



# **BKV INDUSTRIES LIMITED**

**'and reduced'**

**NINETEENTH ANNUAL REPORT**  
**2011-12**

## **BOARD OF DIRECTORS**

Sri Bommidala Rama Krishna  
Sri Bommidala Kasiviswanadham  
Smt. Bommidala Saroja Devi  
Smt. Bommidala Anitha  
Sri Nellore Dolendra Prasad  
Sri Kanteti Sridhar  
Sri Tunuguntla Ramakrishna  
Sri Yedlapalli Srinivasa Rao

Chairman & Managing Director  
Director  
Director  
Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

## **STOCK EXCHANGES :**

### **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 Ltd.**

7, Lyons Range,  
KOLKATA - 700 001

### **The Delhi Stock Exchange Ltd.**

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

### **The Hyderabad Stock Exchange Ltd.**

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

## **AUDITORS :**

M/s. Garlapati & Co.  
Chartered Accountants,  
D.No. 6-03-11, 3/4, 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, Lakshmiapuram,  
Main Road,  
GUNTUR - 522 007

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the members of BKV Industries Limited. " and reduced " will be held on Monday the 17<sup>th</sup> September, 2012 at 3.00 PM 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 Statement of Profit and Loss for the financial year ended 31st March, 2012 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 her self for re-appointment.
4. To re-appoint M/s Garlapati & Co, Chartered Accountants as auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix remuneration and out of pocket expenses.

Place : Guntur  
Date: 04-08-2012

By order of the Board of Directors  
For BKV Industries Limited

**B. RAMA KRISHNA**  
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 7<sup>th</sup> September, 2012 to 17<sup>th</sup> September 2012 (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**

#### **Item No. 2**

Sri B. Kasiviswanadham aged 76 years is a founder promoter of the company. He has over 48 years of experience in Tobacco business. He has been associated with administration, marketing and H R related activities and been associated with your company since inception. Sri B. Kasiviswanadham is also a director on the Boards of 5 other companies. The Board of Directors recommend 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 and knowledge in areas like legal, banking and H R related activities. Her knowledge of legal aspects will be a great help to the management in complying with various Governmental and other 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 Committees constituted by the company. The Board of Directors recommend 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.

**DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS**

Your Directors have pleasure in presenting you the Nineteenth Annual Report together with Audited Accounts for the year ended 31st March, 2012.

**PERFORMANCE OF THE COMPANY**

(Rs. in Lakhs)

	For the year ended 31/03/2012	For the year ended 31/03/2011
Sales & Other Income	64.96	52.97
Profit/(Loss) before interest and Depreciation	6.84	(-) 7.24
Depreciation	6.96	7.55
Net Profit / (Loss) before tax & Exceptional items	(-) 0.12	(-) 14.79
Exceptional items	6.35	14.14
Net Profit/(Loss) after tax & Exceptional items	6.23	(-) 0.65

**OPERATIONS:**

- A. Farm : During March, 2011, the Aqua Farm situated at Isakapalli is given on lease. The company also invested adequately for improving building structures like store rooms, administrative office, godowns, canteen etc so that the entire infrastructure is improved substantially for future operations.
- B. Hatchery: No seed is produced during the year 2011 - 2012. However shrimp is produced about 17.43 tonnes in ponds situated at Hatchery and achieved a shrimp turnover of Rs 37.59 lakhs.

**DIVIDEND:**

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

**FUTURE PROSPECTS:**

The company has identified a buyer for its Hatchery at Mypadu in March 2012 in 'as is where is condition' and completed the formalities of selling the total property at a total price of Rs. 150 Lakhs and could repay the interest free unsecured loans extended by promoters for more than a decade. With this transaction the company has become debt free company and the promoters are reviewing the global market conditions to venture into commodities and other related business.

**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, director 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, director 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 (2A) 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 Nineteenth 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 Bombay, Delhi, Kolkata, Chennai, and Hyderabad. The company confirms that it has paid annual listing fees to the Stock Exchanges of Kolkata, Bombay and Chennai for the year 2012-2013. The Hyderabad Stock Exchange Ltd had 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. There was no demand from Delhi Stock Exchange and the company has not paid any listing fees.

**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 31<sup>st</sup> March, 2012, 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 2011-2012 and of the Profit 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.**

India's marine exports are likely to grow by over 28% year-on-year to \$ 4.5 Billion in the current fiscal on rasing demand from Europe and U.S.A. During 2011-12 the Sea Food exports stood at \$ 3.5 Billion according to data provided by MPEDA. The increase is mainly due to vannamei and Black Tiger Shrimp. In 2010 Indian packers exported 66 million pounds of shrimp to the United States. In 2011 this figure jumped to 106 million pounds , a 60 percent increase in just one year. Most of the growth can be attributed to farmed white shrimp. The growth of white shrimp Industry has been nothing short of phenomenal in India. The biggest market hurdle comes from India’s white shrimp producers’ tendency to raise large sizes such as 16/20 and 21/25 in all product forms. If India continues to focus on large sizes this year, this will push these sizes lower for all large shrimp, especially from Asian origins.

