

### 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 provide members facility to exercise their right to vote at the 22nd 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)]:
  - i. Launch internet browser by typing the URL: <http://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password mentioned above). 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.
  - iii. After entering these details appropriately, click on "LOGIN".
  - iv. 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 recommend that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., BKV Industries Limited.
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cutoff 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 exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAIST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Shareholders holding multiple folios/ demat accounts shall choose the voting process separately for each folio/ demat accounts.
  - ix. 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.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. 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 numbers of times till they have voted on the Resolution(s).
  - xii. 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](mailto:ksrao21@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "BKV Industries Limited, 22nd Annual General Meeting". The documents should reach the Scrutinizer and such other person on or before 12th September 2015 at 05.00 P.M.
- B. In case of Members receiving physical copy of the AGM Notice by Courier [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
  - i. User ID and initial password as provided below.
  - ii. Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. The e-voting period commences on 11th September 2015 at 09.00 A.M. and ends on 13th September 2015 at 05.00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being 05th September 2015, may cast their vote by electronic means in the manner and process set out hereinabove. 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 cast their vote electronically shall not vote at the AGM.
- D. The members who have cast their vote by e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- E. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
- F. The Board of Directors of the Company has appointed Mr. K. Srinivasa Rao, Practicing Company Secretary as Scrutinizer to scrutinize the Insta Poll and e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- G. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 05th September 2015.
- H. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 05th September 2015 only shall be entitled to avail the facility of e-voting / Insta Poll.
- I. The e-voting facility will be available during the following period: Commencement of e-voting: From 09.00 A.M. (IST) on 11th September 2015 End of e-voting : Up to 05.00 P.M. (IST) on 13th September 2015. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
- J. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Managing Director or a person authorised by him in writing who shall countersign the same. The Managing Director or a person authorised by him in writing will declare the result of voting forthwith.
- K. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 14th September 2015.
- L. The Results on resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
- M. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.bkvindustries.com](http://www.bkvindustries.com)) and on Service Provider's website (<https://evoting.karvy.com>) and communication of the same to the BSE Limited and the National Stock Exchange of India Limited within 48 hours from the conclusion of the AGM.

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN



# **BKV INDUSTRIES LIMITED**

'and reduced'



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**TWENTY SECOND ANNUAL REPORT**

**2014-15**

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**BOARD OF DIRECTORS****Sri Bommidala Rama Krishna**

**Member:** Stakeholders Relationship Committee,  
Share Transfer Committee

Managing Director

**Smt. Bommidala Anitha**

**Chairperson:** Stakeholders Relationship Committee,  
Share Transfer Committee,  
Risk Management Committee

**Member:** Audit Committee,  
Nomination & Remuneration Committee

Non Executive Director

**Sri Nellore Dolendra Prasad**

**Chairman:** Nomination & Remuneration Committee  
**Member:** Audit Committee

Independent Director

**Sri Tunuguntla Rama Krishna**

**Chairman:** Audit Committee  
**Member:** Nomination & Remuneration Committee,  
Stakeholders Relationship Committee,  
Share Transfer Committee,  
Risk Management Committee.

Independent Director

**REGISTERED OFFICE:**

"Bommidala House",  
D.No: 5-87-15/A, Lakshmipuram, Main Road,  
GUNTUR - 522 007.  
Phone: + 91 863 2355108  
Fax : + 91 863 2358453  
Website: [www.bkvindustries.com](http://www.bkvindustries.com)  
CIN: L05005AP1993PLC015304

**STOCK EXCHANGES :**

**BOMBAY STOCK EXCHANGE LIMITED,**  
Rotunda Building, 25th Floor,  
P.J. Towers, Dalal Street, Fort, MUMBAI - 400 001.

**THE CALCUTTA STOCK EXCHANGE LTD.,**  
7, Lyons Range, KOLKATA – 700 001.

**BANKERS :**

**ANDHRA BANK**  
150- Guntur Main,  
Near Gowri Shankar Theatre,  
Kothapet, GUNTUR 522 001.

**AUDITORS:**

**M/S. GARLAPATI & CO.,**  
Chartered Accountants,  
D.No:6-3-11, 3/4, Arundelpet,  
GUNTUR – 522 002.

**INTERNAL AUDITORS:**

**M/S. JONNALAGADDA & ASSOCIATES,**  
Chartered Accountants,  
New No:104 (Old No:54), Thiruvalluvarpuram,  
II Street, Choolaimedu,  
CHENNAI- 600 094.

