



BKV INDUSTRIES LIMITED

**SEVENTEENTH ANNUAL REPORT
2009 - 2010**

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
Sri Yedlapalli Srinivasa Rao	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 Seventeenth Annual General Meeting of the members of BKV Industries Limited will be held on Friday the 24th September, 2010 at 3.30 P.M at Bommidala Cold Complex, Bypass 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, 2010 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 Kanteti Sridhar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Nellore Dolendra Prasad who retires by rotation and being eligible, offers himself 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. Yedlapalli Srinivasa Rao 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 liable to retire by rotation.”

Place : Guntur
Date: 30-08-2010

By order of the Board of Directors
For BKV Industries Limited

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 Thursday, 16th September 2010 to Friday, 24th September 2010 (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 Kanteti Sridhar is a graduate in Commerce. He has experience in business and working as Managing Director in Siridi Sai Garments (P) Ltd for the last 10 years. The Board considered that the company would be benefited by the business exposure and advice of Sri K. Sridhar.

Item No. 3

Sri N. Dolendra Prasad is a pioneer in shrimp farming in Nellore District. He is the first person to attempt intensive shrimp farming in Andhra Pradesh. He has demonstrated his technology in culture & seed in TASPARC farm, Pudiparti. He has also produced aqua feed. He is being recognized by the industrial houses and MPEDA as the first generation technocrat entrepreneur and got substantial business experience in various fields. Hence the Board considered that his business experience will be of good use for the company.

Item No. 5

Mr. Yedlapalli Srinivasa Rao joined the Board of the Company on 29/04/2010 as an additional director and as per the provisions of section 260 of the Companies Act, 1956, and holds 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. Y. Srinivasa Rao as a director.

Mr. Y. Srinivasa Rao aged about 62 years is an industrialist with more than three decades of experience in various industries of Soft Drinks, Hospitality, Cold Storage and sales and distribution activity of Tractors etc. During his long career, he had been exposed thoroughly to Production, Marketing, Human Resource Management and Finance activities His wide experience in different fields of activities will be useful to the company.

Your directors commend the proposed resolution for approval of the members.

None of the directors except Mr. Y. Srinivasa Rao is interested in the resolution.

DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting you the Seventeenth Annual Report together with Audited Accounts for the year ended 31st March, 2010.

PERFORMANCE OF THE COMPANY

(Rs. in Lakhs)

	For the year ended 31/03/2010	For the year ended 31/03/2009
Sales & Other Income	26.16	7.68
Profit/(Loss) before interest and Depreciation	(-) 7.56	(-) 22.48
Depreciation	8.89	10.34
Net Profit / (Loss) before tax & Exceptional item	(-) 16.45	(-)32.82
Exceptional item	-	192.43
Exceptional item	-	0.10
Fringe Benefit Tax	(-) 16.45	159.51
Net Profit/(Loss) after tax & exceptional Items		

OPERATIONS:

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

B. Hatchery: No seed is produced during the year 2009 - 2010. However shrimp is produced about 7.39 Tonnes in ponds situated at Hatchery and achieved a shrimp turnover of Rs 17.06 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 13) 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:

As there is a volatility in foreign exchange rates, the company is keenly watching the markets for trading opportunity in items like Tobacco and other commodities. Since the major portion of losses have been wiped off, the company is contemplating to raise necessary working capital funds for trading operations.

CAPITAL RESTRUCTURING :

The Scheme of Arrangement for capital restructuring involving the reduction of paid-up value of the share from Rs. 10/- to Re.1/- and for the conversion of secured loans to equity has been approved by the Hon'ble High Court of Andhra Pradesh dated 13th February, 2009. The said order was also filed with the office of the Registrar of Companies, Andhra Pradesh. The scheme has been implemented in full with the company effecting the reduction of paid-up value of equity share from Rs.10/- to Re.1/-. Consequently the paid-up share capital of the company was reduced from Rs. 6,27,94,000/- to Rs. 62,79,400/- wiping off Rs. 5,65,14,600/- of accumulated losses. The losses of the company as at 31/03/2010 stood reduced to Rs 4,37,04,583/- as against Rs. 9,85,74,493/- as at 31/03/2009. The shares of the company carrying face value of Re.1/- have been listed. Further on 29/01/2010 the company allotted 91,69,184 number equity shares to the promoters of the company namely Sri B. Kasiviswanadham, Sri B. Rama Krishna & Smt. B. Saroja Devi by converting Rs. 303.50 lakhs secured loans as per the scheme of arrangement. This resulted

in secured loans getting wiped out and the paid-up share capital of the company getting increased to Rs. 1,54,48,584/-. Further the promoters holding in the company increased as under:

