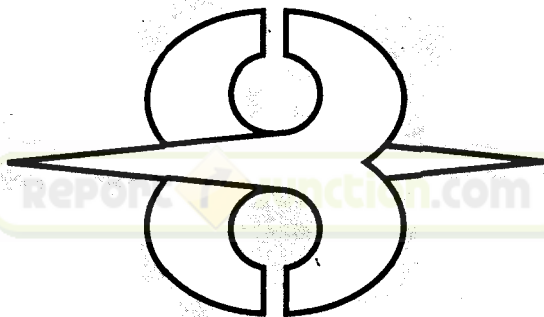


# BKV INDUSTRIES LIMITED



**ELEVENTH ANNUAL REPORT  
2003 - 2004**



## 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,  
 H/DERABAD - 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 :**

#### **ING VYSYA BANK LIMITED**

Arundelpet Branch  
 GUNTUR - 522 002.

### **REGISTRARS & SHARE TRANSFER AGENTS :**

Karvy Computershare Pvt. 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 Eleventh Annual General Meeting of the shareholders of BKV Industries Limited will be held on Wednesday, the 29<sup>th</sup> September, 2004 at 2.30 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, 2004 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
02. To appoint a Director in place of Sri.B.Kasiviswanadham, who retires by rotation and, being eligible, offers himself for reappointment.
03. To appoint a Director in place of Smt.B. Saroja Devi, who retires by rotation and, being eligible, offers herself for reappointment.
04. To appoint Auditors of the Company and to fix their remuneration. In this connection to consider and, if thought fit, to pass with or without modification(s) the following resolution as ordinary resolution.

"RESOLVED THAT M/s Garlapati & Co, Chartered Accountants, Guntur, the Statutory Auditors who retire at the conclusion of this meeting, be and are hereby re-appointed as Statutory Auditors of the company for the financial year ending 31<sup>st</sup> March, 2005, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting. Further resolved that the board is hereby authorised to fix the remuneration and reimbursement of out of pocket expenses incurred by them."

### SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereof as amended upto date, the re-appointment of Sri. Bommidala Ramakrishna as Managing Director of the Company for a period of five years with effect from 10<sup>th</sup> March, 2004 on the terms and conditions contained in the agreement, a draft copy of which is laid on the table and initialed by the Chairman for the purpose of identification be and is hereby approved, confirmed and ratified.

RESOLVED FURTHER THAT in case of loss or inadequacy of profits in any financial year(s), the remuneration payable to the whole time director shall be governed by section II of part II of Schedule XIII of the Companies Act, 1956 or modifications thereof."

06. (\*)To consider and if thought fit with or without modification to pass the following as Special Resolution :

"RESOLVED THAT pursuant to provisions of section 17(1) of the Companies Act, 1956 consent of the company be and is hereby accorded to insert the following clause(s) under the "Main Objects" after sub-clause (5) of Clause III(A) of the Memorandum of Association of the Company.

(6) To carry on the business of traders, exporters, importers, buyers, sellers and promoters of export and other related activities and to buy, sell, enter into barter arrange-

ments and compensation business, import, distribute, process the commodities and products of all types, to act as export/ import agents and purchase and sale representatives to stockist, producers, processing units and units engaged in village industries, home industries, cottage industries, small, medium and large industries, and to assist, guide and coordinate such of them as may in the opinion of the company, be having market potential.

(7) To carry on the business of importers, exporters, buyers, sellers, dealers, distributors of all types of goods, merchandise, chattel, produce, things and commodities, including detergents, soaps of all kinds, whether natural, synthetic or chemical, alkalis, glycerine, solvents and chemicals of organic and in-organic origins, edible oils or vegetable oils and medicinal oils, cosmetics and toiletry products, fabrics made from natural or artificial fibres, or a blend of natural or artificial fibres, garments, apparels, foods and beverages, canned provisions, raw cotton manufacturers, raw jute and jute manufacturers, raw silk and silk manufacturers, textiles made out of natural and artificial fibres, handloom textiles, cotton industries ware, cotton waste, tea, minerals, iron ore and ores, ferrous, and non-ferrous metal, steel, steel products, cement, cement products, scrap iron, various metals, rock fertilizers, sugar, coffee, tobacco spices, green pepper pickles, cummin seeds, coriander seeds and powder, turmeric powder, timber wood and timber products, furnitures, diesel engines, pumps, agriculture implements, electric motors, transformers, switchgears, engineering items and accessories, building hardware, furniture, electrical appliances, paper and paper products, all types of machinery and machines, tools, dyes, chemicals, drugs and pharmaceutical items, colours, paints, varnishes, food products, dairy products, agricultural products, consumer items, minerals, raw materials, semi and manufactured products, goods and ware, plant, machinery, tools and equipments, gold, silver, precious stones, imitation jewellery of all types, books and stationery items, glassware, pottery, tableware, scientific instruments, bicycles, auto- scooters, automobiles and truck spare parts, synthetics products, rubber manufacturers, cords, tables, typewriters, refrigerators, office steel furniture equipments and appliances plastic and other materials, gift articles, and other articles products materials and substances of all types and descriptions of all parts of the world.

