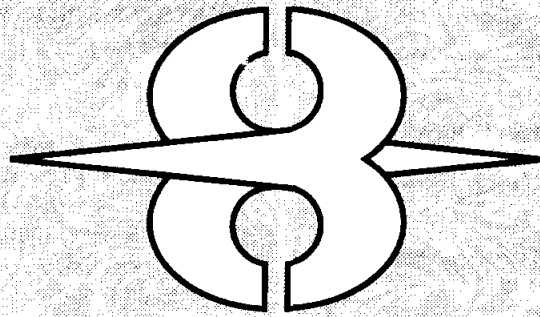


BKV INDUSTRIES LIMITED



**NINTH ANNUAL REPORT
2001 - 2002**

BOARD OF DIRECTORS

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

STOCK EXCHANGES :
The Hyderabad Stock Exchange Ltd.
3-6-275, Himayath Nagar,
HYDERBAD - 500 029.

Madras Stock Exchange Ltd.
Post Box No. 183,
II, 2nd Line Beach,
CHENNAI - 600 001.

The Stock Enchage, Mumbai
Rotunda Building, P.J. Towers,
Dalai 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 :
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
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.

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of the Shareholders of BKV INDUSTRIES LIMITED will be held on Friday the 27th September, 2002 at 3.00 PM at Bommidala Cold Complex, By-pass Road, Lalpuram, Guntur - 522 017 to transact the following as ordinary business.

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2002 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 B.Kasiviswanadham, 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. Saroja Devi, 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 to fix their remuneration.

SPECIAL BUSINESS :

05. To consider and if thought fit with or without modification to pass the following as a special resolution :
 - A. "RESOLVED THAT pursuant to the provisions of Section 80, 81, 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of Memorandum and Articles of Association of the company and the regulation/guidelines, prescribed by the Securities and Exchange Board of India/any other relevant authority from time to time to the extent applicable and subject to such other approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as the Board), to issue, offer and allot such number of 9% Redeemable Non-cumulative Preference Shares not exceeding 40,00,000 shares (Forty Lakhs only) of Rs.10/- each fully paid up for cash or against existing loans, with a right to redemption, but without any voting rights except that of statutory rights provided for Preference shareholders, in one or more trenches, to the members or to banks, insurance companies, financial or investment institutions, mutual funds, companies and other bodies corporate, Non-Resident Indians, Overseas Corporate Bodies (OCB's) Foreign Institutional Investors (FIIs) and to such other persons to whom the same may be issued on rights basis or by private placement or in such manner as may be decided by the board at its sole discretion".
 - B. "RESOLVED FURTHER that the 9 % Redeemable Non-cumulative Preference Shares shall carry a dividend upto 9 % and shall be redeemed after 10 years but not later than 15 years as decided by the Board".

C. "RESOLVED FURTHER THAT the Board be and is hereby authorised :

- i. To accept any modifications in the proposal as may be required by agencies involved in such issues, but subject to such conditions as the Govt. of India, RBI, SEBI and / or such appropriate authorities may impose at the time of their approval and as agreed by the Board.
 - ii. To enter into and to execute all such contracts/arrangements with any Registrars, Depositories, Custodians and all other agencies by way of commissions, brokerage, fees or the like to reimburse them and to incur all related expenses including documentation, dematerialisation, printing, publicity, travel, listing fees and the like out of the proceeds of the issue.
 - iii. To decide on the kind, timing and quantum of securities to be issued and allotted on the basis of 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.
 - iv. To do without limitation all such acts, deeds, matters, 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 utilisation of the issue proceeds as it may, in it's absolute discretion, deem fit or proper".
06. To consider and if thought fit with or without modifications, to pass the following as Special Resolution;
- RESOLVED THAT subject to provisions of Section 149(2A) and other relevant provisions of the Companies Act, 1956, the consent of the company be and hereby accorded to the commencement of the new business by the company as given under the head "OTHER OBJECTS in Sub Clause 1 of Clause III (C) of Memorandum of Association viz.
- i. To survey, exploit and turn to account or otherwise deal in agricultural and garden produce, fruits, vegetables, forest resources, timber and generally to expand, improve and develop through preservation, canning or conversion of food, fruit and vegetable industry in the country and to manufacture on commercial scale all kinds of foods, fruits, vegetables"