**B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

In addition to unseasonal weather, farmers and packers experienced higher energy costs, as well as inflationary pressures. The global economy faces critical challenges and the biggest risk is Europe’s debt crisis. Growth is slowing in emerging Asian economies. There is still high unemployment in the United States, with stagnant wage growth and a depressed housing market. Consumer disposable income among Americans declined in 2011. Consumers cannot accelerate levels of spending unless they make more money, but this is not likely to happen until the job market improves. Hence, there should be a relatively stable US shrimp market in the year 2012. Last year was a challenging year on the quality front, as most factories were unprepared to handle these volumes. Most factories invested in expansions and are well positioned to handle more quantities. The biggest challenges are increasing wages, and thanks to a weakening currency, prices have relatively been stable.

**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 judgments used in preparing the financial statements.

During the year ended 31st March, 2012 the company achieved a turnover of Rs. 37.59 lakhs against the previous year of Rs.37.25 lakhs. During March, 2011, the company had given it’s Farm for a short term lease. Near Hatchery the company carried out limited farming operations to maintain its assets and also improved its infrastructure in Farm. However the company could just meet its expenses and earned a marginal profit of Rs. 6.23 lakhs.

**E. CAUTIONARY STATEMENT**

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

Due to head winds in the market environment that could upset the proposed operations of the company. However the company had already sold its Hatchery assets and given the farm assets on lease for a short term, the company may be able to curtail substantial administrative costs and there by reduce its losses considerably.

**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 was not necessary and therefore decided to de-list from Delhi and Calcutta stock exchanges in pursuance of special resolution passed in the 14<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2007. The company since made an application for delisting of its 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: 04-08-2012

**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: 04-08-2012

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, 2011 TO MARCH 31, 2012.**

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

**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.

**Board of Directors****Composition:**

The strength of the Board of Directors as on 31/03/2012 is 8. 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 7 Non-Executive directors. The Board represents an 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, 2012 seven Board Meetings were held on 04/05/2011, 5/07/2011, 28/07/2011, 13/08/2011, 29/10/2011 , 30/01/2012 and 14/02/2012.

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	4	No	None	None
Shri Bommidala Rama Krishna, Chairman & Managing Director	Executive Director	7	Yes	None	None
Smt. Bommidala Saroja Devi	Non-Executive Director	3	No	None	None
Smt. Bommidala Anitha	Non-Executive Director	5	No	None	None
Shri N. Dolendra Prasad	Non-Executive Independent Director	3	No	One	None
Shri Kanteti Sridhar	Non-Executive Independent Director	5	No	None	None
Sri Tunuguntla Rama Krishna	Non-Executive Independent Director	6	Yes	None	None
Sri Yedlapalli Srinivasa Rao	Non-Executive Independent Director	4	No	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 31/03/2012

Name of the Non-Executive Director	No.of Shares held	Percentage
Sri B. Kasi Viswanadham	45,58,822	29.51
Smt. B. Saroja Devi	24,13,716	15.62
Smt. B. Anitha	4,06,825	2.63

**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 31<sup>st</sup> March, 2012 the committee met 4 times i.e on 4<sup>th</sup> May, 2011, 28<sup>th</sup> July, 2011, 29<sup>th</sup> October, 2011 and 14<sup>th</sup> February, 2012

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

Directors	Chairman/ Member	Category	No.of meetings attended
Sri Kanteti Sridhar	Chairman	Non - Executive & Independent	4
Sri N. Dolendra Prasad	Member	Non - Executive & Independent	2
Sri T. Rama Krishna	Member	Non - Executive & Independent	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 2011-2012 are given below :

Name of the Director	Bommidala Ramakrishna (Chairman & Managing Director)
Salary	Rs. 3,06,000/-
Benefits	-
Provident Fund	-
<b>Total</b>	<b>Rs. 3,06,000/-</b>

### Shareholders / Investor Grievance Committee

The company has a Shareholders / Investor Grievance Committee comprises of three non executive directors namely Smt. B. Saroja Devi (chair person), Smt. B. Anitha and Mr. T. Rama Krishna, non-executive directors.

The Shareholders / Investor Grievance Committee met four times i.e on 4<sup>th</sup> May, 2011, 28<sup>th</sup> July, 2011, 29<sup>th</sup> October, 2011 and 14<sup>th</sup> February, 2012. 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 37 complaints from 01.04.2011 to 31.03.2012 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 Two weeks from the date of receipt of complete documentation required to affect the transfer.

### Share Transfer Committee

The Company has constituted Share Transfer Committee comprising of Smt. B. Anitha as chair person and Mr. B. Rama Krishna and Sri. Bh.V.Mohana Rao as members. The Committee met 10 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 2,800 Equity Shares were transferred. There are no pending share transfers as on date of this Report.

### General Body Meetings

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

Date of AGM	Time	Place
16 <sup>th</sup> September 2009	3.00 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
24 <sup>th</sup> September 2010	3.30 P.M.	Bommidala Cold Complex, Lalpuram, Guntur
17 <sup>th</sup> September 2011	2.30 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 31 of Notes on Accounts for details.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

- None -

## Means of Communication

The quarterly audited / un-audited financial results of the Company are published in The New 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 the above news papers. wherever required.

