

Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rule 2014, the Company is pleased to inform that all the resolutions as stated in the notice can be transacted by electronic voting system and the company has provided members with facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means through e-voting services provided by Karvy:

The instructions for e-voting are as under:

- A. In case a Member receives an email from Karvy [for members whose email IDs are registered with the Company/ Depository Participants (s)]:
- Launch internet browser by typing the URL: <http://evoting.karvy.com>.
 - Enter the login credentials (i.e. User ID and password mentioned below). Your Folio No. / DP ID- Client Id will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - After entering these details appropriately, click on "LOGIN".
 - You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - You need to login again with the new credentials.
 - On successful login, the system will prompt you to select the "EVENT" i.e., BKV Industries Limited "and reduced".
 - On the voting page, enter the number of shares (which represents the number of votes) as on the Cut off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - Shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.
 - Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - You may then cast your vote by selecting an appropriate option and click on "Submit".
 - A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e mail ksrao21@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "BKV Industries Limited "and reduced", 21st Annual General Meeting".
- B. I. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants (s) can request physical copy].
- User ID and initial Password as provided below.
 - Please follow all steps from Sl. No. (i) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries relating to e-voting please visit Help & FAQ section of <http://evoting.karvy.com> (Karvy Website).
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IV. The e-voting period commences on 07.09.2014 (9.00 AM) and ends on 09.09.2014 (6.00PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 01.08.2014, may cast their vote electronically in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further the Members who have casted their vote electronically shall not vote by way of poll, if held at the meeting.
- V. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 01.08.2014.
- VI. The Board of Directors has appointed Mr. K. Srinivasa Rao, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forth with to the Chairman of the Company.
- VIII. The Results shall be declared on or after the AGM of the Company and the resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- IX. The results declared along with the Scrutinizer's report shall be placed on the Company's Website: www.bkvindustries.com and on the website of the service provider (<http://evoting.karvy.com>) within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the National Stock Exchange and BSE Limited.

EVEN (E Voting Event Number)	User ID	Password

BKV INDUSTRIES LIMITED

'and reduced'

TWENTY FIRST ANNUAL REPORT

2013-14

BOARD OF DIRECTORS

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

STOCK EXCHANGES

Madras Stock Exchange Ltd.
Post Box No. 183,
New No:30, 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

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

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 Shankar 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, Lakshmipuram,
Main Road, GUNTUR - 522 007

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the members of BKV Industries Limited. 'and reduced' will be held on Saturday the 13th September, 2014 at 03.30 P.M 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, 2014 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 Smt. Bommidala Anitha (DIN 00112766) who retires by rotation and being eligible, offers herself for re-appointment.
3. To re-appoint M/s Garlapati & Co, Chartered Accountants (Firm Regn.No:000892S) 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.

Special Business:

4. To re-appoint, Sri Bommidala Ramakrishna (Din 00105030), as Managing Director and in this regard to consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**.
"RESOLVED THAT pursuant to the provisions of Sec 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Schedule V thereof as amended upto date the consent of the Company be and is hereby accorded to the re-appointment of Sri Bommidala Rama Krishna (DIN 00105030) , as Managing Director of the company, for a period of five years with effect from 10th March, 2014 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 initialed by the Chairman hereof ."
RESOLVED FURTHER that the Board be and is hereby authorized to do all the acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution".
5. To appoint Sri Nellore Dolendra Prasad (DIN 01816366), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sec 149 , 152 and other applicable provisions, if any of the Companies Act,2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Sri Nellore Dolendra Prasad (DIN 01816366), a non executive Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent Director of the company to hold office for a peiod of three consequent years for a term up to the conclusion of the 24th Annual General Meeting of the company in the calendar year 2017".
6. To appoint Sri Tunuguntla Rama Krishna (DIN 02324865), as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Sec 149 , 152 and other applicable provisions, if any of the Companies Act,2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Sri Tunuguntla Rama Krishna (DIN 02324865), a non executive Director of the company, who has submitted a declaration that he meets the criteria for independence as provided in section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an independent Director of the company to hold office for a peiod of three consequent years for a term up to the conclusion of the 24th Annual General Meeting of the company in the calendar year 2017".
7. To adopt new Memorandum of Association of the company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:
"RESOLVED that pursuant to the provisions of Sec 14 and all other applicable provisions of the Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modifications or the enactments there of, for the time being in force), the Other Objects, needs to be deleted from the Memorandum of Association. However, the consent of the members by way of Special Resolution was accorded to the commencement of new business(s) in the earlier years on 29-9-1995, 29-9-1997 and 27-9-2002, by the company as given under the head "OTHER OBJECTS", which needs to be inserted under "Main Objects" as additional Clause(s) after the Clause No 7.