Prior to allotment of shares	Post allotment of shares on conversion of loans
18,03,800 - 28.73%	1,09,72,984 - 71.03%

The company employed the Price Discovery Formula as envisaged in the said Scheme of Arrangement and the price per share as arrived was Rs. 3.31. The company is in the process of obtaining listing of the aforesaid shares. The New Shares issued are subject to lock-in period of three years.

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 Kanteti Sridhar 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, Sri Nellore Dolendra Prasad retires by rotation at the Annual General Meeting and being eligible offers himself 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 Seventeenth 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 it's 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 2010 -11. The Hyderabad Stock Exchange Ltd have stated that no Annual Listing Fees need be paid in view of their de-recognition by SEBI. The company has applied for delisting of the Company's shares to the Stock Exchanges of Kolkata, and Delhi which are under process and hence not paid annual listing fees for the year 2010-2011.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm

- a) that in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 2009-2010 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.

Indian aqua culture sector has been facing difficult times for the past few years. On one hand slow down economy has reduced demand from developed countries. On the other hand, increasing protectionism and regulations are creating problems. Anti dumping duty imposed by the U S Government had been causing significant monetary and procedural difficulties for exports. As a result of increasing difficulties of losing business, small exporters have not been able to sustain their business and had to go out.

Shrimp belonging to *p. monodon* and *p. indicus* are cultured extensively in Andhra Pradesh. In 1997 a total of 88290 h a was under shrimp farming, but by 2008-09 the total area under culture had decreased to 36395 h a. Due to disease problems, the production also had come down drastically. During 2009 every where including United States, European Union and Japan , the farmed shrimp market is depressed due to the result of an unfavourable economic climate. Asian shrimp producers are under pressure to keep prices down and were reacted by cutting output or expanding the domestic market for shrimp where they could get higher prices. During the year 2008-2009, India achieved marine products exports of Rs. 8,607.94 crores (US Dollars 1908.63 Millions) exporting 6.02 lakhs MTs seafood products There was an increase of 11.29% in quantity, 12.95% in rupee earning compared to the exports during the previous year. This is a very credible achievement for Indian seafood industry considering the global melt down in the economy and reduced demand for consumer products.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Being 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 changing patterns of the commodities market due to increase in volumes. Your promoters are watching the fluctuations in the foreign exchange rates carefully and did not venture into any commodity business for the last two years as the High Court order for capital restructuring is under final stage of implementation and the company was able to clean up it's Balance Sheet to raise the working capital funds in the near future to carry on the trading operations. 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 the 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, 2010, the company achieved a turnover of Rs 17.06 lakhs against the previous year Rs.7.59 lakhs. . This is mainly due to no exports during the year. Despite considerable efforts in controlling the administrative expenditure the company incurred a net loss before the exceptional item Rs.16.45 lakhs.. During the year the company carried the minimum operations in farming activities near hatchery to maintain it's assets and not able to execute any trading operations. 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:

Company's Ordinary Equity shares are originally 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 and Calcutta Stock Exchanges in pursuance of special resolution passed in the 14th Annual General Meeting held on 28th September, 2007. The company since made an application for delisting of it's shares in Delhi and Kolkata Stock Exchanges and the matter is under 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: 30-08-2010

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 and others	- Nil - - Nil -
iii.	Capital Goods	- Nil - - Nil -

Place : Guntur
Date: 30-08-2010

By order of the Board of Directors

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, 2009 TO MARCH 31, 2010**

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 31/03/2010 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 assets management, to discuss and decide on company / business policy and strategy apart from normal Board business.

