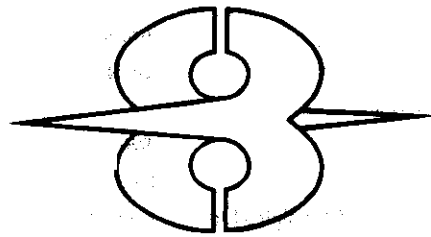


BOMMIDALA AQUAMARINE LIMITED



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Certified True Copy
For Bommidala Aquamarine Limited

[Signature]
MANAGING DIRECTOR

SIXTH ANNUAL REPORT 1998-'99

BOMMIDALA AQUAMARINE LIMITED

BOARD OF DIRECTORS

BOMMIDALA KASIVISWANADHAM, Chairman
 BOMMIDALA RAMA KRISHNA, Managing Director
 BOMMIDALA SAROJA DEVI, Director
 BOMMIDALA ANITHA, Director
 NELLORE DOLENDRA PRASAD, Director

STOCK EXCHANGES

- (1) **The Hyderabad Stock Exchange Ltd.**
 3-6-275/Himayath Nagar
 Hyderabad - 500 029
- (2) **Madras Stock Exchange Ltd.**
 II, 2nd Line Beach Road,
 Chennai - 600 001
- (3) **The Stock Exchange, Mumbai**
 Phiroz JeeJeebhoy Towers,
 Dalal Street, Mumbai - 400 001
- (4) **The Calcutta Stock Exchange Associates Ltd.**
 7, Lyons Range,
 Calcutta - 700 001
- (5) **The Delhi Stock Exchange Associates Ltd.**
 Indraprastha Estate,
 New Delhi - 100 002

AUDITORS :

M/S. GARLAPATI & CO.
 Chartered Accountants,
 15/1, Arundelpet,
 GUNTUR - 522 002.

BANKERS :

THE VYSYA BANK LIMITED,
 Arundelpet Branch,
 GUNTUR - 522 002.

REGISTRARS & TRANSFER AGENTS

KARVY CONSULTANTS LIMITED
 Karvy House, 46, Avenue. 4, Street No.1,
 Banjara Hills, HYDERABAD - 500 034.
 Tel : 040 - 3312454, 3320751 / 752 / 753
 Fax : 040 - 3311968

REGISTERED OFFICE :

BOMMIDALA HOUSE,
 5-87-15/A, Lakshmipuram, Main Road,
 GUNTUR - 522 007.

PROJECT OFFICE :

18-1, Achari Street,
 Hotel Shivam Complex,
 NELLORE - 524 001.

BOMMIDALA AQUAMARINE LIMITED**NOTICE**

Notice is hereby given that the Sixth Annual General Meeting of the Shareholders of BOMMIDALA AQUAMARINE LIMITED will be held on Wednesday, the 29th September, 1999 at 2-30 p.m. at Bommidala Cold Complex, By-Pass Road, Laipuram, Guntur - 522 017 to transact the following as ordinary business.

01. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors.
02. To appoint a Director in place of Sri N. Dolendra Prasad, who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
03. To appoint a Director in place of Smt. B. Anitha, who retires by rotation under Article 145 of the Articles of Association of the Company and being eligible, offers herself for reappointment.
04. To appoint Auditors to hold office upto the conclusion of the Next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

05. To consider and if thought fit with or without modification to pass the following as an ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sec. 198, 269, 309, 310 and other applicable Provisions of the Companies Act, 1956 read with Schedule XIII there of as amended upto date, the re-appointment of Sri Bommidala Ramakrishna as Managing Director of the Company made by the Board of Directors at their meeting held on 6th March, 1999, re-appointing him for a period of five years with effect from 10th March, 1999, on the terms and conditions contained in an agreement, a draft copy of which is laid on the table and for the purpose of identification and initialled by the Chairman hereof be approved, confirmed and ratified".

06. To consider and if thought fit with or without modification to pass the following as an ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded with in terms of Section 293 (1) (a) and other applicable Provisions of the Companies Act, 1956 to the Board of Directors of the Company for sale, lease or otherwise dispose of the whole or substantial assets of the Company".