## General Shareholder Information

Annual General Meeting : 17<sup>th</sup> September 2012 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 – In the Second week of August
- c. Half yearly Results – In the Second week of November
- d. Third Quarter Results – In the Second week of February
- e. Fourth Quarter Results- In the Second week of May

Dates of Book Closure : 7<sup>th</sup> September 2012 to 17<sup>th</sup> September 2012 (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 Ltd \*
- iv. The Delhi Stock Exchange 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 Delhi & Calcutta 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 31<sup>st</sup> March, 2012

Category (Amount)	No. of Shareholders	Amount Rs.	% to Total
1 - 5000	13,170	31,72,838	20.54
5001 - 10000	51	3,58,159	2.32
10001 - 20000	26	3,51,121	2.27
20001 - 30000	7	1,68,898	1.09
30001 - 40000	3	1,02,519	0.66
40001 - 50000	3	1,27,765	0.83
50001 -100000	3	2,59,100	1.68
100000 and above	6	1,09,08,184	70.61
<b>Total</b>	<b>13,269</b>	<b>1,54,48,584</b>	<b>100.00</b>

Categories of Shareholding as on 31<sup>st</sup> March, 2012

Category	No. of Shares	% to Total
Promoters & Associates	1,08,20,284	70.04
Foreign Institutional Investors	—	-
Public Financial Institutions & Banks	5,000	0.03
Mutual Funds & UTI	41,900	0.27
Private Corporate Bodies	7,89,698	5.11
NRI's and OCB's	1,78,612	1.16
Indian Public	36,13,090	23.39
<b>Total</b>	<b>1,54,48,584</b>	<b>100.00</b>

Market Price: High / Low during each month in Financial year 2011-2012 in BSE and performance.

Month	BKV Industries Ltd. Stock Performance	
	High (Rs.)	Low (Rs.)
April, 2011	4.90	3.89
May, 2011	5.04	4.52
June, 2011	4.55	4.35
July, 2011	4.65	4.23
Aug., 2011	4.65	4.20
Sep., 2011	4.46	3.81
Oct., 2011	4.60	4.04
Nov., 2011	4.35	3.71
Dec., 2011	3.71	3.53
Jan., 2012	3.70	3.53
Feb., 2012	3.52	2.13
Mar., 2012	2.03	1.39

Dematerialisation of Shares 81.71 % Equity Shares of the company have been dematerialized as on 31<sup>st</sup> March, 2012.

#### Green Initiative in Corporate Governance

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular no. 17/2011 date April 21, 2011 and circular no. 18/2011 dated April 29, 2011 issued by the Ministry, Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This welcome initiative of MCA will reduce paper consumption to a great extent and enhance corporate contribution to a greener and safer environment. All shareholders of the Company can contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address. Company had informed all the shareholders who have registered their e-mail address with the depository/Company for their consent to use their e-mail address for sending documents including Annual Report through e-mail. The Annual Reports are being sent through e-mail to the shareholders who have registered their e-mail address. The shareholders are requested to register their e-mail address to the company and with our Registrat and Transfer Agent - Karvy Computershare Private limited. All the shareholders are requested to contribute to this initiative and reduce paper usage by opting to receive various notices and documents through electronic mode to their registered e-mail address with the depository/company.

#### Plant Locations:

Shrimp Farm

Isakapalli, Allur (Mandal), Nellore (Dt)

Shrimp Hatchery

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

No.of Employees as on 31/03/12

13

Address for Correspondence

A) Company:

B K V Industries Limited "and reduced"  
Bommidala House, D.No. 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

## MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To the best of our knowledge and belief:

- We have reviewed the Balance Sheet and Statement of Profit and Loss and all its Notes on financial Statements 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 do 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. RAMA KRISHNA**  
Chairman & Managing Director

Place : Guntur  
Date: 04-08-2012

**CERTIFICATE**

To  
The Members of  
BKV Industries Ltd, “and reduced”

We have examined the compliance of conditions of Corporate Governance by BKV Industries Ltd., 'and reduced' for the year ended on 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with 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 31<sup>st</sup> March, 2012, 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  
Firm Regn. No. 000892S

Place: Guntur.  
Date : 04-08-2012

**G. Satyanarayana**  
Partner  
M.No. 22101



## AUDITOR'S REPORT

To  
The Members of  
BKV Industries Ltd. 'and reduced'

- 01) We have audited the attached Balance Sheet of BKV Industries Ltd, 'and reduced' as at 31<sup>st</sup> March, 2012, the Statement of Profit & Loss 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, and 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, Statement of Profit & Loss and Cash Flow Statements dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet & Statement of Profit & Loss 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes there on 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 31<sup>st</sup> March, 2012;
- b) in the case of Statement of Profit & Loss 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  
(Firm Regn.No. 000892S)