During the financial year ended March 31, 2010 six Board Meetings were held on 10/06/2009, 30/06/2009, 24/07/2009, 31/07/2009 30/10/2009 and 29/01/2010

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/ Chairman ships 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 & Managing Director	Executive Director	6	Yes	None	None
Smt. Bommidala Saroja Devi	Non Executive Director	5	No	None	None
Smt. Bommidala . Anitha	Non Executive Director	6	No	None	None
Shri N. Dolendra Prasad	Non Executive Independent Director	4	No	One	None
Shri Kanteti Sridhar	Non Executive Independent Director	6	No	None	None
Sri T. Rama Krishna	Non Executive Independent Director	6	Yes	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.

No. of equity shares held by the non-executive directors as on 31/03/2010

Name of the Director	No.of Shares held	Shares allotted in pursuance of Scheme of Arrangement during the year	Total	Percentage
Mr. B. Kasi Viswanadham	27,100	45,31,722	45,58,822	29.51
Smt. B. Saroja Devi	7,52,085	16,61,631	24,13,716	15.62
Smt. B. Anitha	4,06,825	0	4,06,825	2.63

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, 2010 the committee met 4 times i.e on 30th June, 2009, 31st July, 2009, 30th October, 2009 and 29th January, 2010.

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
Sri T. Rama Krishna	Member	Non - Executive & Independent	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. Anitha, and Mr. T. Rama Krishna

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.

Remuneration of Directors

The details of the remuneration paid to Managing Director for the financial year 2009-2010 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 (chairperson), Smt. B. Anitha and Mr. T. Rama Krishna, non-executive directors

The Shareholders / Investor Grievance Committee met four times i.e on 30/06/2009, 31/07/2009, 30/10/2009, and 29/01/2010 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" submits "Investor Grievance Report" every quarter which will be reviewed by the Shareholders/Investor Grievance Committee.

The Company received a total of 7 complaints from 01.04.2009 to 31.03.2010 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 Smt. B. Anitha as chairperson and Mr. B. Rama Krishna and Sri. Bh.V.Mohana Rao as members.

The Committee met 6 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 4,600 Equity shares were transferred including 100 shares under transmission.

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
28 th September 2007	2.30 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
15 th September 2008	3.00 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
16 th September 2009	3.00 P.M.	Bommidala Cold Complex, Lalpuram, Guntur

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

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 'P' 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 newspapers).

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 : 24th September 2010 at 3.30 P.M at Bommidala Cold Complex, Lalpuram, Bypass Road, Guntur.

Financial Calendar :

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

Dates of Book Closure : 16th September 2010 to 24th September 2010 (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 01022

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

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

E-mail I D 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 01022

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, 2010

Category (Amount)	No. of Shareholders	Amount Rs.	% to Total
1 - 5000	13,287	32,05,016	20.75
5001 - 10000	47	3,34,486	2.17
10001 - 20000	26	3,70,327	2.40
20001 - 30000	7	1,70,706	1.10
30001 - 40000	4	1,44,465	0.93
40001 - 50000	2	83,400	0.54
50001 -100000	3	2,59,100	1.68
100000 and above	5	1,08,81,084	70.43
Total	13,381	1,54,48,584	100.00

Categories of Shareholding as on 31st March, 2010

Category	No. of Shares	% to Total
Promoters & Associates	1,09,72,984	71.03
Foreign Institutional Investors	-	-
Public Financial Institutions & Banks	5,000	0.03
Mutual Funds & UTI	42,400	0.27
Private Corporate Bodies	8,28,292	5.36
NRI's and OCB's	1,78,512	1.16
Indian Public	34,21,396	22.15
Total	1,54,48,584	100.00

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: 30-08-2010

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, 2010 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, 2010, 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,
Firm Regn. No. 000892S
Chartered Accountants

Place: Guntur.
Date : 30-08-2010

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, 2010, 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 as amended by the companies (Auditors Report) (Amendment) order, 2004 (together the 'order') 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, 2010 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2010 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 operations 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, 2010 in view of culture in ponds situated at Hatchery site.

With out qualifying our opinion, we draw your attention to note No. 'Q' in Schedule No.13 after implementation of the Scheme of Arrangement for reorganization of capital under Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956, the capital reduction of Rs. 5,65,14,600 was deducted from the accumulated losses in the Profit & Loss account, Secured Loans of Rs. 3,03,50,000/- were converted in to share capital of Rs. 91,69,184 (Face value of Re.1/- each) and share premium of Rs. 2,11,80,815/- as per the "Discovered New Share Issue Price".