RESOLVED FURTHER THAT Mr. B. Ramakrishna, Managing Director be and is hereby authorised to file the necessary forms and documents with the Registrar of Companies in this respect.

07. To consider and, if thought fit, to pass with or without modification, the following resolution, as an Ordinary Resolution :-

“RESOLVED that pursuant to provisions of section 16, 94(1) and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause (V) of the Memorandum of Association of the Company as to the share capital be and is hereby deleted and in its place the following Clause (V) be substituted :

- (i) The authorised share capital of the Company is Rs.11,50,00,000 (Rupees Eleven Crore and Fifty Lakhs only) divided into 1,15,00,000 (One Crore fifteen Lakhs only) equity shares of Rs.10/- (Rupees Ten only) each.
- (ii) The Company has power from time to time to increase its Capital as Equity or Preference Shares and to attach any class or classes of such shares, preferences, rights, privileges or priorities in payment of dividends or distribution of assets, or



otherwise, over any other and to subject the same to any restrictions, limitations or conditions and to vary the regulations of the Company, and to apportion the right to participate in profits in any manner subject to the prior consent of the Government of India or the order of the Court, if the same will be necessary, being obtained before doing so.

- (iii) The share capital of the Company (whether original, increased or reduced) may be subdivided, consolidated or divided into such classes of shares as may be allowed under the law of the time being related to Companies with such privileges or rights as may be attached and to be held upon such terms and may be prescribed by the Articles of Association of the Company.

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

"RESOLVED that pursuant to provisions of section 31(1) and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby deleted and in its place the following Article 3 be substituted :

"The authorised share capital of the Company is as mentioned in Clause (V) of the Memorandum of Association of the Company"

RESOLVED Further that Mr. B. Ramakrishna, Managing Director be and is hereby given to file the necessary forms and documents with the Registrar of Companies in this respect".

#### NOTES :-

1. 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.
2. The register of members and transfer books of the Company will remain closed from 16<sup>th</sup> September, 2004 to 29<sup>th</sup> September, 2004 (both days inclusive).
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
4. (\*) As per section 192A of the Companies Act, 1956 read with The Companies (passing of resolution by postal ballot) Rules, 2001, a resolution under item no. 6 of the Notice requires approval of Members by postal ballot. The resolution together with explanatory statement stating the reasons for adoption is given in the notice. The draft resolution and postal ballot form have already been sent to the members separately. Members are requested to kindly accord their assent or dissent to the aforesaid respective resolution in the postal ballot form. The assent must be accorded in the box "For" and dissent in the box "Against" by way of placing the tick (✓). After according your vote please sign the postal ballot form and forward it to the scrutinizer in the enclosed prepaid self addressed envelope within 30 days from the date of issue of this notice.

Place: Guntur

Date: 30<sup>th</sup> August, 2004

By Order of the Board

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 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 9<sup>th</sup> March, 2004. Accordingly, an agreement is reached on 6<sup>th</sup> March, 2004 between the company and Sri. B. Ramakrishna, to re-appoint Sri.B.Ramakrishna as Managing Director for a period of 5 years with effect from 10<sup>th</sup> March, 2004. The remuneration of 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 it's profits are inadequate, subject to the limits laid down in Section 198 and Section 309 of the Companies Act, 1956, salary or perquisite 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

#### a. 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.

#### b. Leave Travel Assistance :

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

#### c. Club Fees :

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

#### d. Personal Accident Insurance :

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

### EXPLANATION :

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

### CATEGORY – B

#### a. 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.

#### b. 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 confirmation by the shareholders by way of resolution in General Meeting, the approval of the shareholders is sought.

The agreement dated 6<sup>th</sup> March, 2004 entered between the company and Sri B. Ramakrishna may be inspected at Corporate office during the working hours.

All directors except 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 No 6 :**

The company is proposing to explore the possibility of venturing into the business of commodity trading in India and internationally in view of the suspension of shrimp culture by the company. Your company in exploring the possible diversification into commodity trading.