Place : Guntur  
Date:04-08-2012

**G. Satyanarayana**  
Partner - Membership No. 22101

**ANNEXURE TO THE AUDITOR'S REPORT**

Annexure to the auditor's report of BKV Industries Limited, 'and reduced' for the year ending 31<sup>st</sup> March, 2012 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 received an advance for sale of the Hatchery property in 'as is where is condition' however in view of farm property given on lease, the going concern concept is not affected.
- 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. Accordingly sub-clauses (b), (c) and (d) of this order are not applicable.  
e) The company has taken interest free unsecured loan from a director and a company in which directors are interested and the maximum amount involved during the year was Rs.161.61 lakhs and the year end balance taken from the director and the Company was Rs. 54.11 lakhs.  
f) In our opinion and according to the information and explanations given to us, loans taken from the individual, 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.  
g) Unsecured loans taken from the two parties are payable on demand. Since no demand for payment is received during the year, irregularity of payment does not arise.  
h) 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 purchases of inventory and fixed assets and for the sale of goods. During the course of audit, we have not observed any major weakness in internal control systems.
- 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, hence the provisions of clause 4 (vi) are not applicable.
- 7) In our opinion, the company has an internal audit system commensurate with the size and nature of its 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, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to information and explanations given to us 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 Investor Education & Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and Cess were in arrears, as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable. The amounts due to Investor Education & Protection Fund for a period exceeding six months as at 31<sup>st</sup> March, 2012 does not arise as the company has not declared dividends to the shareholders since its inception.
- 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 courts and an amount of Rs. 50.94 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 totally eroded. The company has reported a cash profit of Rs.6.90 lakhs during the financial years 2010 -'11 and made a cash profit of 13.19 lakhs during the financial year 2011 -'12. .
- 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) During the year the company has not issued any preferential shares, hence the clause (XVIII) is not applicable to the company.
- 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 monies 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: 04-08-2012

**G.Satyanarayana**  
Partner, M.No. 22101

**BALANCE SHEET AS AT 31st MARCH, 2012**

	Note		As at 31-03-2012 Rs.		As at 31-03-2011 Rs.
<b>EQUITY AND LIABILITIES</b>					
Shareholders Funds					
Share capital	1	1,54,48,584		1,54,48,584	
Reserves & Surplus	2	(-)2,19,66,487	(-)65,17,903	(-)2,25,89,279	(-)71,40,695
<b>Non-Current Liabilities</b>					
Other Long Term Liabilities	3	2,50,000		2,50,000	
Long Term Provisions	4	12,04,644	14,54,644	8,71,110	11,21,110
<b>Current Liabilities</b>					
Short Term Borrowings	5	54,11,033		1,61,61,033	
Trade Payables	6	4,90,646		2,90,628	
Other Current Liabilities	7	1,00,60,000	1,59,61,679	7,80,000	1,72,31,661
<b>TOTAL</b>			<b>1,08,98,420</b>		<b>1,12,12,076</b>
<b>ASSETS</b>					
<b>Non-Current Assets:</b>					
<b>Fixed Assets :</b>					
Tangible assets	8	42,01,142		45,98,951	
Non-Current Investments	9	3,400		3,400	
Other Non-Current Assets	10	8,59,486	50,64,028	10,97,464	56,99,815
<b>Current Assets</b>					
Inventories	11	0		1,63,027	
Trade Receivables	12	4,73,437		4,19,032	
Cash & Cash equivalents	13	10,45,072		2,75,156	
Short -term Loans & Advances	14	83,530		52,199	
Other Current Assets	15	42,32,353	58,34,392	46,02,847	55,12,261
<b>Total</b>			<b>1,08,98,420</b>		<b>1,12,12,076</b>

Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Balance Sheet.

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: 04-08-2012

For and on behalf of the Board

**B. RAMA KRISHNA**  
Chairman & Managing Director

**B. Anitha**  
Director

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012**

<b>INCOME</b>	<b>Note</b>	<b>For the year ended 31-03-2012 Rs.</b>	<b>For the year ended 31-03-2011 Rs.</b>
Revenue from operations	16	57,93,135	38,44,931
Other Income	17	67,122	38,777
<b>Total revenue</b>		<u>58,60,257</u>	<u>38,83,708</u>
<b>EXPENSES :</b>			
Cost of material consumed	18	10,47,139	10,77,227
Purchase of Stock - in trade		0	0
Changes in Inventories of finished goods, work in progress and stock-in-trade	19	1,42,467	(-)14,589
Employee benefits expenses	20	18,06,248	14,86,167
Finance Costs		0	0
Depreciation and amortization expenses	21	6,96,399	7,55,583
Other expenses	22	<u>21,80,591</u>	<u>20,58,465</u>
Total expenses		<u>58,72,844</u>	<u>53,62,853</u>
Profit / (Loss) before Exceptional & Extraordinary Items & Tax		(- )12,587	(-) 14,79,145
Exceptional Items	23	6,35,379	14,13,634
Profit & (Loss) before Extraordinary Items & Tax		6,22,792	(-) 65,511
Extraordinary Items		0	0
Profit Before Tax		6,22,792	(-) 65,511
Tax Expenses		0	0
Profit / (Loss) for the Year		6,22,792	(-)65,511
Earnings per Equity Share of face value of Rs.1/- Basic & Diluted (in Rs)		0.04	(-)0.01
(Refer note No 28 to the financial statements)			

Significant Accounting Policies and Notes to the Financial Statements are an integral part of this statement of Profit and Loss.