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, 2010;
- b) in the case of Profit & Loss account of the loss 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,**
Firm Regn. No. 000892S
Chartered Accountants
G.Satyanarayana
Partner - M.No. 22101

Place : Guntur
Date: 30-08-2010

ANNEXURE TO THE AUDITOR'S REPORT

Annexure to the auditor's report of BKV Industries Limited for the year ending 31st March, 2010 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 were 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. Accordingly sub-clauses (b), (c) and (d) of this order are not applicable.
b) The company has taken interest free unsecured loans from four parties (including three directors who had paid the dues as guarantors to the Vysya Bank Ltd) by operation of law as per the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs. 474.31 lakhs (previous year 470.51 lakhs) and the year end balance of loans taken from such parties was Rs. 169.61 lakhs. (previous year 470.51 lakhs)
c) In our opinion and according to the explanation given to us, loans taken from the individuals, firms, companies and other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prejudicial to the interest of the company.
d) Un secured loans taken from two parties are not payable during the year under consideration since these are payable on demand. Hence stipulation regarding regularity in payment does not arise. The Secured loans taken from Directors of Rs. 3,03,50,000/- were converted in to share capital of Rs. 91,69,184 (face value of Re. 1/- each per share) and share premium of Rs. 2,11,80,815 (share premium of Rs. 2.31 per share) as per the "Discovered New Share Issue Price" of the Scheme of Arrangement regarding reorganization of share capital approved by the Hon'ble High Court of Andhra Pradesh.
e) There is no overdue amount of loans taken from the companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
- 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 with in 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 is 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, 2010 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. 45.52 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 profit of Rs. 169.85 lakhs during the financial years 2008-'09 and made a cash loss of Rs. 7.56 lakhs during the financial year 2009-'10. .
- 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 made 91, 69,184 preferential allotment of Equity shares to parties and companies in the register maintained under section 301 of the Act during the year as per the High Court order dated 13/ 02 /2009 as part of the Scheme of Arrangement sanctioned.
- 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,**
Firm Regn. No. 000892S
Chartered Accountants

Place : Guntur
Date: 30-08-2010

G.Satyanarayana
Partner, M.No. 22101

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	1	1,54,48,584	6,27,94,000
Reserves & Surplus	2	2,11,80,815	0
2. Loan Funds			
a) Secured Loans	3	0	3,03,50,000
b) Unsecured Loans	4	1,69,61,033	1,67,01,033
TOTAL		<u>5,35,90,432</u>	<u>10,98,45,033</u>
APPLICATION OF FUNDS			
1. Fixed Assets	5		
Gross Block		6,92,39,936	7,22,87,423
Less: Depreciation		5,96,08,825	6,15,74,626
Net Block		<u>96,31,111</u>	<u>1,07,12,797</u>
2. Investments	6	3,400	3,400
3. Current Assets, Loans & Advances	7		
Interest accrued on Govt,Secu.		3,000	3,000
Inventories		2,47,653	2,84,338
Sundry Debtors		0	3,72,970
Cash & Bank Balances		1,90,722	6,35,540
Other Current Assets		7,167	17,198
Loans & Advances & Deposits		5,42,336	6,37,973
		<u>9,90,878</u>	<u>19,51,019</u>
Less: Current Liabilities & Provisions	8	<u>13,68,831</u>	<u>17,89,912</u>
Net Current assets		<u>(-) 3,77,953</u>	<u>1,61,107</u>
Miscellaneous Expenditure			
(To the extent not written off or adjusted)		6,29,291	3,93,236
Profit & Loss Balance		<u>4,37,04,583</u>	<u>9,85,74,493</u>
TOTAL		<u>5,35,90,432</u>	<u>10,98,45,033</u>
Notes on Accounts	13		

Note : The Schedules referred to above from an integral part of Balance Sheet.

