurred a net loss before the exceptional item Rs.32.92 lakhs against the previous year net loss of Rs.30.83 lakhs. During the year, the company had to write back the unsecured loan of Rs.192.43 lakhs extended by a company, as the lender had written off the loan during the last year.

Due to paucity of working capital, the company carried the minimum operations in farming activities near hatchery to maintain its assets and not able to execute any trading operations during the year. Margins earned are not sufficient even to meet the minimum operational costs.

E: CAUTIONARY STATEMENT

Statements in this report, particularly those which related to management decision and analysis, describing the company's objectives, projections, estimates and expectations may constitute "forwarding looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

Delisting of Shares:

Presently the company's Ordinary Equity shares are listed in the Stock Exchanges of Mumbai (BSE) and four other Stock Exchanges at New Delhi, Kolkata, Chennai and Hyderabad. The shares of the company are compulsorily traded in dematerialized form. The Board considered that continued listing on all stock exchanges is not necessary and therefore decided to de-list from Delhi, Calcutta and Madras stock exchanges in pursuance of special resolution passed in the 14th Annual General Meeting held on 28th September, 2007. The company has made an application for delisting of its shares in Delhi and Kolkata stock exchanges and the matter is under active consideration of these Stock Exchanges.

APPRECIATION :

The Board appreciates the valuable co-operation and support extended by all the employees and shareholders of the Company.

By order of the Board of Directors

Place : Guntur
Date : 24th July, 2009

B. Rama Krishna
Chairman & Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Annexure to the Director's Report under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board Of Directors) Rules, 1988 and forming part of Director's Report.

A.	Conservation of Energy	- Not Applicable -	
B.	i. Technology Absorption, Adaptation & Innovation	- Not Applicable -	
	ii. Research and Development (R&D)	- Not Applicable -	
C.	Foreign Exchange Earnings & Outgo	<u>Rs. in Lakhs</u>	<u>U.S.\$</u>
	i. Foreign Exchange earnings	- Nil -	- Nil -
	ii. Foreign Exchange outgo in respect of Raw Materials	- Nil -	- Nil -
	iii. Travelling & Export Promotion Exp.	- Nil -	- Nil -
	iv. Capital Goods	- Nil -	- Nil -

By order of the Board of Directors

Place : Guntur
Date: 24th July,2009

B. Rama Krishna
Chairman & Managing Director

A report on Corporate Governance is enclosed.

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE REPORT ON CORPORATE GOVERNANCE FOR THE YEAR APRIL 1, 2008 TO MARCH 31, 2009

Pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, your Directors present below a detailed Compliance Report on Corporate Governance.

1. Company's philosophy on code of Governance

Corporate Governance aims at achieving high level of efficiency, accountability, responsibility and fairness in dealing with all stakeholders.

Your company committed to Good Corporate Governance to ensure that all functions of the company are discharged in a professionally sound and competent manner, which leads to increasing employee, customer satisfaction and shareholder value.

2. Board of Directors

Composition:

The strength of the Board of Directors as on 31/03/2009 is 7. Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring external and wider perspective to the Board's deliberations and decisions. The Board comprises of one Chairman & Managing Director and Six Non-Executive directors. The Board represents on optimal mix of professionalism, knowledge and experience.

No. of Board Meetings held during the year along with the dates of the Meetings

Board meets generally to take stock of the inoperative assets management, to discuss and decide on company / business policy and strategy apart from normal Board business.

During the financial year ended March 31, 2009 eight Board Meetings were held on 1st April, 2008, 28th June, 2008, 19th July, 2008, 30th July, 2008, 30th October, 2008, 30th January, 09, 7th March, 09 and 9th March, 2009. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

The following table gives the composition and category of the Directors of the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of Directorships and Committee Memberships/ Chairmanships held by them in other companies.

Name of the Director	Category of Directorship	No. of Board Mtgs. attended	Attendance at last AGM	* No. of Director-ships in other public companies	No. of Member-ships/ Chairmanships of committees of other companies.
1	2	3	4	5	6
Shri Bommidala Kasi Viswanadham,	Non Executive Director	1	No	None	None
Shri Bommidala Rama Krishna, Chairman & Mg. Director	Executive Director	8	Yes	None	None
Smt. Bommidala Saroja Devi	Non Executive Director	7	No	None	None
Smt. Bommidala Anitha	Non Executive Director	8	Yes	None	None
Shri N. Dolendra Prasad	Non Executive Independent Director	4	Yes	One	None
Shri Kanteti Sridhar	Non Executive Independent Director	6	Yes	None	None
Sri T. Rama Krishna	Non Executive Independent Director	3	N.A	None	None

* Excludes alternate directorships, Directorships in Indian Private Limited companies & Foreign Companies.

Directors Retiring by Rotation

The information is provided in the Notes appended to the Explanatory Statement of the Notice under the heading " Information under clause 49 of the Listing Agreement regarding reappointment of Directors ".

Disclosure of transactions where Non-Executive Directors have pecuniary interest.

None of the Non-executive Directors has any pecuniary relationship or transactions vis-a-vis the Company. The directors periodically disclose their interest in different companies and transactions/contracts of the Company with such companies are taken on record in the Board Meetings. However, the company owes certain amount, which was paid to the bank by two guarantor non-executive directors on behalf of the company.

No. of equity shares held by the non-executive directors as on 31/03/2009

<u>Name of the Director</u>	<u>No. of Shares held</u>	<u>Percentage</u>
Mr. B. Kasi Viswanadham	27100	0.43
Smt. B. Saroja Devi	752085	11.98
Smt. B. Anitha	406825	6.48

3. Audit Committee

(a) Brief description of terms of reference

The Terms of Reference of this committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. These include overseeing company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; reviewing annual and quarterly financial statements with management before submitting to the Board; reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the company's financial risk and management policies.

(b) Composition, Meetings and Attendance during the year

The Audit Committee comprises of three non-executive directors. During the financial year ended 31st March, 2009, the committee met 4 times on 28th June, 2008, 30th July, 2008, 30th October, 2008 and 30th January, 2009. The Audit Committee is reconstituted on 30th January, 2009 and Mr. T. Rama Krishna a non-executive independent director has joined as member in place of Smt. B. Anitha.