Clause No 8:

To carry on business in Real Estate, to purchase, take on lease or in change or in exchange or otherwise acquire ny lands, agriculture of non-agricultural houses, buildings and hereditaments and to acquire by purchase, exchange or otherwise whether immediate or reversionary and whether vested or contingent any other lands tenements and hereditaments of any term whether subject or not to any charges or encumbrances and to hold or to sell, let, alienate, mortgage, charge of otherwise deal with all or any of such lands, tenements or hereditaments.

Clause No .9

To carry on business of Hotel, Restaurant, Café, Yavern, Motel, Milk and Snack Bars, Proprietors, Holiday Camy, Tourist CATERES, Beer House, Refreshment Room and Lodging House, Proprietors and Keepers Victuallers, Wine, Beer and Spirit and Alcohol Merchants, Breweries, Distillers.

Clause No 10:

To purchase, cultivate, plant, tree to refine, purify, manipulate, subject to any process of manufacture or render marketable whether on account of the Company or otherwise Tobacco, Cotton or produce of all varieties of tobacco or cotton.

Clause No 11:

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 in commercial scale all kinds of foods, fruits, vegetables.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary proper or expedient to give effect to this resolution".

8. To adopt new Articles of Association of the company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulation in the existing Articles of Association of the Company:

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

9. Voluntary Delisting of the Company's Equity Shares from Stock Exchanges at Chennai, Kolkata & 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 there under, 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 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 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 Equity shares from the following stock exchanges viz. Madras Stock Exchange Ltd., at Chennai, The Calcutta Stock Exchange Ltd., at Kolkata and The Delhi Stock Exchange Ltd., at New Delhi."

Place: Guntur

Date: 6th August, 2014

By order of the Board of Director
for **BKV Industries Limited**,

BOMMIDALA RAMAKRISHNA
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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

2. A statement pursuant to Sec 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 5th September, 2014 to 13th September 2014 (both days inclusive).
4. Members holding shares in physical form are requested to intimate any change in the address (INCLUDING E-MAIL ADDRESS) and PAN to the Company or to the Registrar & Share Transfer Agents, M/s. Karvy Computershare Pvt Ltd. Members holding shares in de-materialized form are requested to notify any change in address to their respective Depository Participants (DPs).
5. Members are requested to bring their admission slip along with copy of the Annual Report to the Annual General Meeting.
6. Relevant Documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days except Saturdays, during business hours up to the date of the Meeting.
7. Members who hold shares in physical form in multiple folios in identical and those who are jointly holding in the same order of names are requested to send the share certificates to Karvy for consolidation into a single folio.
8. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including annual report, notices, circulars etc. from the company electronically.**
9. E-Voting:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) rules, 2014 read with the amended Listing Agreement with the Stock Exchanges, the Company is pleased to provide members the electronic voting facility to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means the business may be transacted through e-Voting services provided by our Share Transfer Agents Karvy Computershare Private Limited, Hyderabad. The instructions for members for voting is given in a separate note enclosed to this report.

Statement u/s 102(1) of the Companies Act, 2013 (Act):

The following statement sets out all material facts relating to the special business mentioned in the accompanying notice:

Item No 2

Smt. Bommidala 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 substantial help to the management in complying with various Government and other rules, procedures and regulations. Smt. Bommidala Anitha is not a director on the Board of any other company. She is a chairman of Share Transfer Committee and a member in Remuneration Committee and Shareholder/Investor Grievance Committee constituted by the Company. Sri Bommidala Rama Krishna and Smt. Bommidala Anitha are interested in the resolution.

Item No. 4

Sri Bommidala Rama Krishna is a post graduate in business administration from Jackson State University, Mississippi, USA and has experience of more than 25 years in the fields of Tobacco, Shrimp Culture, Hospitality Services and Merchandise goods Industries with wide business contacts and administrative capabilities. The Board believes that Sri Bommidala Rama Krishna by using his vast experience, expertise and knowledge would turn the Company into a profitable one.