As per our attached report of even date for and on behalf of the Board

for **GARLAPATI & CO.**,

Firm Regn. No. 000892S

Chartered Accountants

G. SATYANARAYANA

Partner (M.No. 22101)

Place : Guntur

Date: 30-08-2010

B. RAMA KRISHNA

Chairman & Managing Director

B. Anitha

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	For the year ended 31-03-2010 Rs.	For the year ended 31-03-2009 Rs.
INCOME			
Sales	9	17,06,326	7,59,358
Other Income	10	9,09,444	9,060
TOTAL		<u>26,15,770</u>	<u>7,68,418</u>
EXPENDITURE			
Culture Expenses	11	19,50,734	16,08,995
Administrative Expenses	12	14,21,167	14,06,969
Depreciation		8,88,559	10,34,211
		<u>42,60,460</u>	<u>40,50,175</u>
Profit/(Loss) before exceptional items		(-)16,44,690	(-)32,81,757
Exceptional Items		0	1,92,43,110
Profit/ (Loss) after exceptional items		(-)16,44,690	1,59,61,353
Less: Fringe Benefit Tax		0	10,653
Net Profit/(Loss) for the year after exceptional items		(-)16,44,690	1,59,50,700
transferred to Profit/Loss Balance			
Add/(Less) Brought forward from previous year	9,85,74,493		(-)11,45,25,193
Less: Reduction of Share Capital resulting reduction in loss (Refer Sch. 13, Note no.'Q' of Notes on Accounts.	(-)5,65,14,600	(-)4,20,59,893	
Transferred to Balance Sheet Balance & Deluted Earnings per share Face value Rs. 10/- per share in 2008-09 and Rs. 1/- per share in 2009-10		(-)4,37,04,583	(-)9,85,74,493
a) Before exceptional items		(-)0.21	(-)0.52
b) After exceptional items		(-)0.21	2.54
Notes on Accounts.	13		

Note : The Schedules referred to above from an integral part of Profit & Loss Account.

As per our attached report of even date
For **GARLAPATI & CO.**
Firm Regn. No. 000892S
Chartered Accountants

G. SATYANARAYANA
Partner (M.No. 22101)

Place : Guntur
Date: 30-08-2010

for and on behalf of the Board

B. RAMA KRISHNA
Chairman & Managing Director

B. Anitha
Director

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

SHARE HOLDERS FUNDS	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
1. SHARE CAPITAL		
Authorised Capital :		
11,50,00,000 (1,50,00,000)		
Equity Shares of Rs.1/- (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 :		
1,54,48,584 (62,79,400) Equity Shares		
of Rs.1/- (Rs.10/-) each	1,54,48,584	6,27,94,000
(Please Refer to Item No. Q of Schedule No. 13 for details of reduction of face value of equity share		
	<u>1,54,48,584</u>	<u>6,27,94,000</u>
	-----	-----
2. RESERVES & SURPLUS :		
Share Premium	<u>2,11,80,815</u>	<u>0</u>
	2,11,80,815	0
3. LOAN FUNDS		
a) Secured Loans :		
Secured Loans from guaranteed directors:		
Property documents of the company		
offered to ING Vysya Bank Limited	0	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>0</u>	<u>3,03,50,000</u>
	-----	-----
4. Unsecured Loans:		
Inter-corporate Loan from companies	1,22,06,033	1,22,06,033
From Director	47,55,000	44,95,000
	<u>1,69,61,033</u>	<u>1,67,01,033</u>
	-----	-----

5. FIXED ASSETS												
Schedules to the Balance Sheet & Profit & Loss Account												
Description of Assets	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK			
	As at 31-3-2009	Additions during the Year	Deletions during the Year	As at 31-3-2010	As at 31-3-2009	Additions during the year	Deletions during the Year	As at 31-3-2010	As at 31-3-2010	As at 31-3-2010	As at 31-3-2009	As at 31-3-2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	3211243	0	0	3211243	0	0	0	0	0	3211243	3211243	3211243
Buildings	11259294	0	0	11259294	7993936	230005	0	8223941	0	3035353	3265358	3265358
Plant & Machinery	48822881	0	1634006	47188875	44925571	593877	1523795	43995653	0	3193222	3897310	3897310
Furniture	353017	0	0	353017	339922	2370	0	342292	0	10725	13095	13095
Other Equipment	1497849	11109	0	1508958	1393068	20842	0	1413910	0	95048	104781	104781
Elec Installations	6523674	0	1426790	5096884	6313904	36332	1330565	5019671	0	77213	209770	209770
Vehicles	193515	0	0	193515	182284	2933	0	185217	0	8298	11231	11231
Computers	425950	2200	0	428150	425941	2200	0	428141	0	9	9	9
Total	72287423	13309	3060796	69239936	61574626	888559	2854360	59608825	0	9631111	10712797	10712797
Previous Year	72277998	9425	0	72287423	60540415	1034211	0	61574626	0	10712797	11737583	11737583