**SECRETARIAL AUDITORS:**

**M/S.K. SRINIVASA RAO & CO.,**  
Company Secretary in Practice,  
D.No:6-13-14A, 13/3, Arundelpet,  
GUNTUR – 522 002.

**REGISTRARS & SHARE TRANSFER AGENTS:**

**M/S.KARVY COMPUTERSHARE (P) LIMITED,**  
Karvy Selenium Tower B,  
Plot No. 31 & 32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally, HYDERABAD – 500 008.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the members of BKV Industries Limited. "and reduced" will be held on Monday the 14<sup>th</sup> September, 2015 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 Audited Statement of Profit and Loss and Cash Flow Statement for the financial year ended 31<sup>st</sup> March, 2015 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 her self 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.

By order of the Board of Directors

Place: Guntur

Date :23rd July, 2015

**BOMMIDALA RAMA KRISHNA**

Managing Director

DIN: 00105030

### 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. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.  
A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such person shall not act as a proxy for any other person or shareholder.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 07<sup>th</sup> September, 2015 to 14<sup>th</sup> September 2015 (both days inclusive).
3. Members holding shares in physical form are requested to intimate any change in the address 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).
4. Members are requested to bring their admission slip along with copy of the Annual Report to the Annual General Meeting.

5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company or "Karvy" for assistance in this regard.
6. Brief resume of Smt. Bommidala Anitha (DIN: 00112766), nature of her expertise in specific functional areas, names of companies in which she holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships among directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed to this notice.
7. As per the provisions of section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014, Shareholders holding shares in physical form may file nomination in the prescribed SH-13 with the Company's Registrar and Share Transfer Agents. In respect of shares held in d-mat form, the nomination form may be filed with the respective Depository Participant.
8. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Share Transfer Agents M/s. Karvy Computershare Pvt. Ltd. (Karvy).
9. Relevant documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and Public holidays up to the date of the Annual General Meeting. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting.
10. E- Voting:  
Pursuant to Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to exercise their right to vote on resolutions proposed in the notice of the twenty second Annual General Meeting (AGM) by electronic means the business may be transacted through e-voting services provided by our Share Transfer Agents of Karvy Computershare Private Limited, Hyderabad. The instructions for members for voting are given in separate note enclosed to this report.

### Item No.2

**Additional Information with respect to Item No. 2 and information under clause 49 of the Listing Agreement regarding re-appointment of Director:**

Smt. Bommidala Anitha (DIN 00112766) retires by rotation as Non-Executive Director of the Company. She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and

has given her consent to act as a Director. Brief resume of Smt. Bommidala Anitha and additional information pursuant to Clause 49 of the Listing Agreement executed with Stock Exchanges are given below:

Smt. Bommidala Anitha is a Law Graduate and underwent training in Personnel Management. She has rich experience and knowledge in areas like legal, banking and HR related activities. Her knowledge of legal aspects will be considerable assistance 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 Chairperson of Share Transfer Committee, Risk Management Committee and Stakeholders Relationship Committee. She is also a member in Audit Committee, Nomination & Remuneration Committee. Sri Bommidala Rama Krishna and Smt. Bommidala Anitha are interested in the resolution.

By order of the Board of Directors

Place: Guntur

Date :23rd July, 2015

**BOMMIDALA RAMA KRISHNA**

Managing Director

DIN: 00105030

## DIRECTOR'S REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting you the Twenty Second Annual Report together with Audited Accounts for the year ended 31<sup>st</sup> March, 2015.