For **GARLAPATI & CO.**  
Firm Regn. No. 000892S  
Chartered Accountants

**G. SATYANARAYANA**  
Partner (M.No. 22101)

Place : Guntur  
Date: 04-08-2012

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)

	<u>31/03/2012</u>	<u>31/3/2011</u>
<b>A. Cash Flow from Operating Activities:</b>		
Net (Loss) / Profit before Tax & Extra-Ordinary items	6,22,792	(-) 65,511
<b>Adjustments for:</b>		
Depreciation	6,96,399	7,55,583
Profit on sale of assets	(-) 6,35,379	(-) 14,13,634
Scheme expenses w/off	2,19,978	95,062
Loss of Stock	—	52,460
Prior Year Income	—	(-) 10,977
	<u>9,03,790</u>	<u>(-) 5,87,017</u>
<b>Changes in working Capital</b>		
Dec / (Inc) in Trade Receivable	(-) 54,405	(-) 4,19,032
Dec / (Inc) in Inventories	1,63,027	84,626
Dec / (Inc) in Short Term Loans & Advances	(-) 31,330	57,390
Dec / (Inc) in other Non-Current assets	18,000	4,418
(Dec) / inc in Long Term Provisions	3,33,534	2,04,894
(Dec) / inc in Long Term Borrowings	-	2,50,000
(Dec) / inc in Trade Payables	2,00,018	(-) 4,11,987
(Dec) / inc in Other Current Liabilities	<u>92,80,000</u>	<u>7,80,000</u>
Cash Flow from operating activities	<u>1,08,12,634</u>	<u>(-) 36,708</u>
<b>B. Cash Flow from Investing Activities</b>		
Sale of Assets	7,12,938	13,50,069
Purchase of assets	(-) 5,656	(-) 2,07,779
Prior Year adjustments to Assets	—	(-) 2,21,148
Cash recd from Investing activities	<u>7,07,282</u>	<u>9,21,142</u>
<b>C. Cash Flow from Financial Activities</b>		
(Dec)/ inc in short Term Borrowing	(-)1,07,50,000	(-) 8,00,000
Cash Flow from Financial activities	<u>(-)1,07,50,000</u>	<u>(-) 8,00,000</u>
Net inc / (Dec) in cash and cash equivalents (A+B+C)	7,69,916	84,434
Cash & cash equivalents as at 01/04/2011	2,75,156	1,90,722
Cash & cash equivalents as at 31/03/2012	<u>10,45,072</u>	<u>2,75,156</u>

For **GARLAPATI & CO.**  
Firm Regn. No. 000892S  
Chartered Accountants

For and on behalf of the Board

**B. RAMA KRISHNA**  
Chairman & Managing Director

**G. SATYANARAYANA, Partner**  
Place : Guntur  
Date: 04-08-2012

**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 31<sup>st</sup> March, 2012. 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 Statement of Profit & Loss and Balance Sheet of the company covered by our report dated 04-08-2012 to the members of the company.

For **GARLAPATI & Co.,**  
Firm Regn. No. 000892S  
Chartered Accountants

Place: Guntur  
Date: 04-08-2012

**G. Satyanarayana**  
Partner, M.No. 22101

**A. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

**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 Statement of Profit & Loss. Premium or discount on Forward Exchange Contracts is amortised as the expense or income over the tenure of the contract.



**SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**

**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 the Payment of 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 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. Amortization of Expenses:**

During the year the management decided to write off the amortized scheme expenditure within Five years instead of Ten years. The expenditure incurred towards scheme of arrangement on Share Capital reduction and reorganization is amortized as the scheme has the benefit of enduring nature.

**12. Leases :**

All the Operating Leased assets are presented in the Balance Sheet under the Fixed Assets. Lease Income from operating lease is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs including the depreciation and initial costs are recognised as expense.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

<b>SHARE HOLDERS FUNDS</b>	<b>As at 31-03-2012 Rs.</b>	<b>As at 31-03-2011 Rs.</b>
<b>1. Share Capital</b>		
Authorised Share capital 11,50,00,000 (11,50,00,000) Equity Share Capital of Rs. 1/-each (1/-)	11,50,00,000	11,50,00,000
<b>TOTAL</b>	<u>11,50,00,000</u>	<u>11,50,00,000</u>
Issued, Subscribed & Paid up Share capital: 1,54,48,584 (1,54,48,584) Equity Share Capital of Rs. 1/-each (1/-)*	1,54,48,584	1,54,48,584
<b>TOTAL</b>	<u>1,54,48,584</u>	<u>1,54,48,584</u>

Reconciliation of No. Equity Shares outstanding at the beginning and at the end of reporting period:

	Nos	Nos
Balance at the beginning of the year	1,54,48,584	1,54,48,584
Add/(Less) shares issued and allotted during the year	0	0
Less Shares bought back during the year	<u>0</u>	<u>0</u>
Balance at the closing of the year	<u>1,54,48,584</u>	<u>1,54,48,584</u>

"\* Pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh, Hyderabad on 13/02/2009, the company issued 91,69,184 new shares with the face value of Rs1/- each to the specified 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 Rs. 91,69,184 and Rs. 2,11,80,815 towards security premium reserve."