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	As at 31-03-2010 Rs.	As at 31-03-2009 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	4,37,530
ii) Loans and Advances to Staff	52,925	1,51,062
iii) Advance Fringe Benefit Tax	2,673	173
iv) Advance Income-tax	49,208	49,208
	<hr/>	<hr/>
Sub Total	5,42,336	6,37,973
Total (A+B)	9,90,878	19,51,019
	<hr/>	<hr/>
8. CURRENT LIABILITIES AND PROVISIONS		
i) Current Liabilities :		
Sundry Creditors:		
for Goods	3,20,852	1,07,500
for Expenses	3,81,763	10,56,725
ii) Provisions:		
Other Provisions	6,66,216	6,25,687
	<hr/>	<hr/>
Total	13,68,831	17,89,912
	<hr/>	<hr/>
9. SALES		
Indigenous Sales	17,06,326	7,59,358
	17,06,326	7,59,358
	<hr/>	<hr/>
10. OTHER INCOME		
Profit on sale of assets	9,09,444	9,060
	9,09,444	9,060
	<hr/>	<hr/>
11. CULTURE EXPENSES		
Seed	54,100	28,400
Feed consumed	6,43,243	3,39,480
Chemicals & Fertilisers consumed	29,085	10,541
Stores & Spares	3,853	10,515
Power & Fuel	132,417	110,418
Salaries & Wages	813,690	828,256
Staff Welfare & Other Benefits	103,555	210,081
Freight, Claring & forwarding	9,150	8,220
Repairs & Maintenance :		
Buildings	10,739	8,950
Machinery	103,555	134,106
Others	8,463	34,630
Harvesting expenses	10,680	3,955
Total A	19,22,530	17,27,552
	<hr/>	<hr/>

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	Year Ended 31-03-2010 Rs.	Year Ended 31-03-2009 Rs.
Increase/Decrease in Inventory		
a) Closing Inventory :		
Work in Process:	(-)1,27,878	(-)1,56,082
b) Opening Inventory:		
Work in Process :	1,56,082	28,204
Total	19,50,734	16,08,995
12 Administrative expenses:		
M.D's Remuneration	1,92,000	1,92,000
Rent	92,950	82,200
Insurance	1,969	2,596
Rates & Taxes	1,37,178	1,18,375
Travelling & Conveyance	84,126	1,42,062
Vehicle Maintenance	38,893	54,294
Printing & Stationery	96,446	1,20,694
Postage,Telegraf & Telex	1,01,093	1,01,674
Professional & Legal Charges	1,77,456	1,74,567
Audit Fees & Expenses	22,410	24,472
Bank Charges	5,428	4,646
General Expenses	29,820	26,245
Advertisement	3,01,179	3,15,144
Security Charges	49,520	48,000
Loss on sale of Scrap	20,778	0
Scheme exp. Written off	69,921	0
Total	14,21,167	14,06,969

13. 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 is 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 its 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. Amortisation of Expenses:

The expenditure incurred towards scheme of Arrangement on share capital reduction and re-organization is amortized as the scheme has benefit of enduring nature. The total expenditure incurred for the scheme will be written off over a period of 10 years.

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. 45.52 Lakhs. (Previous year Rs.42.81 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 31.03.2010 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 31.03.2010	Year ended 31.03.2009
	(Rs. In lakhs)	
Audit Fees	0.13	0.13
Out of pocket expenses	-	0.02
Service Tax	0.02	0.02
Tax representation fees	0.07	0.07
	<u>0.22</u>	<u>0.24</u>