The attendance of the each member of the committee is given below:

Directors	Chairman/ Member	Categor	No.of meetings attended
Mr. Kanteti Sridhar	Chairman	Non - Executive & Independent	4
Mr. Dolendra Prasad	Member	Non - Executive & Independent	3
Smt. Bommidala Anitha	Member	Non - Executive	4

4. Remuneration Committee

Terms of Reference

The company has appointed a Remuneration Committee comprising of three non-executive members namely Sri. K. Sridhar (Chairman), Smt. B. Saroja Devi and Smt. B. Anitha, members The Remuneration Committee is reconstituted on 30th January, 2009 with the following members:

- | | | |
|------------------------|--------------------------------------|----------|
| 1. Sri Kanteti Sridhar | - Non-executive Independent Director | Chairman |
| 2. Smt. B. Anitha | - Non-executive Director | Member |
| 3. Sri T. Rama Krishna | - Non-executive independent Director | Member |

The committee is authorised, inter alia, to deal with matters related to compensation by way of salary, perquisites, benefits etc to the whole time directors of the company and set guidelines for salary and perquisites of the other senior employees:

The Remuneration Committee has met on 07/03/2009 and recommended the remuneration package of Sri. B. Rama Krishna, Chairman & Managing Director of the Company

Remuneration of Directors

The details of the remuneration paid to Chairman & Managing Director for the financial year 2008-2009 are given below

Name of the Director	Bommidala Ramakrishna (Chairman & Managing Director)
Salary	Rs. 1,92,000/-
Benefits	-
Provident Fund	-
Total	Rs. 1,92,000/-

5. Shareholders/Investor Grievance Committee

The company has a Shareholders/Investor Grievance Committee comprises of three non executive directors namely Smt. B. Saroja Devi (chairman), Sri. B. Kasiviswanadham and Smt. B. Anitha, members. The Shareholders/Investor Grievance Committee is reconstituted on 30th January, 2009 with the following members:

- | | | |
|-------------------------|--------------------------------------|------------|
| 1. Smt.B. Saroja Devi | - Non-executive Director | - Chairman |
| 2. Smt. B. Anitha | - Non-executive Director | - Member |
| 3. Sri. T. Rama Krishna | - Non-executive independent Director | - Member |

The Shareholders / Investor Grievance Committee met four times i.e on 28/06/2008, 30/07/2008, 30/10/2008 and 30/01/2009 and reviewed shareholders complaints position and expressed satisfaction over the compliance of the investors grievances. All complaints received from the shareholders by the company are forwarded to Registrars and Share

Transfer Agents " M/s. Karvy Computershare Pvt. Ltd" for furnishing replies to the shareholders explaining the position of the complaints. The Registrars and Share Transfer Agents " M/s. Karvy Computershare Pvt. Ltd" submit "Investor Grievance Report" every quarter which will be reviewed by the Shareholders/Investor Grievance Committee.

The Company received a total of 5 complaints from 01.04.2008 to 31.03.2009 from its shareholders, all of which were resolved within 30 days to the satisfaction of the shareholders. No share transfers arising out of the financial year in question are pending beyond the normal service time of 2 weeks from the date of receipt of complete documentation required to effect the transfer.

6. Share Transfer Committee

The Company has constituted Share Transfer Committee comprising of Sri. B. Kasiviswanadham as chairman and Mr. B. Rama Krishna and Sri. Bh.V.Mohana Rao as members. The Share Transfer Committee is reconstituted on 30th January, 2009 and Smt. B. Anitha a non-executive director has joined as Chairman in place of Sri. B. Kasiviswanadham.

The Committee met 11 times during the year to approve the Memorandum of Share Transfers, sub-division / consolidation of share certificates, transmission of shares and issue of duplicate share certificates, which are submitted by the Share Transfer Agents after completing their formalities. Share transfers approved by the Committee are placed at the Board Meeting from time to time. During the period under review 5300 Equity shares were transferred.

There are no pending share transfers as on date of this Report.

7. General Body Meetings

Details of location of the last three Annual General Meetings of the Company are given below:

Date of AGM	Time	Place
20 th September 2006	3.00 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
28 th September 2007	2.30 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
15 th September 2008	3.00P.M	Bommidala Cold Complex, Lalpuram, Guntur

General Meeting is held under the directions of Hon'ble High Court of Andhra Pradesh on 15/09/2008 at 11.00 A M for the purpose of obtaining the approval of equity shareholders and secured creditors for the Scheme of Arrangement.

There have been no ordinary or special resolution passed by the company's shareholders through Postal Ballot.

Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large:

The Company has received disclosures from Directors wherever applicable. Attention is drawn to para ' Q ' of Notes on Accounts for details.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: **None**

8. Means of Communication

The quarterly audited / un-audited financial results of the Company are published in The Indian Express (National newspaper), and Andhra Prabha (vernacular newspaper).

The information required under the Companies Act and the Listing Agreement, is sent to Stock Exchanges, where Company's equity shares are listed, through facsimile and courier / post and by publication in national and vernacular newspaper, wherever required.

9. General Shareholder Information

Annual General Meeting : 16th September 2009 at 3.00 P.M at Bommidala Cold Complex, Lalpuram, Bypass Road, Guntur.

Financial Calendar :

- a. Financial year – April to March
- b. First Quarter Results – Normally, last week of July
- c. Half yearly Results – Normally, last week of October
- d. Third Quarter Results – Normally, last week of January
- e. Annual Audited Financial Results- Normally last week of June

Dates of Book Closure : 9th September 2009 to 16th September 2009 (both days inclusive)

Listing on Stock Exchanges The Company's shares are presently listed on the following stock exchanges

- i. Bombay Stock Exchange Ltd
- ii. The Hyderabad Stock Exchange Ltd
- iii. The Calcutta Stock Exchange Association Ltd *
- iv. The Delhi Stock Exchange Association Ltd *
- v. Madras Stock Exchange Ltd

ISIN Number for NSDL & CDSL: INE 356 C 01014

Registrars & Share Transfer Agents M/s. Karvy Computershare Private Limited
17-24, Vittal Rao Nagar, Madhapur, HYDERABAD – 500 081

* Application for delisting is under active consideration of these stock exchanges.

E-mail ID of the Grievance Redressal Division:

As required by the amendment to the Listing Agreement (Insertion of Clause 47(f)), the company has opened separate e-mail ID of the Grievance Redressal Division viz. 'contact.bkvind@bommidala.co.in' and the investors can now directly address their grievances to this e-mail ID for quick attention of the company.

Share Transfer System:

SEBI has notified the compulsory trading of equity shares of the Company in dematerialisation form. However, the equity shares of the Company are traded in demat as well as in non-demat form. The Company appointed M/s. Karvy Computershare (P) Limited as Registrars & Share Transfer Agents for both electronic and physical transfers.

For demat shares, the Company is registered with NSDL and CDSL. The ISIN allotted to Equity Shares is INE 356 C 01014

For non-demat shares, the transfers are processed and registered at M/S. Karvy Computershare (P) Limited. Shares lodged for transfer are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

Distribution of Shareholding as on 31st March, 2009

Category (Amount)	No. of Shareholders	Amount Rs.	% to Total
1 - 5000	12293	17365580	27.66
5001 - 10000	576	4855050	7.73
10001 - 20000	252	3930830	6.26
20001 - 30000	106	2714330	4.32
30001 - 40000	31	1072750	1.71
40001 - 50000	38	1811950	2.89
50001 - 100000	48	3398690	5.41
100000 and above	45	27644820	44.02
Total	13389	62794000	100.00

Categories of Shareholding as on 31st March, 2009

Category	No. of Shares	% to Total
Promoters & Associates	1863000	29.67
Foreign Institutional Investors	0	0.00
Public Financial Institutions & Banks	5000	0.08
Mutual Funds & UTI	42400	0.67
Private Corporate Bodies	744404	11.85
NRI's and OCB's	178765	2.85
Indian Public	3445831	54.88
Total	6279400	100.00

Market Price: High / Low during each month in Financial year 2008-2009 in BSE and performance.