The Board of Directors of your Company ("the Board") at its meeting held on 10th February, 2014 approved on the recommendation of the Remuneration Committee the remuneration of Managing Director Rs.35,000/ per month with effect from 10th March, 2014 for period of 5 Years, subject to the approval of the members. Wherein in any financial year during the currency of tenure of Whole Time Director Cum 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 perquisite shall not exceed the following limits:

Remuneration

In accordance with Schedule V of the Companies Act, 2013, wherein in any financial year during the currency of tenure of Managing Director, the company has no profits or its profits are inadequate, subject to the limits laid down in Sec 197 of the Companies Act, 2013 and the approval of Central Government if necessary, the remuneration of the Managing Director by way of salary or perquisites or commission or all shall not exceed the following limits:

SALARY:

Rs.35,000/- per month or Rs.4,20,000/- 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. 4,20,000/- 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 any 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. 5,000/- per annum.

Explanation:

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

CATEGORY B

i) Contribution to provident fund, super annuation fund, or annuity fund to the extent either singly or put together not taxable under the Income Tax Act, 1961 and he shall be entitled for a gratuity not exceeding half a month's salary for each completed year of service.

ii) 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 for car for private purpose shall be paid by him to the company.

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to accept any modification/s to the said remuneration (not being modification/s more advantageous) to Sri Bommidala Rama Krishna as may be required by the Central Government if necessary and agreed to by Board of Directors and Sri Bommidala Rama Krishna."

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 of the shareholders by way of resolution in General Meeting the approval of the shareholders is sought.

The agreement dated 10th February, 2014 entered between the Company and Sri Bommidala Rama Krishna may be inspected at corporate office during the working hours.

Sri Bommidala Rama Krishna and Smt. Bommidala Anitha are interested in the resolution.

Your directors commend the proposed resolution for approval of the members.

Item No 5

Sri Nellore Dolendra Prasad is a pioneer in shrimp farming in Nellore District. He is the first person to attempt intensive shrimp farming in Andhra Pradesh. He had demonstrated his technology in culture and seed in TASPARC farm, Pudiparti and also produced aqua feed. He got substantial business experience in various fields. Hence the Board considered that his business experience will be of good use for the company.

Sri Nellore Dolendra Prasad is a member of Audit Committee constituted by the company.

The Board of Directors commends his re-appointment.

Item No 6

Sri Tunuguntla Rama Krishna is a graduate in Science, Commerce, postgraduate in Commerce, double post graduate in Arts and a graduate in Law and is practicing as advocate and Tax Consultant for the last 25 years. He is experienced in accounting, auditing, tax and Law matters and his knowledge in these fields will be helpful to the company in complying with various Governmental and other institutional rules, procedures and regulations.

Sri Tunuguntla Rama Krishna is a member of Audit Committee, Share Transfer Committee, Remuneration Committee and Share holders/ investors grievance committee constituted by the company.

None of the other Directors are interested in the resolution.

The Board recommends this resolution for the approval of shareholders.

Item No 7 & 8

The Memorandum and Articles of Association are based on the Companies Act, 1956 and several regulations in the existing Memorandum and Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Memorandum and Articles of Association are no longer in conformity with the Act, 2013.

Substantive section of the Companies Act, 2013 which deal with the general working of companies stands notified.

With the coming into force of the Act several regulations of the existing Memorandum and Articles of Association of the Company require alteration or deletions in several clauses, articles. Given this position, it is considered expedient to insert a few clauses in Main Objects of the Memorandum and Articles of Association and delete other objects of Memorandum and Articles of Association and to wholly replace the existing Articles of Association by a new set of Articles.

The new Articles of Association to be substituted in place of the existing Articles of Association are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

None of Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No: 7 & 8 of the Notice.

The Notice commends the Special Resolution set out at Item No: 7 & 8 of the Notice for approval by the shareholders.

Item No 9

Presently the Company's securities are listed on 5 Stock Exchanges i.e. Mumbai, Chennai, Kolkata, Delhi and Hyderabad. Hyderabad stock exchange had closed its operations as directed by SEBI. With the wide and extensive networking of exchange like BSE, the investors have access to online dealings in the Company's securities across the country. There were hardly any trading in company's shares on the stock exchanges at Delhi, Kolkata and Chennai. On the recommendations of the Investors Grievance Committee, the Board of Directors at their meeting held on 30th July 2007 have, therefore decided to apply for the voluntary delisting of the Company's Equity Shares from the said stock exchanges. The proposed voluntary delisting of the company's equity shares from the said three stock exchanges will not adversely affect 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 Equity Shares from the said three stock exchanges as set out in the resolution at item No: 9.

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.

DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting you the Twenty First Annual Report together with Audited Accounts for the year ended 31st March, 2014.