The following Directors are holding shares consisting of more than 5% of the share capital

	<u>Percentage</u>	<u>Percentage</u>
Sri B. Kasi Viswanadham	29.51	29.51
Sri B. Rama Krishna	20.50	20.50
Smt. B. Saroja Devi	15.62	15.62

<b>2. Reserves &amp; Surplus</b>			
Securities Premium Reserve As per Last Balance Sheet		2,11,80,815	2,11,80,815
Surplus - Balance in Statement of Profit & Loss			
As per Last balance Sheet	(-)4,37,70,094	(-)4,37,04,583	
Add: Profit/(Loss) for the year	<u>6,22,792</u>	<u>4,31,47,302</u>	<u>(-)65,511</u>
<b>TOTAL</b>		<u>(-)2,19,66,487</u>	<u>(-)2,25,89,279</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

	<b>As at 31-03-2012 Rs.</b>	<b>As at 31-03-2011 Rs.</b>
<b>3) Other Long Term Liabilities:</b> (Un Secured & from related parties)		
Deposit for leasing farm assets	2,50,000	2,50,000
<b>TOTAL</b>	<b><u>2,50,000</u></b>	<b><u>2,50,000</u></b>
<b>4) Long Term Provisions :</b>		
Provision for employee benefits:		
Provision for Gratuity	12,04,644	8,71,110
<b>TOTAL</b>	<b><u>12,04,644</u></b>	<b><u>8,71,110</u></b>
<b>5) Short Term Borrowings :</b>		
(Un-secured and payable and demand from related parties)		
Inter - Corporate Loan from Company in which directors are interested:		
From Director	22,06,033	1,22,06,033
	32,05,000	39,55,000
<b>TOTAL</b>	<b><u>54,11,033</u></b>	<b><u>1,61,61,033</u></b>
<b>6) Trade Payable</b>		
Micro, Small and Medium Enterprises	Nil	NIL
Others	4,90,646	2,90,628
<b>TOTAL</b>	<b><u>4,90,646</u></b>	<b><u>2,90,628</u></b>
<b>7) Other Current Liabilities:</b>		
Advance received against lease of farm from related parties	0	7,80,000
Others	60,000	0
Advance for sale of assets	1,00,00,000	0
<b>TOTAL</b>	<b><u>1,00,60,000</u></b>	<b><u>7,80,000</u></b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

8. FIXED ASSETS		GROSS BLOCK (COST)						DEPRECIATION						NET BLOCK	
		As at 31-3-2011	Additions during the Year	Deletions during the Year	Assets held for sale	As at 31-3-2012	As at 31-3-2011	Additions during the Year	Deletions during the Year	Assets held for sale	As at 31-3-2012	As at 31-3-2012	As at 31-3-2012	As at 31-3-2011	
Description of Assets	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
<b>Tangible Assets:</b>															
Land	3211243	0	0	1691910	1519333	0	0	0	0	0	1519333	1519333	1519333		
Buildings	11259305	0	0	6726737	4532568	8435566	195254	0	5279004	3351816	1180752	1254819	1254819		
Plant & Machinery	46695548	606	0	17829795	28866359	43919536	425657	0	16777355	27567838	1298521	1533627	1533627		
Elec.Installation	2425325	0	0	1371089	1054236	2339503	17164	0	1338399	1018268	35968	44961	44961		
Furniture & Fixtures	382873	0	185251	60267	137355	338643	7419	179431	55687	110944	26411	38908	38908		
Vehicles	326625	0	56917	0	269708	218837	27898	56761	0	189974	79734	106598	106598		
Equipment *	1570392	5050	1350644	42796	182002	1420537	22975	1279131	42796	121585	60417	100596	100596		
Computers	429625	0	423525	0	6100	429516	32	423454	0	6094	6	109	109		
<b>Total</b>	<b>66300936</b>	<b>5656</b>	<b>2016337</b>	<b>27722594</b>	<b>36567661</b>	<b>57102138</b>	<b>696399</b>	<b>1938777</b>	<b>23493241</b>	<b>32366519</b>	<b>4201142</b>	<b>4598951</b>	<b>4598951</b>		
Previous Year	69239936	207779	3483553	28666082	37634854	59608825	755583	3377896	24066234	33035903	4598951	4874740	4874740		
Prior year adjust		336774					115625								