NOTES :

- a. The relative explanatory statements pursuant to Section 173 of the Companies Act 1956, in respect of the business under item no. 5 & 6 set out above are annexed hereto.
- b. 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. Members/proxies should bring their attendance slips duly completed for attending the meeting.
- c. The Transfer Books of the Company will remain closed from 16th September 2002 to 27th September 2002 (Both days inclusive).

BKV INDUSTRIES LIMITED

d. Audited Statements of Account, Auditor's and Director's Report for the year ended 31st March, 2002 are enclosed.

By Order of the Board

Place : Guntur,
Date : 31st August, 2002

B. RAMAKRISHNA
Managing Director

**EXPLANATORY STATEMENT ANNEXED TO THE NOTICE AS REQUIRED
UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

ITEM NO : 5

The company requires infusion of funds for its operations and to reduce the debt commitment. The approval of members is sought in terms of the Section 80, 81, 81A of the Companies Act, 1956 read with Article 6 of the Articles of Association of the Company, for the issue of Preference Shares of the company by way of rights to the existing shareholders or by private placement. The quantum of issue of Preference Shares will be limited to a maximum of 40,00,000 Preference Shares of Rs.10/- aggregating to Rs. 400 Lakhs. The directors recommend the Special Resolution for the approval of the members.

It is also brought to notice of the members that Sri B. Kasiviswanadham, Chairman and Sri B. Ramakrishna, Managing Director who hold more than 5% of proposed Equity Capital may likely to participate in this proposed Preference non-equity shares issue by which their existing voting percentage will not be changed.

The directors of the company may be deemed to be interested or concerned in passing the resolution to the extent of their share holding in the company.

ITEM NO : 6

The company is taking up all the necessary actions to improve profitability of the company and is proposing to undertake merchandise activity with special emphasis on food, agricultural and other related products. The above new business viz. dealing in food, agricultural and other related products are appeared under the head other objects in sub clause 1 of clause III (c) of Memorandum of Association. Section 149(2A) of the Companies Act 1956, inter alia provides that the directors of the public limited company shall not except with the consent of the company by way of special resolution in general meeting to take up any of the business mentioned in other objects.

Memorandum and Articles of Association of the Company is available for inspection by members during office hours to the Company.

None of the Directors is interested in the Resolution.

By Order of the Board

Place : Guntur,
Date : 31st August, 2002

B. RAMAKRISHNA
Managing Director.

BKV INDUSTRIES LIMITED

DIRECTOR'S REPORT TO THE MEMBERS :

Your Directors have pleasure in presenting you the Ninth Annual Report together with Audited Accounts for the year ended 31st March, 2002.

PERFORMANCE OF THE COMPANY :

	(Rs. in Lakhs)	
	For the year ended 31.03.2002	For the year ended 31.03.01
Sales and Other Income	64.40	103.29
Net Profit / (Loss)	(85.89)	(57.03)
Less: Prior year adjustments	0.03	(0.06)
Net Profit / (Loss)	(85.86)	(57.09)

OPERATIONS :**A. Farm :**

No culture is carried out during the year, due to paucity of working capital and restrictions imposed by the Government authorities, expect a small culture near hatchery.

B. Hatchery :

During the year, the company had produced about 32.52 Millions of Shrimp seed and achieved a turnover of Rs. 63.13 Lakhs. The drop in sales is due to suspension of shrimp seed production since November, 2001 and also because of lower realisation for shrimp seed comparing to earlier year.