"RESOLVED FURTHER that Sri B. Ramakrishna, Managing Director of the Company be and hereby authorised to explore the possibility of sale, lease or otherwise dispose of the Shrimp Farm or Hatchery to enable the Company to raise the necessary funds to reduce Debt commitment liability and to execute the necessary documents for the same".

BOMMIDALA AQUAMARINE LIMITED

07. To consider and if thought fit with or without modification to pass the following as a special resolution :

"RESOLVED THAT pursuant to the provision of Sec. 94 of the Companies Act, 1956 the Share Capital of the Company be increased from Rs. 7,50,00,000/- divided into 75,00,000 Equity Share of Rs. 10/- each to Rs. 11,50,00,000/- divided into 75,00,000 Equity Shares of Rs. 10/- each and 40,00,000 Redeemable Preference Shares of Rs. 10/- each."

"RESOLVED THAT the existing clause V of Memorandum of Association be and is hereby altered and replaced by the following new clause to read as under :

V. The authorised Share Capital of the company is Rs. 11,50,00,000/- (Rupees Eleven Crores Fifty Lakhs only) divided into 75,00,000 Equity Shares of Rs.10/- each and 40,00,000 Redeemable Preference Shares of Rs. 10/- each with right to divide the share in the capital for the time being into several classes and attach there to by special resolution any preferential or special rights, but so that when shares are issued with any preferential or special rights attached thereto, such rights, shall not (except where the terms of issue otherwise provide) be alterable otherwise than pursuant to the provisions of the accompanying Articles of Association. The Company shall have power to increase or decrease the share capital as may be determined from time to time in accordance with law."

"RESOLVED FURTHER that Sri B. Rama Krishna, Managing Director be and is hereby authorised to File Form. 5 with the Registrar of Companies concerned, in this respect."

"RESOLVED FURTHER that Pursuant to Sec. 31 of the Companies Act, 1956 the existing Rule 3 of Articles of Association be and is hereby altered and replaced by the following new rule to read as under :

3. The Authorised Share Capital of the Company is Rs. 11,50,00,000/- (Rupees Eleven Crores Fifty Lakhs only) divided into 75, 00,000 Equity Shares of Rs.10/- each and 40,00,000 Redeemable Preference Shares of Rs. 10/- each to be increased or reduced in accordance with the provisions of the Act."

"RESOLVED FURTHER that Mr. B. Rama Krishna, Managing Director, be and is hereby authorised to carry out the functions for such alteration and to submit all documents to the concerned authorities with regard to the same."

BOMMIDALA AQUAMARINE LIMITED

08. To consider and if thought fit with or without modification to pass the following as a special resolution :

"RESOLVED THAT pursuant to the provisions of Section 80, 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, permissions, consents and sanctions as may be necessary from the appropriate authorities, consent of the members of the company, be and is hereby accorded to the Board of Directors of the Company, to offer, issue and allot Preference Shares either for cash or against existing loans and/or other Securities/Instruments whether or not convertible into shares/attached with warrants or not, convertible into Equity Shares by way of

- Rights to existing share holders.
- Public issue.
- Preferential offer to promoters/existing shareholders.
- Private placement with individuals or bodies corporate, institutions, mutual funds or others.

Whether shareholders of the company or not, and whether resident incorporate in India, or not from time to time, in one or more tranches, subject to the condition that the Issued Capital after conversion, if any shall not exceed Rs. 11,50,00,000/- (Rupees Eleven Crores Fifty Lakhs only)".

"RESOLVED FURTHER that the Preference Shares so issued shall carry dividend upto 11% and shall be redeemed at the end of seven years from the date of issue".

"RESOLVED FURTHER that the Board be and is hereby Authorised :

1. To decide on the kind, timing and quantum of securities to be issued and allotted/ converted on the basis of conversion/redemption, if any, and all other terms of the issue subject to the guidelines issued from time to time by SEBI and other statutory authorities.
2. To appoint lead managers, co-managers, underwriters, guarantors, custodians, registrars and such other agencies or intermediaries, and enter into such agreements and arrangements with them as may be required or deemed expedient.
3. To remunerate all such agencies and intermediaries by way of payment of commission, brokerage and / or less and to reimburse to them and incur all related expenses including documentation, printing, publicity, travel, listing fees and the like, out of the proceeds of the issue.
4. To accept such conditions, modifications and amendments to the issue proposals as may be stipulated by the Government of India, RBI, SEBI, STOCK EXCHANGES.
5. To seek the listing of such shares, securities, instruments in one or more Indian/ International Stock Exchanges.

