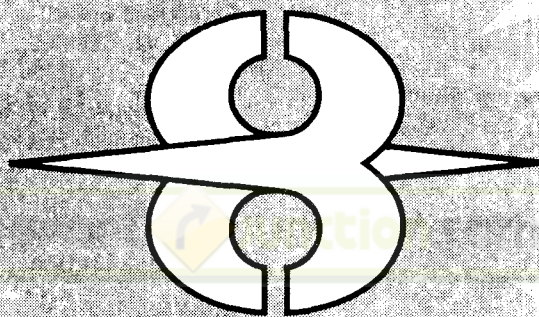


BKV INDUSTRIES LIMITED



**TENTH ANNUAL REPORT
2002 - 2003**

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,
HYDERABAD - 500 029.

Madras Stock Exchange Ltd.

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

The Stock Exchange, Mumbai

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

The Calcutta Stock Exchange Association Ltd.

7, Lyons Range,
KOLKATA - 700 001.

The Delhi Stock Exchange Association Ltd.

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

AUDITORS :

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

BANKERS :

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 : 040-23312454, 23320751 / 752
Fax : 040-23311968

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 Tenth Annual General Meeting of the Shareholders of BKV INDUSTRIES LIMITED will be held on Saturday, the 27th September, 2003 at 3.00 PM at Bommidala Cold Complex, By-pass Road, Lalpuram, Guntur - 522 017 to transact the following business :

Ordinary Business :

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 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 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.
03. 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.
04. To appoint Auditors to hold office upto the conclusion of the Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

05. Voluntary delisting of the Company's Ordinary Equity Shares from Stock Exchanges at Chennai, Kolkata and Delhi.

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :-

"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, Listing Agreements, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "the Board", which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent is hereby accorded to the Board to delist the Company's Ordinary Equity Shares from the following stock exchanges viz. Madras stock Exchange Ltd, at Chennai, The Calcutta Stock Exchange Association Ltd, at Kolkata and The Delhi Stock Exchange Association Ltd, at New Delhi."

By order of the Board of Directors

Place: Guntur
Date : 1/9/2003

B.Ramakrishna
Managing Director

NOTES :

- a. The relative explanatory statements pursuant to Section 173 of the Companies Act 1956, in respect of the special business under item no. 5 set out above is 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 duly filled and signed 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 Register of members and Share Transfer Books of the Company will remain closed from 16th September 2003 to 27th September 2003 (Both days inclusive).
- d. Audited Statements of Account, Auditor's and Director's Report for the year ended 31st March, 2003 are enclosed.

By Order of the Board

Place : Guntur,

Date : 1/9/2003

B. RAMAKRISHNA

Managing Director

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

ITEM NO : 5

Presently the Company's securities are listed on 5 stock Exchanges i.e. Mumbai, Chennai, Kolkata, Delhi and Hyderabad. With the wide and extensive networking of centres of the BSE & NSE the investors have access to online dealings in the Company's securities across the Country. The volume of trading in company's share's on the stock exchanges at Delhi, Kolkata and Chennai has reduced substantially and do not justify the payment of listing fees to them. On the recommendations of the Investors Grievance Committee, the Board of Directors, at their meeting held on June 27, 2003 have, therefore, decided to apply for the voluntary delisting of the Company's Ordinary Equity Shares from the said three stock exchanges. The proposed voluntary delisting of the Company's Ordinary Equity Shares from the said three Stock Exchanges will not adversely effect any investors including the members located in the regions where the said three stock exchanges are situated. Pursuant to the guidelines issued by SEBI on voluntary delisting by companies of their securities from the stock exchanges, It is now proposed to seek the Members approval by way of Special Resolution for voluntary delisting of the Company's Ordinary Equity Shares from the said three Stock Exchanges as set out in the Resolution at item No. 5.

The proposed delisting is in the interest of the Company and the Board commends the Resolution for your approval.

None of the Directors of the company is interested in the resolution.

By Order of the Board

Place : Guntur,

Date : 1/9/2003

B. RAMAKRISHNA

Managing Director.

**DIRECTOR'S REPORT TO THE MEMBERS :**

Your Directors have pleasure in presenting you the Tenth Annual Report together with Audited Accounts for the year ended 31st March, 2003.

PERFORMANCE OF THE COMPANY :

(Rs. in Lakhs)

	For the year ended 31.03.2003	For the year ended 31.03.02
Sales and Other Income	81.95	64.40
Net Profit/(Loss)	(24.88)	(85.89)
Less: Prior year adjustments	1.76	0.03
Net Profit/(Loss)	(23.12)	(85.86)

OPERATIONS :**A. Farm :**

No culture is carried out during the year, due to paucity of working capital and restrictions imposed by the Government authorities. However, the company is carrying out shrimp culture near the hatchery and produced 1.5 tonnes of shrimp and achieved a turnover of Rs. 4.37 lakhs.

B. Hatchery :

Owing to the low price realisation no seed is produced during the year 2002-2003.

C. Other Income :

Other income includes concession of Rs. 75.00 lakhs given by the The Vysya Bank Limited while making final payment of their loan amount by the directors in view of the personal guarantees given by them to the bank at the time of grant of term loans to the company.

The Auditors have given a disclaimer in view of the uncertainty associated with the issue, of going concern since the proceedings are pending before the Supreme Court. The Note No. "C" to the "Notes to Accounts" (schedule No.17) is self explanatory in nature.

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, Smt. B. Anitha 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 Sri. N. Dolendra Prasad 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 Tenth Annual General Meeting and are eligible for re-appointment.