(Rs. In Lakhs)

### PERFORMANCE OF THE COMPANY

	For the year ended 31/03/2015	For the year ended 31/03/2014
Sales & Other Income	27.13	37.29
Profit/(Loss) before interest and Depreciation	0.78	(3.01)
Depreciation	1.15	2.72
Net Profit / (Loss) before Tax & Exceptional items	(0.37)	(5.73)
Exceptional & Extra-Ordinary items	-	7.25
Income Tax	0.10	0.15
Profit on Sale of Assets	-	4.98
Net Profit/(Loss) after Tax & Exceptional Items	(0.47)	(0.96)

### COMPANY'S PERFORMANCE AND OPERATIONS:

The Aqua Farm situated at Isakapalli was given on lease during July, 2013 for seven years. Operating in volatile and uncertain environment at that time, the company had given the farm on long term lease, netted a gross income of Rs.27.13 lakhs and incurred a marginal loss of Rs.0.47 lakhs.

### DIVIDEND AND RESERVES

In view of considerable accumulated losses, no dividend is declared and not transferred any amount to reserves.

### FUTURE PROSPECTS:

Sea food exports fell just short of the targeted \$6 Billion for the year 2014-15, but have still peaked to a new high crossing 1 Million tonnes in volumes for the first time. Frozen shrimps continued to be the flagship product, accounting for a share of 34% in quantity and 67% in US \$ value of the total exports. Vannamei, grown in aquaculture farms was the main item under shrimps. This is achieved despite the problems in the world market like depreciation of Euro, weak economic conditions in China and devaluation of Yuan.

The company in order to reduce the losses, the company had given the farm at Iskapalli for a long term lease so that it could be put to better use and the company will not have any burden of maintenance. As there is a considerable improvement in the economy revival, the promoters are exploring opportunities in various fields to revive the fortunes of the company. The lessee had considerably improved the infrastructure in farm and operating,

with no or negligible maintenance costs to the Company in immediate future, thereby reducing the financial costs to the Company except the statutory compliance costs.

### PARTICULARS REGARDING ENERGY CONSERVATION etc.:

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in Annexure V to this Report.

### SUBSIDIARY:

The company does not have any subsidiary.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Smt. Bommidala Anitha (DIN: 00112766), Non-executive Woman Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.

As required under clause 49 of the Listing Agreement a brief resume, expertise and details of other directorships of Smt. Bommidala Anitha (DIN:00112766) annexed to the Notice convening the 22nd Annual General Meeting of the Company.

All the Independent Directors viz., Sri Tunuguntla Rama Krishna (DIN:02324865) and Sri Nellore Dolendra Prasad (DIN:01816366) have



submitted declarations confirming that they continued to meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

The Board met 7 times during the financial year 2014-15, the details of which are given in the Corporate Governance Report.

In accordance with the provisions of Section 134 of the Act and Clause 49 of the Listing Agreement, the Board had carried out an evaluation of its own performance, the performance of Committees of the Board, namely, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee and also the directors individually. The manner in which the evaluation was carried out and the process adopted had been mentioned in the Corporate Governance Report.

The Board, on the recommendation of the Nomination & Remuneration Committee, has framed a policy for selection and appointment of Directors, Senior Management and their remuneration and also framed the criteria for determining experience, qualifications, positive attributes and independence of directors.

Sri Bommidala Rama Krishna (DIN: 00105030), Managing Director and Mr. Arisetty Sai Prasad, Chief Financial Officer (who had been appointed during the year) are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

During the financial year 2014-15, the Company has not given any guarantees/loan or made any investments. However during the year, the company has repaid an amount of Rs.10.90 Lakhs due as on 31<sup>st</sup> March, 2014, but received Rs.4.35 Lakhs (after the repayment of Rs.3.25 lakhs) interest free loan from Mr. Bommidala Rama Krishna, Managing Director.