Month	BKV Industries Ltd. Stock Performance	
	High (Rs.)	Low (Rs.)
April, 2008	3.00	2.25
May, 2008	3.00	2.42
June, 2008	3.15	2.63
July, 2008	2.61	1.96
Aug. 2008	2.54	1.92
Sep. 2008	2.66	2.09
Oct., 2008	2.56	2.09
Nov., 2008	2.46	2.29
Dec., 2008	2.30	2.20
Jan., 2009	2.20	2.00
Feb., 2009	2.10	2.10
Mar, 2009	2.20	2.05

Dematerialisation of Shares

53.58 % Equity Shares of the company have been dematerialized as on 31st March, 2009.

Plant Locations:

Shrimp Farm

Isakapalli, Allur (Mandal), Nellore (Dt)

Shrimp Hatchery

Mypadu Village, Indukur Pet (Mandal), Nellore Dt.

No. of Employees as on 31/3/09

12

Address for Correspondence

A) Company:

B K V Industries Limited

Bommidala House, 5-87-15/A,

Laxmipuram Main Road, Guntur, A.P - 522 007.

B) Registrars & Share Transfer Agents:

M/s. Karvy Computershare Private Limited

17-24, Vittal Rao Nagar, Madhapur,

HYDERABAD - 500 081

CERTIFICATION BY CHIEF EXECUTIVE OFFICER:

To the best of our knowledge and belief:

- We have reviewed the balance sheet and profit and loss and all its schedules and notes on account as well as the Cash Flow Statements and the Director's Report;
- These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
- We are responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company, and they have also disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, and what they have done or proposed to rectify these;
- We have also disclosed to the auditors as well as Audit Committee, that to the best of our knowledge, no fraud, whether or not material existed that involves management or other employees, who have significant role in the company's internal control systems and financial reporting during the period under review.
- We have indicated to the auditors, the Audit Committee and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

By order of the Board of Directors

Bh. V. Mohana Rao
Vice-President (Finance)

B. RAMAKRISHNA
Chairman & Managing Director

Place : Guntur

Date: 24th July, 2009.

AUDITOR'S CERTIFICATE

To
The Board of Directors,
BKV Industries Limited,
GUNTUR.

We have examined the cash flow statement of BKV Industries Limited for the year ended 31st March, 2009. The statement has been prepared by the company in accordance with the requirement of the Listing Agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report dated 30/06/2009 to the members of the company.

For GARLAPATI & Co.,
Chartered Accountants

Place: Guntur
Date: 30.06.2009

G.Satyanarayana
Partner
M.No. 22101

CERTIFICATE

To
The Members of
BKV Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by BKV Industries Ltd for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

The compliance conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investor grievances are pending against the company for a period exceeding one month as per the records maintained by the company and presented to the Shareholders/Investor Grievance Committee of the company.

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

For Garlapati & Co,
Chartered Accountants

Place: Guntur.
Date : 24th July,2009

G.Satyanarayana
Partner
M.No. 22101

AUDITOR'S REPORT

To
The Members of
BKV Industries Ltd.

- 01) We have audited the attached Balance Sheet of BKV Industries Ltd as at 31st March, 2009, 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.
- 02) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 03) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex here to a statement on matters specified in paragraphs 4 and 5 of the said order.
- 04) Further to our comments in the annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books.
 - (iii) The said Balance Sheet, Profit & Loss Account and Cash Flow statements dealt with by this report are in agreement with books of account.
 - (iv) In our opinion, the Balance Sheet & Profit & Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Due to notice received from the State Government for not to undertake operations in prawn farming in Coastal Regulatory Zone pronounced by Supreme Court, no operation were carried out in farm and the seed production was also stopped in the hatchery due to paucity of working capital. However accounts are prepared on a going concern basis for the year ended 31st March, 2009 in view of culture in ponds situated at Hatchery site and trading activity in merchandise goods Viz. Tobacco.

With out qualifying our opinion, we draw your attention to note No. S in Schedule No.12 relating to Scheme of Arrangement for re-organisation of capital under Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956 effective from April, 1, 2009 which will have an impact on share capital, accumulated profit & loss account, secured creditors and consequential transactions.

Subject to the above, the said accounts in our opinion and to the best of our information and according to the explanations given to us, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2009;
- b) in the case of Profit & Loss account of the Profit for the year ended on that date
and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Garlapati & Co,**
Chartered Accountants

Place : Guntur,
Date: 30-06-2009

G.Satyanarayana
Partner
M.No. 22101

ANNEXURE TO THE AUDITOR'S REPORT

Annexure to the auditor's report of BKV Industries Limited for the year ending 31st March, 2009 referred to paragraph (3) there of:

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) We have been informed that all the fixed assets have been physically verified by the management during the year and to the best of our knowledge no serious discrepancies have been noticed on such verification.
- c) During the year, the company has not disposed off any substantial part of fixed assets.
- 2) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanation given to us the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanation given to us the company has maintained proper records of inventories and there was no material discrepancies noticed on physical verification as compared to the book records.
- 3) a) The company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- b) The provisions of sub-clause (b) are not applicable in view of (a) above.
- c) The provisions of sub-clause (c) are not applicable in view of (a) above.
- d) The provisions of sub-clause (d) are not applicable in view of (a) above.
- e) The company owes monies to four parties (including three directors who had paid the dues as guarantors to the ING Vysya Bank Ltd) by operation of law as per the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 470.51 lakhs (previous year Rs. 445.31 lakhs) and the year end balance of loans taken from such parties was Rs. 470.51 lakhs. (previous year Rs. 443.31 lakhs)

As per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh vide their orders dated 13/02/2009 specified creditors will be issued shares at a 'Discovered New Share Issue Price'. Consequently

the secured loan portion will get reduced to that extent and equity capital and reserves will be increased after 1-4-2009.

- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and of the sale of goods and services. During the course of audit, we have not observed any major weakness in internal controls.
- 5) The company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- 6) According to the information and explanations given to us the company has not accepted any fixed deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of business.
- 8) Maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed in respect of this company.
- 9)
 - a) According to the information and explanations given to us, in our opinion, the company regular in depositing undisputed statutory dues including Investor Education & Protection Fund, income tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it. According to information and explanation and the opinion sought by the management, the Provident Fund Act is not applicable to this company.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty which have not been deposited on account of dispute and in the case of levy of Non-Agricultural Lands Assessment under Andhra Pradesh Non-Agricultural Land Assessment Act, the matter is pending at High court and an amount of Rs. 42.81 lakhs is shown under contingent liability.
- 10) The company was incorporated during the financial year 1993-94 and the net worth of the company is eroded. The company has reported a cash loss of Rs. 18.70 lakhs during the financial years 2007-'08 and made a cash profit of Rs. 169.85 lakhs during the financial year 2008-'09.