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

	<b>As at 31-03-2012 Rs.</b>	<b>As at 31-03-2011 Rs.</b>
<b>9) Non-current Investments:</b>		
Other Investments:		
Investment in Govt. Securities (Unquoted at cost)	3,400	3,400
<b>TOTAL</b>	<b><u>3,400</u></b>	<b><u>3,400</u></b>
<b>10) Other Non-current assets:</b>		
Unamortized Scheme Expenses	4,39,956	6,59,934
Deposits (Unsecured, Considered good)	1,78,560	1,96,560
Advance payment of Non-Agrl.Tax	2,40,970	2,40,970
<b>TOTAL</b>	<b><u>8,59,486</u></b>	<b><u>10,97,464</u></b>
<b>11) Inventories :</b>		
Stores & Spares	0	5,133
Raw Materials	0	15,427
Work-in-progress	0	1,42,467
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>1,63,027</u></b>
<b>12) Trade Receivables</b>		
Unsecured & Considered Good:		
Outstanding for more than Six months from the date they are due	0	4,19,032
Others	4,73,437	0
<b>TOTAL</b>	<b><u>4,73,437</u></b>	<b><u>4,19,032</u></b>
<b>13) Cash &amp; Cash Equivalent:</b>		
Balances with Banks in current Account	72,073	1,35,931
Cash on hand	9,72,999	1,39,225
<b>TOTAL</b>	<b><u>10,45,072</u></b>	<b><u>2,75,156</u></b>
<b>14) Short Term Loans &amp; Advances:</b>		
(Unsecured, Considered Good)		
Employee advances	46,250	46,950
Advance Tax	36,000	2,500
Other receivables	1,280	2,749
<b>TOTAL</b>	<b><u>83,530</u></b>	<b><u>52,199</u></b>
<b>15) Other Current Assets</b>		
Interest accrued on Investments	3,000	3,000
Assets held for sale	42,29,353	45,99,847
<b>TOTAL</b>	<b><u>42,32,353</u></b>	<b><u>46,02,847</u></b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	<b>Year Ended 31-03-2012</b>	<b>Year Ended 31-03-2011</b>		
	<b>Rs.</b>	<b>Rs.</b>		
<b>16) Revenue from Operations:</b>				
(a) Sale of Products	37,59,398	37,24,931		
(b) Other Operating Revenues :				
Lease income from Aqua Farm	<u>20,33,737</u>	<u>1,20,000</u>		
	<b><u>57,93,135</u></b>	<b><u>38,44,931</u></b>		
<b>17) Other Income :</b>				
Interest Received	130	8,531		
Other Non-operating Income	66,992	19,269		
Prior Year Income	<u>0</u>	<u>10,977</u>		
<b>TOTAL</b>	<b><u>67,122</u></b>	<b><u>38,777</u></b>		
<b>18) Cost of Raw Material Consumed:</b>				
Particulars of Materials consumed				
Seed	79,010	1,73,000		
Feed	9,01,477	8,37,750		
Chemicals	<u>66,652</u>	<u>66,477</u>		
<b>TOTAL</b>	<b><u>10,47,139</u></b>	<b><u>10,77,227</u></b>		
	Value	Percentage of	Value	Percentage of
	Rs.	Consumption	Rs.	Consumption
Imported	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Indigenous	<u>10,47,139</u>	<u>100</u>	<u>10,77,227</u>	<u>100</u>
	<b><u>10,47,139</u></b>	<b><u>100</u></b>	<b><u>10,77,227</u></b>	<b><u>100</u></b>
<b>19) Changes in Inventories of Finished goods, work in progress and Stock in trade :</b>				
Inventories (at close) :				
Work-in-process	0		(-)1,42,467	
Inventories (at commencement) :				
Work-in-process	<u>1,42,467</u>		<u>1,27,878</u>	
<b>TOTAL</b>	<b><u>1,42,467</u></b>		<b><u>(-)14,589</u></b>	

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

	<b>Year Ended 31-03-2012</b>	<b>Year Ended 31-03-2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>20) Employee Benefits Expense</b>		
Salaries & Wages	14,42,150	12,15,800
Staff Welfare Expenses	3,64,098	2,70,367
<b>TOTAL</b>	<b><u>18,06,248</u></b>	<b><u>14,86,167</u></b>
<b>21) Depreciation Expenses</b>		
Depreciation on tangible assets.	6,96,399	7,55,583
<b>TOTAL</b>	<b><u>6,96,399</u></b>	<b><u>7,55,583</u></b>
<b>22) Other Expenses</b>		
Consumption of Stores & Spares	13,651	58,807
Power & Fuel	95,143	1,28,957
Rent	1,20,000	1,09,000
Repairs to Buildings	2,41,883	1,52,401
Repairs to Machinery	1,66,310	2,86,750
Insurance	1,269	1,336
Rates & Taxes	1,69,314	1,00,759
Printing & Stationery	1,08,244	86,806
Postage, Phone & Telex	1,18,168	1,00,394
Professional & Legal Charges	1,80,956	1,77,456
Travelling & Conveyance	86,279	1,00,061
Advertisement	3,03,620	3,23,540
Security Service Charges	1,02,500	59,520
Scheme Expenses Written off	2,19,978	95,062
Other Miscellaneous items	2,53,276	2,77,616
<b>TOTAL</b>	<b><u>21,80,591</u></b>	<b><u>20,58,465</u></b>
<b>23) Exceptional items</b>		
Profit on sale of Assets	6,35,379	14,13,634
<b>TOTAL</b>	<b><u>6,35,379</u></b>	<b><u>14,13,634</u></b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