#### **PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure VII to the Board of Directors report.

#### **AUDITORS AND AUDITORS' REPORT**

##### **Statutory Auditors:**

The Shareholders at the 21st Annual General Meeting held on 13<sup>th</sup> September, 2014, had appointed M/s Garlapati & Co., Chartered Accountants (Firm Regn.No:000892S) as Statutory Auditors of the Company to hold office until the conclusion of 22nd Annual General Meeting. M/s Garlapati & Co., being eligible has expressed their willingness to continue as Statutory auditors of the Company and accordingly, 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 and their appointment is recommended to the Shareholders.

##### **EXPLANATION FOR AUDITORS EMPHASIS OF MATTER:**

- (a) Regarding Non- Agriculture Tax, there was no demand from the concerned department. However, the company had shown the amount as contingent liability under other notes on account.
- (b) Regarding the preparation of accounts on going concern basis the notes

in Independent audit report is self explanatory and the company had given the farm on long term lease and got steady income and been able to meet its operational expenses.

##### **Internal Auditors:**

The Board, as required under Sec 138 of Companies Act, 2013, in consultation with Audit Committee had appointed M/s. Jonnalagadda & Associates, Chartered Accountants (Firm Regn. No:01358S) as internal auditors for the year 2014-15.

##### **Secretarial Auditor:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s K. Srinivasa Rao & Co, Company Secretaries in practice as the Secretarial Auditor to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is given in Annexure-III to this Report. There were no qualifications, reservations or adverse remarks given by Secretarial Auditor except non-compliance of section 203 of the Companies, 2013 in respect of appointment the Company Secretary as Key Managerial Person.

The Board has made utmost effort for appointment of the Company Secretary as KMP but has not been able to appoint a Company Secretary due to lack of suitability of the Candidate to the profile of the Company in terms of work location, job profile and remuneration.

##### **RISK MANAGEMENT:**

As required under Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has put in place a mechanism to identify, assess, monitor and mitigate various risks to its key business objectives. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis. The Company has formulated a Risk Management Policy which is also available on the Company's website at [www.bkvindustries.com](http://www.bkvindustries.com)

##### **INTERNAL FINANCIAL CONTROLS:**

The Company has adequate Internal Financial Controls with proper checks to ensure that transactions are properly authorised, recorded and reported apart from safeguarding its assets. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

The internal auditors of the Company review the controls across the key processes and submit reports periodically to the Management and significant observations are also presented to the Audit Committee for review. Follow up mechanism is in place to monitor the implementation of the various recommendations.

##### **CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:**

Section 135 of the Companies Act, 2013 provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the Company to be ' 500 crore or more; or (b) turnover of the company to be ' 1,000 crore or more; or (c) net profit of the company to be ' 5 crore or more. As the Company does not fall under any of the threshold limits given above, the provisions



of Section 135 are not applicable to the Company.

### RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered into during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. Section 188(1) of the Companies Act, 2013 exempts related party transactions that are in the ordinary course of business and are on arm's length basis. However, under clause 49 of the Listing Agreement, all material Related Party Transactions require approval of the shareholders through special resolution. However, during the year, there are no material related party transactions, other than the ordinary transactions. The Board of Directors and the Audit Committee have also approved the said related party transactions.

There are no materially significant related party transactions with the promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The policy on dealing with Related Party Transactions as approved by the Board is available at the investors section of the Company's website at [www.bkvindustries.com](http://www.bkvindustries.com)

The particulars of contracts/arrangements entered into by the Company with related parties as required to be disclosed are given in Annexure IV to this Report.

### CORPORATE GOVERNANCE:

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under the Listing Agreement. Statutory Auditor's certificate on Corporate Governance compliance is attached to Corporate Governance report.

### MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement, form part of this Annual Report.

### TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND:

The company has not declared any dividend till date from inception and hence not applicable.

### DISCLOSURES:

#### Committees of the Board

During the year, in accordance with the Companies Act, 2013 the Board re-constituted/re-named some of its Committees and presently the Company has the following Committees:

- ❖ Audit Committee
- ❖ Nomination & Remuneration Committee
- ❖ Stakeholders Relationship Committee
- ❖ Share Transfer Committee
- ❖ Risk Management Committee

The details of all the Committees along with their composition, terms of reference and meetings held during the year are provided with in the "Report on Corporate Governance" forming part of this Annual Report.