The above new business i.e. commodity marketing can be carried only if the above object(s) is inserted as main object(s) under Main Objects clause to be pursued by the company. Section 17 of the Companies Act, 1956 inter alia provides that the company shall not except with the consent of the members by way of special resolution in General Meeting and after obtaining the approval from the Registrar of Companies to take up any new business.

As required by the Companies Act, 1956 under section 192 A, the necessary postal ballot was already circulated to the members.

None of the directors of the company is interested in this resolution.

**Item No. 7 & 8**

The present authorised share capital of the Company is Rs.11.50 crores, consisting of 75,00,000 equity shares of Rs.10/- each and 40,00,000 preference shares of Rs.10/- each. The entire preferential capital remains unissued and which have not been taken or agreed to be taken by any person. Hence, it is proposed to reorganize the authorised share capital of the Company by creating 40,00,000 equity shares of Rs.10/- each in place of the existing 40,00,000 preference shares of Rs. 10/-. The alteration to the authorised capital carried out under section 94 of the Companies Act, 1956 does not result in any increase of the aggregate share capital of Rs. 11.50 crores. Your directors commend the aforesaid resolution for your approval.

None of the directors of the Company is interested in the resolution.

Place: Guntur  
Date: 30<sup>th</sup> August, 2004

By Order of the Board

B.RAMAKRISHNA  
Managing Director



## DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting you the Eleventh Annual Report together with Audited Accounts for the year ended 31st March, 2004

## PERFORMANCE OF THE COMPANY

(Rs. in Lakhs)

	For the year ended 31.03.2004	For the year ended 31.03.2003
Sales and Other Income	43.46	81.95
Net Profit / (Loss)	(70.01)	(23.12)

## OPERATIONS :

- A. Farm : No culture is carried out during the year, due to paucity of working capital and restrictions imposed by the Government authorities.
- B. Hatchery : No seed is produced during the year 2003-2004. However shrimp is produced About 19.35 Tones in ponds situated at Hatchery and achieved a Turn-over of Rs. 43.41 lakhs.

**Dividend :** In view of continuing losses, question of dividend does not arise.

The auditors have given a disclaimer in view of discontinuance of all major operations and due to the uncertainty associated with the issue, since the proceedings are pending before the Supreme Court. The note No. "C" to the notes to accounts ( Schedule 16 ) is self explanatory in nature.

## Future Prospects :

As the shrimp prices have been consistently falling for the past two years, your company had suspended production from November 2001 onwards. The company is proposing to undertake merchant activity in food, agriculture and other commodities in the near future after infusing the necessary working capital.

## 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.

## DIRECTORS :

As per Article 145 of Articles of Association of the Company, Smt. B. Saroja Devi retires by rotation at the Annual General Meeting and being eligible offers herself for re-appointment.

As per Article 145 of Articles of Association of the Company, Sri. B.Kasi Viswanadham retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment.

## PARTICULARS OF EMPLOYEES :

None of the employees of your company was in receipt of remuneration exceeding the limit prescribed under section 217 (2) (A) of the Companies Act, 1956 during the year.



**AUDITORS :**

M/s. Garlapati & Co, Chartered Accountants, who are the present statutory auditors of the company retire at the conclusion of the Eleventh 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 :**

Pursuant to a recent requirement of the Listing Agreement, the Company declares that it's securities are listed on the Stock Exchanges of Mumbai, Delhi, Kolkata, Chennai and Hyderabad. The company confirms that it has paid annual listing fees to all the above Stock Exchanges for the year 2004-2005

**DIRECTOR'S RESPONSIBILITY STATEMENT :**

The Directors confirm :

- a) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2004, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgements and that estimates 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 that period.
- 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.

**APPRECIATION :**

The Board appreciates the valuable co-operation and support extended by all the employees and shareholders of the Company.

Place : Guntur  
Date : 30<sup>th</sup> August, 2004

By Order of the Board  
  
B. Kasi Viswanadham  
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, 1988 and forming part of Director's Report.

A. Conservation of Energy :

B. I) Technology Absorption, Adaptation,  
 & Innovation

- Not Applicable -

II) Research and Development ( R&D)

- Not Applicable -

C. Foreign Exchange Earnings & 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

Report Junction.com

Place: Guntur

Date: 30<sup>th</sup> August, 2004

By Order of the Board

B. Kasi Viswanadham  
 Chairman

A Report on Corporate Governance is enclosed.