	<b>Year Ended 31-03-2012 Rs.</b>	<b>Year Ended 31-03-2011 Rs.</b>
<b>24) Foreign Currency Transactions and other financial information :</b>		
1) Expenditure in imports on CIF basis in respect of raw materials	NIL	NIL
2) Expenditure in foreign currency	NIL	NIL
3) Dividend remitted in foreign currency	NIL	NIL
4) Earnings in foreign currency	NIL	NIL
<b>25) Auditors Remuneration:</b>		
Auditors Remuneration included under other expenses :		
(Refer Note No 22 to financial statements)		
Audit Fees	0.15	0.15
Out of pocket expenses	0.02	0.01
Service Tax	0.02	0.02
Tax representation fees	0.10	0.10
	—————	—————
	0.29	0.28
	—————	—————
<b>26) Contingent Liabilities &amp; Provisions:</b>		
Contingent Liabilities – Litigation and related disputes:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for : – NIL –		
(b) Claims against the company by Non Agricultural Land Assessment in earlier years but not acknowledged as debts are Rs. 50.94 Lakhs. (Previous year Rs.48.23 Lakhs)		
<b>27) The Shrimp farm was given on lease even though some part of the farm is under Coastal Regulation Zone in view of the fact that it is not applicable to creek.</b>		

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

<b>28) Earning per share</b>	Year ended <b><u>31.03.2012</u></b> Rs.in lakhs	Year ended <b><u>31.03.2011</u></b> Rs.in lakhs
a) Net profit/(loss) available for Equity Share holders.		
Before Exceptional Items	(-)0.13	(-)14.79
After Exceptional Items	6.23	(-)0.65
b) Weighted average (No of Equity shares is used as denominator for calculation of EPS)	1,54,48,584	1,54,48,584
c) Basic & diluted earning per share.		
Before Exceptional Items	0.00	(-)0.10
After Exceptional Items	0.04	(-)0.01

**29) Segment reporting:**

Engaged in single business segment i.e in shrimp and operating in domestic market only, hence no Separate segment report is furnished.

**30)** The management has taken a decision to write off the Scheme expenses for five years period from this year instated of 10 years considered early. But for this decision profit would have been higher by Rs. 1,24,916/-.

**31) Related Party Disclosures:**

1. Key Management personal
  - 1) Sri B.Rama Krishna
2. Associate Companies / Firms
  - 1) Bommidala Tobacco Exporters Pvt Ltd
  - 2) Hotel Shivam International (P) Ltd
  - 3) Bommidala Exports (P) Ltd
  - 4) Bommidala Exim (P) Ltd
  - 5) Sampath Aqua Farm, a partnership Firm in which the directors relatives are partners.
  - 6) Bommidala Ventuers (P) Ltd.,
  - 7) Bommidala Exports (Partnership firm)



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

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

Particulars	Key Management Personnel	Associate Companies/concerns
i) Managing Directors Remuneration (Included in salaries & wages)	3.06 (1.92)	—
ii) Unsecured Loan from Managing Director	32.05 (39.55)	—
iii) Inter corporate loan balance as at the year end }	—	22.06 (122.06)
iv) Rent exp. paid	—	1.20 (1.09)
v) Lease amount received	—	18.00 (1.20)
vi) Farm Deposit/Advance money received	—	2.50 (2.50)

32) The company has received an amount of Rs. 1,00,00,000/- towards advance for sale of Hatchery in 'as is where is' condition in March 2012 and the same is shown under other current liabilities

**33) Farm Given on Lease**

The Company has given its Farm assets for an operating lease for 26 Months to a concern in which the Directors relatives are interested in March, 2011.

## a. Details of the Operating Leased Assets

(Rs. In Lacs)

	Land	Ponds & Other Fixed Assets (Shown under Plant & Machinery)	Buildings	Electrical Installations
Total Gross Value of the assets	15.19	288.66	45.33	10.54
Total Accumulated Depreciation	-	275.67	33.52	10.18
Total Depreciation recognised in statement of Profit and Loss during the Lease period	-	2.35	0.74	0.09

b. Minimum Lease Payments under operating lease  
in the aggregate for the following periods :

Not Later than one year	18.00 Lakhs (18.00 Lakhs)
More than One Year and less than five years	3.00 Lakhs (18.00 Lakhs)

c. Total Contingent Rent recognised as income in the  
statement of Profit and Loss for the lease period

18.00 Lakhs (1.20 Lakhs)

d. The Farm assets are given for 26 months to a concern in which the directors relatives are interested. The total amount receivable during the lease period is Rs. 39.00 Lakhs out of which Rs. 18 Lakhs has been earned for the year ended 31-03-2012. In addition to the minimum lease rent, 2% gross receipts generated out of the farm productions shall be received as an additional income and shown an amount of Rs. 2,33,737/- under other operating income.

e. The direct costs for maintenance of the leased assets are recognised as an expense in the statement of the Profit and Loss for the year ended 31.03.2012.

**34) Deferred Tax :**

In view of carried forward losses/unabsorbed depreciation in respect of past years and the company do 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 Standard prescribed under Companies Act, 1956.

**35)** These financial statements have been prepared in the format prescribed by the revised schedule - VI to the companies act, 1956. Previous year figures have been recasted / restated to conform to the classification of the current year.

**36)** 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.,**  
Firm Regn. No. 000892S  
Chartered Accountants

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

**G. SATYANARAYANA**  
Partner (M.No. 22101)

**B. Anitha**  
Director

Place : Guntur  
Dated : 04-08-2012

**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 19th Annual General Meeting of the company held on 17th September 2012.

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 him ..... of .....  
or failing him ..... of .....  
as my/our proxy to attend and vote for me/us and on my/our behalf at the  
19th Annual General Meeting of the Company to be held on 17th September, 2012, 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 ..... 2012

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**