- 11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the financial year under consideration.
- 12) In our opinion and according to the explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- 14) The company has not dealt or traded in shares, securities, debentures or other investments during the year.
- 15) In our opinion and according to the explanations given to us, the company has not given any guarantees for loans taken by others from bank and financial institutions.
- 16) In our opinion and according to information and explanations given to us, the company has not raised any term loans during the year.
- 17) According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
- 18) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies in the register maintained under section 301 of the Act during the year.
- 19) According to the information and explanations given to us, during the year covered by our audit report, the company has not issued any debentures.
- 20) The company has not raised any money by way of public issue during the year.
- 21) Based on the audit procedures performed for the purposes of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **Garlapati & Co**
Chartered Accountants

Place : Guntur
Date: 30-06-2009

G. Satyanarayana
Partner
M.No. 22101

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SOURCES OF FUNDS			
1. Shareholders' Funds			
a. Share Capital	1	6,27,94,000	6,27,94,000
2. Loan Funds			
a. Secured Loans	2	3,03,50,000	3,03,50,000
b. Unsecured Loans	3	1,67,01,033	3,32,24,143
Total		10,98,45,033	12,63,68,143
APPLICATION OF FUNDS			
1. Fixed Assets			
Gross Block	4	7,22,87,423	7,22,77,998
Less: Depreciation		6,15,74,626	6,05,40,415
Net Block		1,07,12,797	1,17,37,583
2. Investments	5	3,400	3,400
3. Current Assets, Loans & Advances	6		
Interest accrued on Govt.Secu.		3,000	3,000
Inventories		2,84,338	1,74,060
Sundry Debtors		3,72,970	4,18,613
Cash & Bank Balances		6,35,540	1,56,991
Other Current Assets		17,188	7,180
Loans, Advances & Deposits		6,37,973	6,43,910
		19,51,019	14,03,754
Less: Current Liabilities & Provisions	7	17,89,912	13,01,787
		1,61,107	1,01,967
Miscellaneous Exp :			
Scheme expenses :			
To the extent not w/o or adjusted		3,93,236	---
Profit & Loss balance		9,85,74,493	11,45,25,193
Total		10,98,45,033	12,63,68,143
Notes on Accounts	12		

As per our attached report of even date

for and on behalf of the Board

for **GARLAPATI & CO.,**
Chartered Accountants

B. RAMA KRISHNA
Chairman & Managing Director

G SATYANARAYANA
Partner (M.No. 22101)
Place : Guntur
Date: 30-06-2009

B. Anitha
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	For the year ended 31-03-2009 Rs.	For the year ended 31-03-2008 Rs.
INCOME			
Sales	8	7,59,358	9,51,630
Other Income	9	9,060	0
Total		7,68,418	9,51,630
EXPENDITURE			
Culture Expenses	10	16,08,995	14,43,114
Administrative Expenses	11	14,06,969	13,70,383
Depreciation	4	10,34,211	12,12,662
		40,50,175	40,26,159
Profit/(Loss) before exceptional items		(-)32,81,757	(-)30,74,529
Exceptional Items (Refer Note No. M of the Schedule 12)		1,92,43,110	--
Profit/ (Loss) after exceptional items		1,59,61,353	(-) 30,74,529
Less : Fringe Benefit Tax		10,653	7,986
Net Profit / (Loss) for the year after the exceptional items transferred to Profit & Loss Balance		1,59,50,700	(-) 30,82,515
Add / (Less) Balance brought forward from previous year		(-)11,45,25,193	(-)11,44,42,678
Transferred to Balance Sheet		(-) 9,85,74,493	(-)11,452,5,193
Basic & Diluted Earning per share Face Value Rs. 10/- per share			
a) Before Exceptional items		-0.52	-0.49
b) After exceptional Items		2.54	-0.49
Notes on Accounts	12		

As per our attached report of even date
For **GARLAPATI & CO.**
Chartered Accountants

for and on behalf of the Board

G. SATYANARAYANA
Partner (M.No. 22101)

B. RAMA KRISHNA
Chairman & Managing Director

Place : Guntur
Date: 30-06-2009

B. Anitha
Director

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SHARE HOLDERS FUNDS		
1. SHARE CAPITAL		
Authorised Capital :		
1,15,00,000 (1,15,00,000)		
Equity Shares of Rs.10/- (Rs.10/-) each	11,50,00,000	11,50,00,000
	<u>11,50,00,000</u>	<u>11,50,00,000</u>
Issued, Subscribed & Paid up Capital :		
62,79,400 (62,79,400) Equity Shares		
of Rs.10/- (Rs.10/-) each	6,27,94,000	6,27,94,000
	<u>6,27,94,000</u>	<u>6,27,94,000</u>
LOAN FUNDS		
2. Secured Loans from guaranteed directors:		
Property documents of the company		
offered to ING Vysya Bank Limited	3,03,50,000	3,03,50,000
as Collateral security for extending limits		
to the Company have been passed on		
to the guaranteed directors by operation		
of Law as they have paid the dues to the		
bank on behalf of the company.		
	<u>3,03,50,000</u>	<u>3,03,50,000</u>
3. Unsecured Loans:		
Inter-corporate Loan from companies	1,22,06,033	3,14,49,143
From Director	44,95,000	17,75,000
	<u>1,67,01,033</u>	<u>3,32,24,143</u>

Schedules to the Balance Sheet & Profit & Loss Account																	
4. FIXED ASSETS		GROSS BLOCK (COST)						DEPRECIATION				NET BLOCK					
		As at 31-3-2008		Deletions during the Year		As at 31-3-2009		As at 31-3-2008		Additions during the year		Deletions during the Year		As at 31-3-2009			
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Description of Assets																	
Land		3211243	0	0	0	3211243	0	0	0	0	0	0	0	3211243	0	3211243	3211243
Buildings		11259294	0	0	0	11259294	7744019	249917	0	7993936	0	0	7993936	3265358	0	3515275	3515275
Plant & Machinery		48814931	7950	0	0	48822881	44218990	706581	0	44925571	0	0	44925571	3897310	0	4595941	4595941
Furniture		353017	0	0	0	353017	337028	2894	0	339922	0	0	339922	13095	0	15989	15989
Other Equipment		1496374	1475	0	0	1497849	1374664	18404	0	1393068	0	0	1393068	104781	0	121710	121710
Elec Installations		6523674	0	0	0	6523674	6261461	52443	0	6313904	0	0	6313904	209770	0	262213	262213
Vehicles		193515	0	0	0	193515	178312	3972	0	182284	0	0	182284	11231	0	15203	15203
Computers		425950	0	0	0	425950	425941	0	0	425941	0	0	425941	9	0	9	9
Total		72277998	9425	0	0	72287423	60540415	1034211	0	61574626	0	0	61574626	10712797	0	11737583	11737583
Previous Year		73263017	3900	988919	0	72277998	60204456	1212662	876703	60540415	11737583	13058561	60540415	11737583	13058561	13058561	13058561