C. WORKING CAPITAL FUNDS :

To reduce the debt commitment and augment working capital requirements, the Company is proposing once again to raise the funds by issuing 9% Redeemable Non Cumulative Preference Shares to promoters, friends, relatives of promoters, to associate companies, Institutions, NRIs, Financial Institutions and other persons.

FUTURE PROSPECTS :

A stay order was obtained earlier by the State Government and other Associations, against the demolition of aqua farms in Coastal Regulation Zone area by Supreme Court. Subsequently the larger Bench had issued orders against going for fresh seeding until further orders by the Bench. In view of the above and due to paucity of working capital funds, the company had concentrated on producing shrimp seeds in Hatchery. However, the shrimp prices have reacted during the year 2001-2002 and accordingly the company had suspended the production from

BKV INDUSTRIES LIMITED

November, 2001 Onwards. The Company is proposing to undertake merchant activity in food, agricultural and other related products.

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, 1998 is enclosed as annexure.

BOARD :

As per Article 145 of Articles of Association of the company, Sri B. Kasiviswanadam retires by rotation at the Annual General Meeting and is eligible for re-election.

As per Article 145 of Articles of Association of the company Smt. B. Saroja Devi retires by rotation at the Annual General Meeting and is eligible for re-election.

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 our Auditors retire at the conclusion of the Ninth Annual General Meeting and are eligible for re-appointment.

Regarding auditors comments on going concern basis, please refer to the Note No. C of Notes on Accounts (Schedule 17) which is self explanatory.

LISTING AGREEMENTS WITH STOCK EXCHANGES :

Pursuant to the recent requirement of the Listing Agreement, the Company declares that its securities are listed on the Stock Exchanges at Mumbai, Delhi, Calcutta, Chennai and Hyderabad. The Company confirms that it has paid annual listing fees due to all the above Stock Exchanges for the year 2002-2003.

RESPONSIBILITY STATEMENT :
The Directors confirm :

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures.
- b. That they have selected such accounting policies and applied them consistently and made judgements 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 and of the loss of the company for the period;
- c. That they 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 they have prepared the annual accounts on a going concern basis, subject to the Note No. C of Notes on Accounts (Schedule 17).

CORPORATE GOVERNANCE :

Implementation of compulsory Corporate Governance is applicable to this Company only from 01/04/2002 onwards as the Paid up Capital of the company is less than Rs. 10 Crores as on 31st March, 2002. However, the necessary Board Committees have been Constituted during the year 2002-03 as per the Clause No 49 of the Listing Agreement with Stock Exchanges.

AUDIT COMMITTEE :

The Audit Committee was reconstituted in October 2001 consisting of Smt. B. Anitha, Smt. B. Saroja Devi and Sri B. Kasiviswanadam all being Non-Executive Directors. The members of the committee are well versed in finance, accounts, company law matters and general business practises. During the financial year 2001-2002, three audit committee meetings were held on 27th June, 2001 29th October, 2001 and 29th January, 2002.

APPRECIATION :

Your Directors place on record their appreciation of the valued share holders for their support and encouragement.

Your Directors gratefully acknowledge with thanks for the constructive guidance and co-operation extended by The Vysya Bank Limited and other agencies of Government.

The Board Appreciates the valuable services rendered by all the employees of the Company.

By Order of the Board

Guntur,
Date: 31st August, 2002

B. KASIVISWANADHAM
Chairman.

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, 1998 and forming part of Director's Report.

A. Conservation of Energy : - Not Applicable -**B. I. Technology absorption, adaptation and innovation :**

The company was making continuous efforts to update the technology in the field of seed production.

ii. Research and Development (R & D) : - Not Applicable**C. Foreign Exchange Earnings and Outgo :**

	Rs. in Lakhs	U.S.\$
i. Foreign Exchange earnings	NIL	NIL
ii. Foreign Exchange outgo in respect of Raw Materials	NIL	NIL
iii. Others	NIL	NIL
iv. Capital Goods	NIL	NIL

By Order of the Board

Guntur

Date : 31st August, 2002

B. KASIVISWANADHAM

Chairman.