#### Vigil Mechanism & Whistle Blower Policy

The Company has a vigil mechanism and a whistle blower policy. The same has been posted on the Company's website and the details of the same are given in the Corporate Governance Report.

### EXTRACT OF THE ANNUAL RETURN

The details of the extract of the Annual Return in Form MGT-9 are given in Annexure- VI to this Report.

### 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, Delhi and Kolkata for the year 2014-2015. The Hyderabad Stock Exchange Ltd, Madras Stock Exchange Limited & Delhi Stock Exchange Association Limited had since informed that SEBI de-recognized these Stock Exchanges.

During the year Kolkata Stock Exchange is yet to send their bill for Listing fees, hence the fees for 2015-16 have not been paid.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions contained in Section 134(3) of the Companies Act, 2013, your Directors to the best of their knowledge and belief and according to information and explanations obtained from the management, confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently except the depreciation accounting policy as per statute change 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 as at March 31, 2015 and of the cash flows and loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on a going concern basis.
- The Directors have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

### GENERAL:

Your Directors state that no disclosure is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.



2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

## MANAGEMENT DISCUSSION & ANALYSIS

### A. INDUSTRY, STRUCTURE, DEVELOPMENT AND OUTLOOK.

Indian Sea food exports fell short of the targeted \$ 6 Billion for the year 2014-15, but have still peaked to a new high-crossing 1 Million Tonnes in volume for the first time. The total export of the marine products was 10,51,243 Tonnes valued at Rs.33,441.61 Cr ( Billion US \$ 5.51 ) during the year. This represents a raise of 7% in quantity and 11% in value. The Growth in \$ terms was 10%. In 2013-14, the marine products exports from India stood at 9,83,756 Tonnes valued at Rs.30,213.26 Cr ( US\$ 5.09 Billion ). Frozen shrimps continued to be the flagship product, accounting for a share of 34% in quantity and 67% in US \$ value of the total exports. Vannamei, grown in aquaculture farms, was the main item under shrimps. Of the overall sea food exports, shrimps comprised 3,57,505 Tonnes valued around US\$ 3.7 Billion. This is achieved despite the problems in the world market like depreciation of Euro, weak economic conditions in China and devaluation of Yuan.

### B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Asia-Pacific is the leading region on the global fish market, expanding thanks to economic growth, higher income levels and better spending power in developing regions like India and China. Fresh, frozen and chilled fish comprise the main market segment, with shellfish continuing to exhibit the most rapid growth. The overall market forecast for the global aquaculture and fisheries market is favorable, with a degree of recovery in trade and therefore production, across several major markets. The opportunities of seafood industry globally include in earning foreign exchange, providing employment in marine sector and achieving economies of scale by producing more output with lower cost. The risks involved in the industry being, lack of proper infrastructural facilities with respect to storage, imposing of heavy terminal handling charges, stringent policies regarding Food safety imposed by importing countries and depletion of resources by over catching of fish. Anti-dumping duties levied by the USA, based on the administrative review (AR) are another blow to the industry, thereby increasing of vulnerability of India's small scale fishing communities, harvesters and processors. It has become a difficulty for the Indian exporters to comply with the strict regulations undeniably, as the USA is the second largest importer of fishing exports from India.

### RISKS AND CONCERNS:

Pursuant to Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of the Committee, its terms of reference are given in the corporate governance report. The methodology for risk management primarily involves mapping of risks with strategy, assessing the risks on its importance, identifying de-risking measures and assigning it to risk owners and continuously monitoring the status of the risks. The risks were categorized into Strategy & Planning, operations and compliance and the risks associated with each risk category was further

classified and identified as 'critical', 'major' and 'moderate'.

The company does not foresee any critical / major risk as it had already given its farm on long term lease and the lessee is meeting their commitments as per the lease agreement. The maintenance and compliance expenses of the company are taken care through the lease payments, hence, the company does not foresee any major risk for its operations in the short and medium term.