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
5. INVESTMENTS		
A. Long Term Government Securities(at cost)		
Un quoted		
6 years National Savings Certificates	3,300	3,300
Indira Vikas Patra	100	100
	<u>3,400</u>	<u>3,400</u>
(Rs. 2,000/- deposited with Transport Authorities & Rs.1,000/- with SalesTax Authorities)		
6. CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
a. Interest accrued on Govt.Securites	3,000	3,000
	<u>3,000</u>	<u>3,000</u>
b. Inventories		
Stores & Spares	58,876	70,054
Stock - in - Trade		
i. Feed	16,920	5,400
ii. Chemicals	0	8,621
iii. Work-in-progress	1,56,082	37,525
iv. Packing materials	52,460	52,460
	<u>2,84,338</u>	<u>1,74,060</u>
c. Sundry Debtors		
Unsecured, considered good debts outstanding for more than six months:	3,72,970	4,18,613
Other debts :		
Unsecured, considered good	—	—
	<u>3,72,970</u>	<u>4,18,613</u>
d. Cash & Bank Balances		
i. Cash on hand	5,81,280	1,04,648
ii. Balance with Scheduled banks on Current Account	54,260	52,343
	<u>6,35,540</u>	<u>1,56,991</u>
e. Other Current Assets		
Prepaid Expenses	8,676	7,180
Interest receivable on Deposits	8,522	—
	<u>17,198</u>	<u>7,180</u>
A. Total a to e	13,13,046	7,59,844

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
B. Loans, Advances & Deposits (Unsecured, considered good)		
i) Advances recoverable in Cash or in kind or for value to be received	4,37,530	4,64,652
ii) Loans and Advances to Staff	1,51,062	1,30,415
Advance Fringe Benefit Tax	173	173
Advance Income-tax	49,208	48,670
Sub Total	<u>6,37,973</u>	<u>6,43,910</u>
Total (A+B)	19,51,019	14,03,754
 7. CURRENT LIABILITIES AND PROVISIONS		
i) Current Liabilities :		
Sundry Creditors:		
for Goods	1,07,500	2,350
for Expenses & Others	10,56,725	8,29,115
ii) Provisions:		
Other Provisions	6,25,687	4,70,322
	<u>17,89,912</u>	<u>13,01,787</u>
 8. SALES		
Indigenous Sales	7,59,358	9,51,630
	<u>7,59,358</u>	<u>9,51,630</u>
 9. OTHER INCOME		
Interested	9,060	0
	<u>9,060</u>	<u>0</u>
 10 Culture Expenses		
Seed	28,400	20,000
Feed consumed	3,39,480	2,61,090
Chemicals & Fertilisers consumed	10,541	19,455
Stores & Spares consumed	10,515	4,742
Power & Fuel	1,10,418	1,15,105
Salaries & wages	8,28,256	7,01,605
Staff Welfare & Other Benefits	2,10,081	1,32,011
Freight, Clearing & Forwarding	8,220	955

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	Year Ended 31-03-2009 Rs.	Year Ended 31-03-2008 Rs.
Repair & Maintenance:		
Building	8,950	19,144
Machinery	1,34,106	96,090
Others	34,630	19,107
Harvesting expenses	3,955	3,450
Total - A	<u>17,27,552</u>	<u>13,92,754</u>
Decrease/Increase in Inventory		
A. Closing inventory		
Work-in-process	(-)1,56,082	(-) 37,525
B. Opening Inventory		
Work-in-process	37,525	87,885
Total - B	<u>(-)1,18,557</u>	<u>50,360</u>
Total A + B	<u>16,08,995</u>	<u>14,43,114</u>
11 Administrative expenses:		
M.D's Remuneration	1,92,000	1,92,000
Rent	82,200	82,200
Insurance	2,596	2,484
Rates & Taxes	1,18,375	1,28,110
Sales Tax	0	8,333
Travelling & Conveyance	1,42,062	88,091
Vehicle maintenance	54,294	71,932
Printing & Stationery	1,20,694	64,616
Postage, Telephone & Telex	1,01,674	1,07,486
Professional & Legal charges	1,74,567	2,39,591
Audit Fees & Expenses	24,472	26,823
Bank charges	4,646	3,267
General Expenses	26,245	27,747
Advertisement	3,15,144	2,42,487
Loss on sale of Assets	0	37,216
Security Charges	48,000	48,000
	<u>14,06,969</u>	<u>13,70,383</u>

12. NOTES ON ACCOUNTS
A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements:

The Financial statements have been prepared under the Historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and in accordance with the applicable mandatory Accounting Standards. The company follows accrual basis of accounting.

2. Use of Estimates:

The preparation of financial statements require the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.

3. Fixed Assets and Depreciation:

- a. Fixed Assets are stated at Historical cost less accumulated Depreciation.
- b. Depreciation on Fixed Assets is provided on Written Down Value Method on prorata Basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

4 Investments:

Investments are classified as Current and Long Term Investments. Long Term Investments are stated at cost less provision if any for diminution, which is other than temporary in nature. Current investments are valued at lower of cost and net realizable value.

5 Valuation of Inventory:

The Valuation of inventory is made on the following basis.

- i. Raw material : At Cost on Weighted Average Basis or Net Realisable Value whichever is less.
- ii. Stores and Spares : At Cost on Weighted Average Basis or Net Realisable Value whichever is less.
- iii. Finished Goods : At Cost or Net Realisable Value whichever is less.
- iv. Work-in-progress : Valued at cost or net realisable value whichever is less.

Cost includes material cost and appropriate share of production overheads and duties where ever applicable.

6 Foreign Currency Transactions:

Foreign Currency Transactions are accounted for at the rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are restated at year end rate. Gain or Loss arising out of fluctuations in exchange rates are accounted in the Profit & Loss Account. Premium or discount on Forward Exchange Contracts is amortised as the expense or income over the tenure of the contract.

7. Employee Benefits:

Short Term Employee Benefits:

Short Term Employee Benefits for services rendered by employees are recognized during the period, when the services are rendered.

Post Employment Benefits:

The company is only carrying on culture in a limited way and does not have any industrial activity, hence Provident Fund & ESI are not applicable to the company. Gratuity is provided as per Gratuity Act, 1972.