F. There are no dues to Micro, Small and Medium Enterprises outstanding as on 31st March, 2010.

G. Sundry Creditors for expenses includes Rs. 2.84 Lakhs payable to a director. (Previous year Rs. 7.47 lakhs)

H. Additional information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956.

	Year ended 31.03.2010	Year ended 31-03-2009		
	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	7.39		4.13	
4. Turnover				
Shrimp:	7.39	17.06	4.13	7.59
5. Opening Stock				
Headless Shrimp	-	-	-	-
6. Closing Stock				
Headless Shrimp	-	-	-	-
Merchandise goods:	-	-	-	-
7. Raw Materials Consumed				
Seed	-	0.54	-	0.28
Feeds (in Mts.)	21.97	6.43	11.55	3.39
I. 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	6.43	100.00	3.39	100.00
Total	6.43	100.00	3.39	100.00
L. Value of stores & chemicals consumed				
Indigenous	0.33	100.00	0.21	100.00
Imported	—	—	—	—
Total	0.33	100.00	0.21	100.00

M. 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 31/03/2010		Total	Year ended 31/03/2009
		Domestic	Export		
1	Segment Revenue:				
	Shrimp	26.16	-	26.16	7.68
	Merchandise goods	-	-	-	-
	Net Sales	26.16	-	26.16	7.68
2	Segment Results:				
	Shrimp	(-) 0.97	-	(-) 0.97	175.73
	Merchandise goods	(-) 0.05	-	(-) 0.05	(-) 0.01
	Un-allocated expenses	(-)15.43	-	(-)15.43	(-)16.10
	Un-allocated Income	-	-	-	-
	Profit/Loss before tax	(-)16.45	-	(-)16.45	159.62
3	Capital Employed:				
	(Segment Assets less Segment Liabilities)				
	<u>Shrimp</u>				
	Assets:	104.72	-	104.72	124.72
	Liabilities	172.82	-	172.82	472.45
	<u>Merchandise Goods</u>				
	Assets	0.52	-	0.52	0.52
	Liabilities	-	-	-	-
	<u>Un allocable</u>				
	Assets	1.01	-	1.01	1.41
	Liabilities	10.48	-	10.48	15.94
	Total	(-) 77.05	-	(-) 77.05	(-) 361.74

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

O. Earning per share	Year ended 31.03.2010 Rs.in lakhs	Year ended 31.03.2009 Rs.in lakhs
a) Net profit/(loss) available for Equity Share holders..		
Before Exceptional Items	(-)16.45	(-)32.92
After Exceptional Items	(-)16.45	159.51
b) Weighted average (No of Equity shares is used as denominator for calculation of EPS)	78,36,905	62,79,400
c) Basic & diluted earning per share.		
Before Exceptional Items	(-)0.21	(-)0.52
After Exceptional Items	(-)0.21	2.54

P. **Related Party Disclosures:**

1. Key Management personal
 - 1) Sri B.Ramakrishna
2. Associate Companies
 - 1) Bommidala Tobacco Exporters Pvt Ltd
 - 2) Hotel Shivam International (P) Ltd
 - 3) Bommidala Exports (P) Ltd
 - 4) 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 (1.92)	—
ii) Balance as on 31/03/2010 in Secured Loans payable to Directors, who paid directly to ING Vysya Bank Ltd as guarantors.	-- (303.50)	—
iii) Unsecured Loan from Mg.Director	47.55 (44.95)	—
iv) Inter corporate loan balance as on 31/03/2010	—	122.06 (122.06)
Rent Exp. Paid		0.93 (0.82)

Q. **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 Re.1/- per share and conversion 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 Re.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 issued 91,69,184 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 converted the same into share capital by crediting to paid up share capital.

R. 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.

- S. Confirmation of balances have not been obtained in respect of few Debtors, Loans, advances and creditors.
- T. Previous year figures have been regrouped wherever necessary.
- U. 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 GARLAPATI & CO.,
Firm Regn. No. 000892S
Chartered Accountants

G. SATYANARAYANA
Partner (M.No. 22101)

Place : Guntur
Dated : 30-08-2010

For and on behalf of the Board

B. Rama Krishna
Chairman & Managing Director

B. Anitha
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:		
Registration No. :	01-15304	State Code : 01
Balance Sheet Date :	31.03.2010	
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
53590		53590
Sources of Funds:		
Paid-up capital		Reserves & Surplus
15448		21181
Secured Loans		Unsecured Loans
0		16961
Application of Funds:		
Net Fixed Assets		Investments
9631		3
Net Current Assets		Misc. Expenditure
(-)378		44334
iv. Performance of Company		(Rs.in thousands)
Turnover/other Income		Total Expenditure
2615		4260
Profit/Loss Before Tax		Profit/Loss After Tax
(-)1645		(-)1645
Earning per share in Rs.		Dividend rate
(-)0.21		NIL
v. Generic Names of Three Principal Products/Services of Company		
Item Code No.: 0306.13		(Processed/Headless Shrimp)
Service Description :		Product Description : Processed/Headless Shrimp
Item Code No. 0306.13		Product Description : Un-manufactured Tobacco
Item Code No. 2401.20		