The management periodically reviews the risk management framework to identify the major business risks as applicable to the Company and works out their mitigation strategy.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has well-established processes and defined the roles and responsibilities for people at various levels. The control mechanism also involves well documented policies, authorization guidelines commensurate with the level of responsibility specific to the respective businesses. Adherence to these processes is ensured through frequent internal audits. The internal audits conducted are reviewed by the Audit Committee and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information which ensures that all transactions are properly reported and classified in the financial records. Further the Company had given its farm on long term lease and did not carry any other business operations during the year.

### D. FINANCIAL PERFORMANCE

The financial statements are prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles in India. The management accepts the responsibility of integrity and objectivity of the financial statements and the basis for various estimates and the judgments used in preparing the financial statements.

During March, 2013, the company entered into a lease agreement of its Farm for a period of 84 months with effect from July, 2013, as the promoters have decided to meet with Lease Income the fixed expenses/ costs. The company has to seize the opportunities as and when the economy provide the profitable business opportunities and to control further losses in operations and to maintain the farm assets with negligible costs to the company. With these steps, the company could perform reasonably and ended up with a marginal cash profit.

Particulars	Rs. In Lakhs
Farm Lease Income	27.00
EBIDTA	0.78

### E. DEVELOPMENTS IN HUMAN RESOURCES:

In a challenging and competitive environment, the Company believes that people are the key to success and continues to focus on people capabilities by leveraging technology and creating a learning environment. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### F. CAUTIONARY STATEMENT:

The management discussion and analysis report containing your Company's objectives, projections, estimates and expectation may constitute certain



statements, which are forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement. As the company had given its farm assets on long term lease and that being the only source of income for the company, changes in the government regulations, compliance frame work, tax laws and other factors, may affect the future earnings of the company. The Company cannot guarantee the accuracy of the assumptions and perceived performance of the Company in future.

#### DELISTING OF SHARES:

Company's Ordinary Equity shares are originally listed in the Stock Exchanges of Mumbai (BSE) and four other Stock Exchanges at New Delhi, Kolkata, Chennai and Hyderabad. The shares of the company are compulsorily traded in dematerialized form. The Board considered that continued listing on all stock exchanges was not necessary and therefore decided to de-list from Delhi and Calcutta stock exchanges in pursuance of special resolution passed in the 14<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> September, 2007. However, the company was informed by Madras Stock Exchange Limited, Hyderabad Stock Exchange Limited, The Delhi Stock Exchange Association Limited, that SEBI had de-recognized the above Stock Exchanges. Company is yet to hear from Kolkata Stock Exchange and not received any bill for Listing Fees from them for the year 2015-16.

#### PERSONAL RELATIONS AND APPRECIATION:

The Directors gratefully acknowledge all stakeholders of the Company viz., lessee, members, employees and banks for their support during the year. Your directors hereby place on record their appreciation for the services rendered by the staff of the Company for their hard work, dedication and commitment.

By order of the Board of Directors

Place: Guntur

Date : 23<sup>th</sup> July, 2015

**BOMMIDALA RAMA KRISHNA**

Managing Director

DIN: 00105030

### Annexure - I Remuneration Policy

#### 1. Preamble

This Remuneration Policy provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel and other employees of the Company

This Policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. This policy reflects the remuneration philosophy and principles of the company and considers the pay and employment conditions with peers/competitive market to ensure that pay structures are appropriately aligned.

#### 2. Remuneration of Non-Executive Directors

As the company had incurred substantial losses and does not have any operations other than the lease Income, no remuneration or sitting fees is

paid to the Non-Executive Directors ("NEDs").

Once, the company is able to turn around and substantial losses are recovered, the company wants to pay the sitting fee to the NEDs for attending the Board and Committee meetings will be fixed subject to the statutory ceiling and the fee will be reviewed periodically and aligned to comparable best in class companies.

#### 3. Remuneration of Managing Director

The compensation paid to the Managing Director is within the scale approved by the Shareholders. The elements of the total compensation are approved by the N&R Committee within the overall limits specified under the Companies Act, 2013.