LISTING AGREEMENTS WITH STOCK EXCHANGES :

Pursuant to the 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 2003-2004.

RESPONSIBILITY STATEMENT :

The Directors confirm :

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- 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.

CORPORATE GOVERNANCE :

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

DELISTING OF SHARES :

Presently the company's Equity Shares are listed on the Stock Exchange, Mumbai (BSE) and four other Stock Exchange at Chennai, Hyderabad, New Delhi and Kolkata. The Shares of the company are compulsorily traded in dematerialised form. Specifice attention of members is drawn to Item No. 5 of the Notice of Annual General Meeting and explanatory statement attached there to where by the company proposes to delist it's equity shares from Chennai, New Delhi and Kolkata stock exchanges. During the year the trading volumes at these stock

exchanges were either nil or very negligible. The annual listing fees paid to these stock exchanges do not now offer commensurate benefits to the company / to it's investors. The Board considered that continued listing on these stock exchanges is not necessary and therefore decided to delist from all these stock exchanges. The delisting of equity shares from the above three stock exchanges will not adversely effect the investors including the members located in the regions.

AUDIT COMMITTEE :

Audit Committee comprises of Smt. B. Anitha, Smt. B. Saroja Devi and Sri B. Kasiviswanadham, all non-whole time Directors of the company with Smt. Anitha as Chairman. The role, terms of reference, authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and the listing agreement. The committee held four meetings during the year 2002-2003. All the meetings were attended by Smt. B. Anitha, Smt. B. Saroja Devi and Sri B. Kasiviswanadham.

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 co-operation extended, by The Vysya Bank Limited for settling it's dues and other agencies of Government.

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

By Order of the Board

Place : Guntur,
Date : 1/9/2003

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 : Not Applicable.

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

Place : Guntur

B. KASIVISWANADHAM

Date : 1/9/2003

Chairman.

ANNEXURE TO THE DIRECTORS' REPORT

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

The concept of Corporate Governance has assumed prominence in India in recent times. With increasing globalisation and the amendment made to the Listing Agreement, there has been a renewed thrust on the concept. It may be noted that guidelines in respect of corporate Governance have become applicable to your Company from 2002-03 onwards. Your Directors present below a detailed compliance report on Corporate Governance.

1. Company's philosophy on code of Governance

Your Company is committed to good Corporate Governance and its standards. Philosophy of Corporate Governance is aimed at assisting the management in the efficient conduct of the business of the Company and in meeting its obligations to shareholders and others.

2. Board of Directors

The Board comprises of a Chairman, one Managing Director, and three non-executive Directors of the Company. The Board has a Non-executive Director as Chairman. The Board functions either as a full Board or through Committees. The Board and Committees meet at regular intervals.

Name of the Director	Category	Designation
Sri Bommidala Kasiviswanadham	Promoter and Non Executive	Chairman
Sri Bommidala Rama Krishna	Promoter and Executive	Managing Director
Smt. Bommidala Saroja Devi	Promoter and Non Executive	Director
Smt. Bommidala Anitha	Promoter and Non Executive	Director
Sri Nellore Dolendra Prasad	Independent and Non Executive	Director

Directorship on Board and Membership in Committees of Companies Including B K V Industries Limited

Name of the Director	Directorships in Companies	Membership in Specified Committees*
Sri Bommidala Kasiviswanadham	5	4
Sri Bommidala Rama Krishna	5	1
Smt. Bommidala Saroja Devi	4	3
Smt. Bommidala Anitha	1	3
Sri Nellore Dolendra Prasad	1	—

* Specified Committees – Audit, Remuneration, Shareholders/Investor Grievance and Share Transfer Committee.

Number and Dates of Board Meetings held

The Board met 6 times during the financial year 2002-2003. The Board met on 4th April 2002, 28th June 2002, 29th July 2002, 31st August 2002, 28th October 2002 and 29th January 2003.

Attendance details of each Director at the Board Meetings and at last AGM :

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Sri Bommidala Kasiviswanadham	6	Yes
Sri Bommidala Rama Krishna	6	Yes
Smt. Bommidala Saroja Devi	6	Yes
Smt. Bommidala Anitha	6	Yes
Sri Nellore Dolendra Prasad	3	Yes

Directors retiring by rotation and seeking reappointment.

Smt. B. Anitha and Sri N.Dolendra Prasad retire by rotation and being eligible offered themselves for reappointment.

B. Anitha :

Smt. B. Anitha is a law graduate and underwent training in personnel management. She has several years of business experience as partner in Hotel Chinni International, Nellore. Her knowledge of legal aspects will be of great help to the management in complying with various Governamental and Institutional rules and regulations. She is at present is a member in Shareholders Grievance Committee and Chairman in Remuneration Committee and Audit Committee.

N. Dolendra Prasad

Sri N. Dolendra Prasad is the pioneer in shrimp farming in Nellore District. He is the first person to attempt intensive shrimp farming in Andhra Pradesh. He has demonstrated his technology in culture and seed in TASPARC farm, Pudiparti. He has also produced aqua feed. He is being recognised by the Industrial houses and MPEDA as the first generation technocrat entrepreneur.

Disclosure of transactions where Non Executive Directors have pecuniary interest :

None of the four Non Executive Directors have 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.

3. Audit Committee

The Board has reconstituted the Audit Committee in october 2001 with three members. All the members of the Committee are independent and Non executive Directors. The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors from time to time.

Meetings and attendance during the year

The Audit Committee met four times during the year 2002-03 (on 28/6/02, 29/7/02, 28/10/02 and 29/1/2003). The attendance of each member of the Committee is given below :