As per our attached report of the even date
For GARLAPATI & CO.,
Firm Regn. No. 000892S
Chartered Accountants

G. SATYANARAYANA
Partner
Place : Guntur
Date: 30-08-2010

For and on behalf of the Board

B. Rama Krishna
Chairman & Managing Director

B. Anitha
Director

Cash Flow Statement for the year ended		(Rs. in Lakhs)	
		31.03.2010	31-03-2009
A. Cash Flow from Operating Activities			
Net (Loss)/Profit before tax and Extra-ordinary items	(-)16.45	(-) 32.82	
Adjustments for:			
Depreciation		8.89	10.34
Loss on sale of assets	—	0.21	-
Profit on sale of assets		(9.09)	-
Scheme Exp. Written off		0.70	-
Operating Profit before Working Capital		(-)15.74	(-) 22.48
Fringe Benefit Tax Paid		NIL	0.10
		(15.74)	(-) 22.58
Changes in working capital:			
(Inc.)/Dec. in Trade & Other Receivables	3.73		0.45
(Inc.)/Dec. in Inventories	0.36		(-)1.10
Inc./(Dec.) in Trade Payables	(-)4.21		4.88
(Inc.) /Dec in Loans & Advances	0.96		0.12
(Inc.)/Dec. in Current Assets	0.10	0.94	(-)0.16
Cash inflow before extraordinary items		(-)14.80	(-) 18.39
Exceptional item		NIL	192.43
Cash Flow from/(used in) Operating Activities (A)		(-)14.80	174.04
B. Cash Flow from Investing Activities:			
Sale of Assets		10.95	
Purchase of Assets		(-)00.13	(-)0.09
Amount paid for Restructuring activities		(-)03.06	(-)3.93
Net cash from / (used in) Investing Activities (B)		7.76	(-)4.02
C. Cash Flow from Financial Activities:			
(Decrease) increase in unsecured loans		2.60	(-)165.23
(Decrease) increase in secured loans		(-)303.50	-
Increase in Share Capital		91.69	-
Increase in Reserves - Share Premium		211.81	-
Net Cash from flow/ (used in) financial activities (C)		2.60	(-)165.23
Net Cash increase (decrease) in cash and cash equivalents (A+B+C)		(-)4.44	4.79
Cash & Cash equivalents as at 01/04/2009		6.35	1.56
Cash & Cash equivalents as at 31/03/2010		1.91	6.35

As per Report of Even date
For Garlapati & Co
Firm Regn. No. 000892S
Chartered Accountants
G. Satyanarayana, Partner
Place: Guntur
Date : 30-08-2010

For and on behalf of the Board

B. Rama Krishna
Chairman & Managing Director
B. Anitha
Director

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, 2010. 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 30-08-2010 to the members of the company.

Place: Guntur
Date: 30-08-2010

For GARLAPATI & Co.,
Firm Regn. No. 000892S
Chartered Accountants
G.Satyanarayana
Partner, M.No. 22101

BKV INDUSTRIES LIMITED “and reduced”

Regd. Office : D.No.5-87-15/A
Bommidala House, Lakshmipuram 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 here by record my presence at the 17th Annual General Meeting of the company held on 24th September 2010.

Regd. Folio No.

No.of shares

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

BKV INDUSTRIES LIMITED “and Reduced”

Regd. Office : D.No. 5-87-15/A
Bommidala House, Lakshmipuram 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 himof
or failing himof
as my/our proxy to attend and vote for me/us and on my/our behalf at the
17th Annual General Meeting of the Company to be held on 24th September, 2010, at 3.30 p.m.
at Bommidala Cold Complex, Bypass Road, Lalpuram, Guntur-522 017 or at any adjournment
there of.

Signed this day of 2010

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 LIMITED“and reduced”

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