8. Taxation:

Provision for current Income Tax made in accordance with Income Tax Act 1961. Deferred tax resulting from timing differences between book and taxable Profit is computed and provided by using the tax rates and Laws that have been enacted or substantially enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the Deferred Tax Asset will be realized in future.

9. Revenue Recognition:

Sales are recognised when goods are supplied and are recorded, net of rebates and sales tax. Expenses are accounted on accrual basis and provisions are made for all known losses and expenses.

10. Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists of an asset, recoverable amount is estimated and impairment loss is recognized whenever the carrying amount of an asset exceeds it's recoverable amount. Reversal of impairment of losses recognized in previous years is recorded whenever there is an indication that impairment losses recognized for the asset no longer exists or have decreased.

11. Amotisation of Expenses:

The company is implementing a Scheme of Arrangement of Equity Share Capital Reduction and Reconstruction and been incurring certain expenditure, which is to be amortised, as the scheme is expected to be completed only in the ensuing year. Further due to the implementation of the scheme, the company will have enduring benefits i.e the losses to the extent of capital reduction will be wiped out from carry forward losses and a portion of Secured loans will be converted in to Equity Capital. The total expenditure incurred for the scheme on completion will be written off over a period of time.

B) Contingent Liabilities & Provisions:

Contingent Liabilities – Litigation and related disputes:

Estimated amount of contracts remaining to be executed on capital account and not provided for – NIL –

claims against the company by NALA in earlier years but not acknowledged as debts are Rs. 42.81 Lakhs. (Previous year Rs.40.10 Lakhs)

C)

The company had received a notice dated 15.3.97 from Collector and District Magistrate, Nellore directing the company to close the shrimp farming activity in 68.60 acres of land, alleging that the above land falls within the Coastal Regulation zone, pursuant to the Supreme Court Judgment dated 11/12/96. However the Government had since stayed the operation of the above notice and during September 97 Larger Bench of Supreme Court had passed orders restraining from further seeding in the grow out ponds until further orders. Hence the Shrimp production was completely stopped in farm and subsequently due to paucity of working capital and continuous losses, the seed production was also stopped. However, the Accounts for the year ended 31.03.2009 have been drawn up on a going concern basis in view of farming operations near Shrimp Hatchery.

D)

The Managing Director has been remunerated at a salary of Rs.1.92 lakhs (previous Year Rs.1.92 lakhs) per annum.

E)

Auditors Remuneration:

Auditors Remuneration includes the following:

	Year ended <u>31.03.2009</u>	Year ended <u>31.03.2008</u>
	(Rs. In lakhs)	
Audit Fees	0.13	0.10
Out of pocket expenses	0.02	0.05
Service Tax	0.02	0.02
Tax representation fees	0.07	0.07
Tax Audit fee	-	0.03
	0.24	0.27

- F. There are no dues to Micro, Small and Medium Enterprises outstanding as on 31st March, 2009.
- G. Sundry Creditors for expenses includes Rs. 7,46,800/- payable to a director.
- H. Additional information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956.

	Year ended 31.03.2009		Year ended 31-03-2008	
	Qty. (In MTs)	Value Rs. (In Lakhs)	Qty. (In MTs)	Value Rs. (In Lakhs)
1. Licensed capacity				
Headless Shrimp (In MTs)	195.00		195.00	
2. Installed Capacity				
Headless Shrimp (In MTs)	224.00		224.00	
Shrimp Seed (in Mil Nos.)	100.00		100.00	
3. Actual Production-Shrimp	4.13		4.44	
4. Turnover				
Shrimp:	4.13	7.59	4.44	9.52
5. Opening Stock				
Headless Shrimp	-	-	-	-
6. Closing Stock				
Headless Shrimp	-	-	-	-
Merchandise goods:	-	-	-	-
7. Raw Materials Consumed				
Seed	-	0.28	-	0.20
Feeds (in Mts.)	11.55	3.39	8.70	2.61
l. Value of Imports on C.I.F. basis in respect of				
Raw Materials	—	—	—	—
Capital Goods	—	—	—	—
Other expenses.	—	—	—	—
j. Earnings in Foreign Exchange				
Export of Goods on FOB basis	—	—	—	—
	Rs. in lakhs	% of total	Rs. in lakhs	% of total
k. Value of feeds consumed				
Imports	—	—	—	—
Indigenous	3.39	100.00	2.61	100.00
Total	3.39	100.00	2.61	100.00
L. Value of stores & chemicals consumed				
Indigenous	0.21	100.00	0.24	100.00
Imported	—	—	—	—
Total	0.21	100.00	0.24	100.00

M. Exceptional item represents unsecured loan of Rs. 192.43 lakhs received from a private Limited Company in the year 1998-1999 written back during the year, as the company could not service it's commitments including interest and principal for a considerable period and the lender has also written off the amount as not recoverable in his books and the company does not have immediate resources to pay the same.

N. **Segment reporting:**

Based on guiding principles given in Accounting Standard on segment reporting, the company's primary business segments are shrimp and Merchandise goods viz. Tobacco. Given the business segments, the company services it's domestic and export markets from India. Hence the secondary segment of the company are Geographic namely Domestic & Exports.

Sl. No	Particulars	For the Year Ended 31/03/09		Total	Year ended 31/03/2008
		Domestic	Export		
1	Segment Revenue:				
	Shrimp	7.59	-	7.59	9.52
	Merchandise goods	-	-	-	-
	Net Sales	7.59	-	7.59	9.52
2	Segment Results:				
	Shrimp	175.73	-	175.73	-16.33
	Merchandise goods	-0.01	-	-0.01	-0.03
	Un-allocated expenses	-16.10	-	-16.10	-14.38
	Un-allocated Income	-	-	-	-
	Profit/Loss before tax	159.62		159.62	-30.74
3	Capital Employed:				
	(Segment Assets less Segment Liabilities)				
	<u>Shrimp</u>				
	Assets: 124.72				
	Liabilities <u>472.45</u>	-347.73		-347.73	-507.27
	<u>Merchandise Goods</u>				
	Assets 0.52				
	Liabilities <u>NIL</u>	0.52		0.52	0.52
	<u>Un allocable</u>				
	Assets 1.41				
	Liabilities <u>15.94</u>	-14.53		-14.53	-10.56
	Total	-361.74		-361.74	-517.31

O. During the year under review, none of the employees were in receipt of remuneration in excess of limits prescribed under the Companies Act, 1956.