PERFORMANCE OF THE COMPANY

(Rs. In Lakhs)

	For the year ended 31/03/2014	For the year ended 31/03/2013
Sales & Other Income	37.29	15.70
Profit/(Loss) before interest and Depreciation	(3.01)	(16.62)
Depreciation	2.72	3.22
Net Profit / (Loss) before Tax & Exceptional items	(5.73)	(19.84)
Exceptional & Extra-Ordinary items	7.25	110.08
Income Tax	0.15	-
Profit on Sale of Assets	4.98	108.36
Net Profit/(Loss) after Tax & Exceptional Items	(0.96)	90.25

OPERATIONS:

The Aqua Farm situated at Isakapalli was given on lease from 1st July, 2013 for seven years and before giving it lease, the company carried out a minimum culture in the Farm.

Operating in a volatile and uncertain environment, the company had since given the farm on long term lease, netted a gross income of Rs.37.29 lakhs, including the sale of shrimp produce and incurred a marginal loss of Rs.0.96 lakhs.

DIVIDEND:

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

FUTURE PROSPECTS:

The company to reduce it's maintenance expenses had given the farm at Iskapally for a long term lease so that it can reduce losses. As there is considerable euphoria in the economy and with the change in the government, the promoters are exploring the opportunities in trading of merchantised goods in national and international markets.

Explanation for Auditors qualification :

Auditors qualification regarding the operating lease and going concern are self explanatory and need no further explanation.

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, Smt. Bommidala Anitha, director retires by rotation at the Annual General Meeting and being eligible offers herself for re-appointment.

During the year Sri Bommidala Kasiviswanadham and Mrs. Bommidala Saroja Devi, the Promoter Directors have offered their resignation from the Directorships, due to old age and health reasons. Sri Yedlapalli Srinvasa Rao and Sri Kanteti Sridhar, directors have offered their resignations due to their personal reasons.

Pursuant to the provisions of Sec 161(1) of Companies Act, 2013, the Articles of Association of the Company, Sri Nellore Dolendra Prasad and Sri Tunuguntla Rama Krishna have been re-appointed as independent directors and shall hold office up to three consequent years from the closure of the ensuing Annual General Meeting of the company. The company has received a requisite notice in writing from a member proposing the above independent directors for appointment as independent directors.

The company has received declarations from all the independent directors of the company confirming that they meet with the criteria of the independence as prescribed both under sec 149(6) of the companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges.

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 Twenty first 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 141(3)(g) of the Companies Act, 2013 that they are not disqualified for re-appointment.

COST RECORDS

The company had appointed M/s. Sandhya & Co, if applicable as cost auditors for the compliance of cost records of the company for the financial year 2013-14.

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 Bombay, Madras and Kolkata for the year 2014-2015. 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 Chennai, Kolkata, and Delhi which are under process. There was no demand from Delhi Stock Exchange and the company has not paid any listing fees.

FIXED DEPOSITS

The Company has not invited / received any fixed deposits during the period.

DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors confirm:

- that in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 2013-2014 and of the loss of the Company for that year.
- 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.
- 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.**

Indian aquaculture farms are upbeat about the rising prospects of farmed shrimps in the overseas market. Both the black tiger and vannamei varieties from India have been going at a premium in the foreign market, particularly in Southeast Asia. A shortage of shrimps in countries like Thailand, Vietnam, Japan and China has raised the demand of Indian varieties. The domestic farms have gone on an overdrive to increase the production. The exports were aggregated at USD 3.51 billion. "During the financial year 2013-14, exports of marine products reached an all-time high of USD 5 billion, an official statement said. In volume terms, the exports were 9.83 lakh tonne. Among marine products, "frozen shrimp continued to be the major export value item accounting for 64.12 per cent of the total exports earnings.

B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Both values and volumes entering the international fish markets are showing moderate growth. The market situation overall continues to be difficult, in particular in traditional developed country markets. The slightly higher prices for some farmed species are more a symptom of supply shortages than strong demand. Buoyant demand in South East Asian countries has driven world aquaculture production to new heights, yet, at the same time, consumption has slackened in many traditional developed country markets. In the US, strong interest from buyers competing for limited supply is contributing to the high prices, while the US International Trade Commission (USITC) ruled in favour of abandoning countervailing duties on imported warm-water shrimp from the seven countries that had been accused by US producers of subsidizing their shrimp industries, which includes India among other countries. The Japanese market, totally dependent on imported supplies of shrimp, is also suffering slightly as a result of the rising prices, in addition to a weaker yen and increased landing costs. Currently the market is holding relatively good stocks bought on high prices.