The elements of compensation of the Managing Director are described below:

As the company does not have adequacy of profit in any financial year, the remuneration payable to the Managing Director shall be subject to the relevant provisions of the Companies Act, 2013 and the same is paid within the limit specified. Remuneration includes Salary, Perquisites not exceeding the salary amount per annum viz. Medical Expenses, Leave Travel Assistance, Club Fees and Personal Accident Insurance Charges. Further, transport charges, telephone expenses, provident fund, super annuation fund and encashment of leave ( if applicable to the company ) are provided or reimbursed on actual basis.

#### 4. Remuneration to Key Managerial Personnel/Other Employees

The Company's total compensation for Key Managerial Personnel/other employees consists of fixed compensation as the company incurred substantial losses and only fixed income from the farm lease.

Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and a cash allowance.

Overall compensation shall be subject to periodic reviews which takes into account factors such as affordability based on the Company's performance and the economic environment.

#### 5. Adoption, Changes and Disclosure of Information

This Remuneration Policy and any changes thereof are approved by the Board of Directors based on the recommendation(s) of the N&R Committee. The policy may be reviewed at such intervals as the Board or the Committee may deem necessary. Such disclosures of this Remuneration Policy as may be required under the Companies Act, 2013 and Listing Agreement.

### Annexure – II Criteria for Board Nominations

The Nomination and Remuneration Committee (N & R Committee) of the Board is responsible for identifying persons for initial nomination as directors and evaluating incumbent directors for their continued service. The following are the qualifications, positive attributes and independence criteria laid down by the Committee of BKV Industries Ltd. in terms of section 178(3) of the Companies Act, 2013 to be considered for nominating candidates for Board positions/re-appointment of directors.



## QUALIFICATIONS:

## Personal Traits

- Highest personal and professional ethics, integrity and values
- Shares the values and beliefs of the Company.
- Inquisitive and objective perspective, practical wisdom and mature judgment
- Demonstrates intelligence, maturity, wisdom and independent judgment
- Self-confidence to contribute to board deliberations has a stature that other board members will respect his or her views.

## Experience and Background

- Well accomplished in his / her respective field. Demonstrated success at policy-setting and strategy development levels in a large organization (such as corporation, government, academic institution or profession)
- Leadership role- at the time a potential director's initial candidacy is evaluated must either be current or very fresh and recent, and incumbent directors should continue to demonstrate a sophisticated understanding and current knowledge of business issues
- Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, disqualifications under Companies Act 2013 or other applicable laws etc.) that either disqualify or require adverse disclosures

## Fit and proper

- With respect to Directors being nominated for Independent position, the candidate should comply with the "Independence qualifications" as defined by applicable laws.
- Willingness to devote sufficient time to carry out the duties and responsibilities effectively, including attendance at meetings.
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders.
- Adhere to the code of conduct of the Company.
- Absence of unfair obstruction in the functioning of the Board/ Committees.

## POSITIVE ATTRIBUTES:

The positive attributes for a director would encompass:

- Ethical Integrity & transparency.
- Has/acquires sufficient knowledge in the Company's business and operations.
- Demonstrate sound judgment gained through experience & expertise in management/ technical/ financial governance or regulatory matters.
- Foresight - ability to see and prepare for future, anticipate needs, opportunities and threats.
- Managerial abilities required to lead and guide the management such as effective communication skills, cultural

sensitivity, flexibility, team player, strategic thinking, and balancing risk with opportunity, ability to juggle several variables and make complicated decisions etc.

## INDEPENDENCE STANDARDS:

- A Director is independent if the Board affirmatively determines that he meets the Independence criteria provided under the applicable laws. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relating to a director's independence.
- Two core objectives in selecting board members and continued board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and the collective talent should blend together to be as effective as possible.

## Annexure – III

## FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
M/s. BKV Industries Limited,  
Lakshmipuram Main Road,  
Guntur- 522007

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. BKV Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i). The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v). The Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-