P. Earning per share	Year ended <u>31.03.2009</u> Rs.in lakhs	Year ended <u>31.03.2008</u> Rs.in lakhs
a) Net profit/(loss) available for Equity Share holders		
Before Exceptional Items	-32.92	-30.83
After Exceptional Items	159.51	-30.83
b) Weighted average (No of Equity shares is used as denominator for calculation of EPS)	62,79,400	62,79,400
c) Basic & diluted earning per share.		
Before Exceptional Items	-0.52	-0.49
After Exceptional Items	2.54	-0.49

Q. Related Party Disclosures:

1. Key Management personal
 - 1) Sri B.Ramakrishna
2. Associate Companies
 - 1) Bommidala Tobacco Exporters Pvt Ltd
 - 2) Bommidala Ventures Pvt Ltd
 - 3) Hotel Shivam International (P) Ltd
 - 4) Bommidala Exports (P) Ltd
 - 5) Bommidala Exim (P) Ltd

Transactions during the year with related parties (Rs.in lakhs)

Particulars	Key Management Personnel	Associate Companies
i) Directors Remuneration	1.92	—
ii) Balance as on 31/03/2009 in Secured Loans payable to Directors, who paid directly to ING Vysya Bank Ltd as guarantors.	303.50	—
iii) Unsecured Loan from Mg. Director	44.95	—
iv) Inter corporate loan balance as on 31/03/2009	—	122.06

R. The amounts paid by directors to the bank on behalf of the company towards repayment of bank loans are shown under "secured loans" as per the expert opinion sought by the management.

S. **Scheme of Arrangement:**

- i) The company filed a Scheme of Arrangement u/s. 391 to 394 of the Companies Act, 1956 read with sections 78, 100 to 104 of the Companies Act, 1956, for reduction of share capital by diminishing the face value of the shares from Rs. 10/- to Rs. Rs.1/- per share and conversion of part of the monies owed to the secured creditors to equity with Hon'ble High Court of Andhra Pradesh.
- ii) In terms of Scheme of Arrangement which has been sanctioned by Hon'ble High Court of Andhra Pradesh on 13/02/2009 received on 06/03/2009 and 23/03/2009 and filed on 23/03/2009 and 01/04/2009 whereby the share capital of the company stands reduced from fully paid up equity share of Rs. 10/- each to Rs. 1/- amounting to Rs. 6,27,94,000/- to Rs. 62,79,400/- and consequently debit balance of Profit & Loss Account will get reduced by Rs. 5,65,14,600/- from the effective date from April 1, 2009 (the date on which the Scheme has been filed before the Registrar of Companies, Andhra Pradesh.)
- iii) Pursuant to Scheme, the company will issue new shares with face value of Rs. 1/- each to specified secured creditors against the amount standing to the credit of their respective accounts at 'Discovered New Share Issue Price' and convert the same into share capital by crediting to paid up share capital.
- iv) Pursuant to Scheme, the aforesaid effect, in the accounts of the company have been made as on April 1, 2009, and does not have any effect on the financials of the company for the period ending as on 31/03/2009.

T. Provision for Taxation:

In view of carried forward losses/unabsorbed depreciation in respect of past years and the company may not have the taxable income in the near future and hence, cumulative net deferred tax assets after deducting deferred tax liabilities have not been recognized by the company on prudence basis in accordance with the Accounting Standards prescribed under Companies Act, 1956. The detailed computation of Deferred Tax Assets/Provision is given below:

	Rs.
Deferred Tax Provision for current Year :	58,26,04,541
Less: Deferred Tax Asset of Rs. 293.51 Lakhs as stated below is restricted to:	
WDV as per Companies Act as on 01/04/2008	1,17,37,583
WDV as per Income Tax Act as on 01/04/2008	<u>1,73,50,820</u>
Deferred Tax Asset (Timing Difference)	(-) 56,13,237
Less: Unabsorbed carryforward	
Business loss	2,80,06,008
Unabsorbed carryforward	
Depreciation	<u>5,22,61,378</u> (-) 8,02,67,386
Gratuity provision	<u>(-) 4,70,251</u>
	<u>(-) 8,63,50,874</u>
Tax on the above	2,93,50,661
	<u>58,26,04,541</u>
Net Deferred Tax Asset/Liability carried forward	<u>Nil</u>
to Balance Sheet	

U. Confirmation of balances have not been obtained in respect of few Debtors, Loans, advances and creditors.

V. Previous year figures have been regrouped wherever necessary.

W. Figures have been rounded off to the nearest rupee and figures in brackets have been reduced from the totals.

As per our attached report of the even date

For and on behalf of the Board

For GARLAPATI & CO.,
Chartered Accountants
G. SATYANARAYANA
Partner (M.No. 22101)

B. Rama Krishna
Chairman & Managing Director

Place : Guntur
Dated : 30-6-2009

BALANCE SHEET ABSTRACT AND COMPANYS GENERAL BUSINESS PROFILE

I. Registration Details:		
Registration No. :	01-15304	State Code : 01
Balance Sheet Date :	31.03.2009	
II. Capital Raised during the year		(Rs.in thousands)
Public Issue		Rights Issues
-NIL-		-NIL-
Bonus Issue		Private Placement
-NIL-		-NIL-
III. Position of Mobilisation and Deployment of Funds		(Rs.in thousands)
Total Liabilities		Total Assets
109845		109845
Sources of Funds:		
Paid-up capital		Reserves & Surplus
62794		NIL
Secured Loans		Unsecured Loans
30350		16701
Application of Funds:		
Net Fixed Assets		Investments
10713		3
Net Current Assets		Misc. Expenditure
161		98968
iv. Performance of Company		(Rs.in thousands)
Turnover/other Income		Total Expenditure
20012		4061
Profit/Loss Before Tax		Profit/Loss After Tax
15962		15951
Earning per share in Rs.		Dividend rate
2.54		NIL
v. Generic Names of Three Principal Products/Services of Company		(as per monetary terms)
Item Code No.: 0306.13		
Service Description :	{	Processed/Headless Shrimp
Item Code No. 0306.13		Product Description : Processed/Headless Shrimp
Item Code No. 2401.20		Product Description : Un-manufactured Tobacco

As per our attached report of the even date

For and on behalf of the Board

For GARLAPATI & CO.,
Chartered AccountantsB. Rama Krishna
Chairman & Managing DirectorG. SATYANARAYANA
PartnerPlace : Guntur
Date: 30-06-2009

Cash Flow Statement for the year ended 31.03.2009

(Rs. in Lakhs)