BOMMIDALA AQUAMARINE LIMITED

6. To do without limitation, all such acts, deeds, matters and things as the Board may deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in regard to such offer, issue allotment and conversion including retention of over subscription if any, and the utilisation of the issue proceeds as it may, in its absolute discretion, deem fit or proper."

NOTES :

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. The Transfer Books of the Company will remain closed from 15th September 1999 to 29th September 1999 (Both days inclusive).
- c. Audited Statement of Account, Auditor's and Director's Report for the year ended 31st March 1999 and Investors Guidance Note are enclosed.

Guntur,
1st September, 1999

By Order of the Board

B. RAMA KRISHNA,
Managing Director.



BOMMIDALA AQUAMARINE LIMITED**EXPLANATORY STATEMENT ANNEXED TO THE NOTICE AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM 5 :**

The Board of Directors had proposed to re-appoint Sri B. Ramakrishna, as Managing Director of the Company, whose Managing Directorship had come to an end by 9th March, 1999. Accordingly, an agreement is reached on 6th March, 1999, between the company and Sri B. Ramakrishna, to re-appoint Sri B. Ramakrishna as Managing Director for a period of 5Years with effect from 10th March, 1999. The remuneration to the Managing Director shall be in accordance with part II of Schedule XIII of the Companies Act 1956, wherein in any financial year during the currency of tenure of Managing Directorship, the company has no profits or its profits are inadequate, subject to the limits laid down in Section 198 and Section 309 of the Companies Act 1956, Salary or perquisites shall not exceed the following limits :

SALARY :

Rs. 7,500/- per month or Rs. 90,000 per annum including dearness and other allowances.

PERQUISITES :

In addition to the above salary, the Managing Director shall be entitled for the following perquisites broadly classified as below. The total amount of perquisites shall not exceed Rs. 90,000/- per annum or an amount equivalent to the annual salary whichever is less.

CATEGORY A :**1. Medical Expenses :**

Expenses incurred by the Managing Director and his family subject to a ceiling of one month's salary or three months salary over a period of three years.

2. Leave Travel Assistance :

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

3. Club Fees :

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

4. Personal Accident Insurance :

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

BOMMIDALA AQUAMARINE LIMITEDEXPLANATION :

For the purpose of Category A, Family means spouse, the dependent children and dependent parents of the Managing Director.

CATEGORY B

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

CATEGORY C

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

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

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

The agreement dated 6th March, 1999 entered between the company and Sri B. Ramakrishna may be inspected at Corporate Office during the working hours.

All the Directors expect Sri N. Dolendra Prasad are interested in the resolution as Sri B. Ramakrishna is a relative to them in terms of Companies Act, 1956.

ITEM 6 :

Your Board is proposing to reduce the present debt commitment and augment the working capital of the company. Section 193 (1) (a) of the Company's Act, 1956 read with Article 162 of Articles of Association of the Company provides that the Directors of Public Limited Company shall not except with the consent of the company by way of Ordinary Resolution in General Meeting have the powers to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company. Therefore the approval of the General Meeting is sought for.

None of the Directors are interested in the resolution.

BOMMIDALA AQUAMARINE LIMITED

ITEM 7 & 8 :

Your Board is contemplating to reduce the present debt commitment and augment working capital requirements of the company, by way of loan conversion or raising the funds by fresh issue of shares/warrants/other securities. Hence, the company is proposing to increase the Authorised Share Capital of the Company by creating and issuing 40,00,000 Redeemable Preference Shares of Rs.10/- each. Clause - V of the Memorandum of Association and Article 3 of Articles of Association are altered accordingly. The above redeemable shares are redeemable at the end of 7 years from the date of issue. Section 17 of the Companies Act, 1956 Provides that the consent of the company by way of special resolution in the General Meeting is required for increase in Authorised Capital, to change the Memorandum of Association and Articles of Association of the company. Further, Section 80 and 81(1A) of Companies Act, 1956, specify that the Board has to obtain the permission of General meeting by way of Special Resolution for issuing Preference shares, warrants or any other securities. Hence the permission of shareholders by way special resolution(s) is sought.

None of the Directors are interested in the resolution(s).

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