	31.03.2009	31-03-2008
A. Cash Flow from Operating Activities		
Net (Loss)/Profit before tax and Extra-ordinary items	(-) 32.82	(-) 30.75
Adjustments for:		
Depreciation	10.34	12.13
Loss on sale of assets	—	0.37
	<u>10.34</u>	<u>—</u>
Operating Profit before Working Capital	(-) 22.48	(-) 18.25
Fringe Benefit Tax Paid	0.10	0.08
	(-) 22.58	(-) 18.33
Changes in working capital:		
Dec.in Trade & Other Receivables	0.45	(-) 0.75
Inc.in Inventories	(-) 1.10	0.53
Inc.in Trade Payables	4.88	1.14
Dec in Loans & Advances	0.12	0.65
Inc. in Current Assets	(-) 0.16	4.19
Cash inflow before extraordinary items	(-) 18.39	(-) 16.76
Exceptional item	<u>192.43</u>	<u>—</u>
Cash Flow from Operation Activities (A)	<u>174.04</u>	(-) <u>16.76</u>
B. Cash Flow from Investing Activities:		
Sale/Purchase of Assets	(-) 0.09	0.71
Amount paid for Restructuring activities	(-) 3.93	<u>—</u>
Net cash received in Investing Activities (B)	(-) 4.02	0.71
C. Cash Flow from Financial Activities:		
Decrease in unsecured loans	(-) 165.23	14.25
Repayment of long term borrowings	<u>—</u>	<u>—</u>
Net Cash inflow/out flow from financial activities C)	(-) 165.23	14.25
Net increase(decrease) in cash) and cash equivalents (A+B+C))	4.79	(-) 1.80
Cash & Cash equivalents as at 01/04/2008	1.56	3.36
Cash & Cash equivalents as at 31/03/2009	<u>6.35</u>	<u>1.56</u>

As per Report of Even date
For Gariapati & Co
Chartered Accountants

For & On behalf of the Board

B.Rama Krishna
Chairman & Managing Director

G. Satyanarayana
Partner
Place: Guntur
Date : 30-06-2009

ERRATUM

To

Dated : 24th July, 2009

The Shareholders,

BKV Industries Limited

We regret to inform you that there is inadvertent printing mistakes in the notice to the Shareholders & other statements dated 24th July, 2009. We would therefore request that the following resolution may be added and read as item No.6 to the Notice of the 16th Annual General Meeting of the company.

06. To consider and, if though fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

“Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereof as amended upto date, the re-appointment of Sri. Bommidala Ramakrishna as Chairman & Managing Director of the Company for a period of five years with effect from 10th March, 2009 on the terms and conditions contained in the agreement, a draft copy of which is laid on the table and initialed by the Chairman for the purpose of identification be and is hereby approved, confirmed and ratified.”

“Resolved further that in case of loss or inadequacy of profits in any financial year(s), the remuneration payable to the whole time director shall be governed by section II of part II of Schedule XIII of the Companies Act, 1956 or modifications thereof.”

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE AS REQUIRED U/S 173 (2) OF THE COMPANIES ACT, 1956.

Item No : 6

The Board of Directors had at their meeting held on 07-03-09, re-appointed Sri B. Ramakrishna, as Chairman & Managing Director of the Company, whose tenure as Managing director has come to an end by 09-03-2009. Accordingly, an agreement reached on 7th March, 2009 between the company and Sri. B. Ramakrishna, to re-appoint Sri. B. Rama Krishna as Chairman & Managing Director for a period of 5 years with effect from 10th March, 2009. The remuneration of the Managing Director shall be in accordance with Part II of Schedule XIII of the Companies Act, 1956, wherein in any financial year during th currency of tenure of Managing Directorship, the Company has no profits or it's profits are inadequate, subject to the limits laid down in Section 198 and Section 309 of the Companies Act, 1956, salary or perquisite shall not exceed the following limits :

SALARY :

Rs. 16,000/- per month or Rs. 1,92,000/- per annum including dearness and other allowances.

PERQUISITES :

In addition to the above salary, the Chairman cum Managing Director shall be entitled for the following perquisites broadly classified as below :

The total amount of perquisites shall not exceed Rs. 1,92,000/- per annum, or an amount equivalent to the annual salary which ever is less.

CATEGORY - A

a) Medical Expenses :

Expenses incurred by the Chairman cum Managing Director and his family subject

to a ceiling of one month's salary or three month's salary over a period of three years.

b) Leave Travel Assistance:

For the Chairman cum Managing Director and his family once in a year in accordance with any rules specified by the company.

c) Club Fee :

Fees of clubs subject to a maximum of two clubs. This will not include admission fee and life membership fee.

d) Personal Accident Insurance:

Premium not exceeding Rs.3,000/- per annum.

EXPLANATION :

For the purpose of category 'A', family means spouse, the dependent children and dependent parents of the Chairman & Managing Director.

CATEGORY - B

- i) Contribution to provident fund, super annuation fund, or annuity fund to the extent either singly or put together are not taxable under the Income Tax Act., 1961. In addition, he shall be entitled for a gratuity not exceeding half a month salary for each completed year of service.
- ii) He shall be entitled for the encashment of leave at the end of his tenure, in accordance with the Company's rules.

CATEGORY - C

He shall be provided with a car for the use on Company's business and telephone at residence. However, personal long distance calls on telephone and use of car for private purpose shall be paid by him to the company.

He shall not retire as Director by rotation during the tenure of his Chairman & Managing Directorship.

He shall oversee the day to day affairs of the company, subject to the superintendence of the Board. Since such re-appointment requires confirmation by the shareholders by way of resolution in General Meeting, the approval of the shareholders is sought.

The agreement dated 7th March, 2009 entered between the company and Sri B. Ramakrishna may be inspected at Corporate office during the working hours.

All directors except Sri N. Dolendra Prasad, Sri T. Rama Krishna & Sri K. Sridhar are interested in the resolution as Sri B. Ramakrishna is a relative to them in terms of Companies Act, 1956.

Provision for Taxation : Item No. T of Notes on Accounts (Schedule 12)

Please read Deferred Tax Provision for current Year as

For BKV Industries Limited

Sd/-

B. Rama Krishana

Chairman & Managing Director

BKV INDUSTRIES LIMITED

Regd. Office : D.No.5-87-15/A

Bommidala House, Lakshmpuram Main Road, Guntur - 522 007

Please complete the attendance slip and hand it over at the entrance of Meeting Hall. Please also bring your copy of the enclosed Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 16th Annual General Meeting of the company held on 16th September 2009.

Regd. Folio No.

No. of shares

Name of the Share holder (in block letters)
Signature of the shareholder or proxy

BKV INDUSTRIES LIMITED

Regd. Office : D.No. 5-87-15/A

Bommidala House, Lakshmpuram Main Road, Guntur - 522 007

Regd. Folio No.

PROXY FORM

No. of shares

I/We
of
..... being a Member/Members of BKV INDUSTRIES LTD
hereby appoint of
or failing him of
or failing him of
as my/our proxy to attend and vote for me/us and on my/our behalf at the
16th Annual General Meeting of the Company to be held on 16th September, 2009,
at 3.00 p.m. at Bommidala Cold Complex, Bypass Road, Lalpuram, Guntur-522 017
or at any adjournment there of.

Signed this day of 2009

Signature

Revenue Stamp

NOTE : The proxy form duly completed shall be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting. Proxy need not be a member.

BOOK-POST
(PRINTED MATTER)

To

If underlivered please return to

BKV INDUSTRIES LTD.

D.No. 5-87-15/A, Bommidala House,
Lakshmpuram Main Road, GUNTUR - 522 007.
Andhra Pradesh