



BKV INDUSTRIES LIMITED

'and reduced'



Twenty Fifth Annual Report

2017 - 18



BOARD OF DIRECTORS

Sri Bommidala Rama Krishna Managing Director	Member: Stakeholders Relationship Committee, Share Transfer Committee
Smt. Bommidala Anitha Non Executive Director	Chairperson: Stakeholders Relationship Committee, Share Transfer Committee, Risk Management Committee Member: Audit Committee Nomination & Remuneration Committee
Sri Nellore Dolendra Prasad Non Executive - Independent Director	Chairman: Nomination & Remuneration Committee Member: Audit Committee
Sri Tunuguntla Rama Krishna Non Executive - Independent Director	Chairman : Audit Committee Member: Nomination & Remuneration Committee, Risk Management Committee Stakeholders Relationship Committee Share Transfer Committee
Registered Office: "Bommidala House", # 5-87-15/A, Lakshmiapuram Main Road, Guntur - 522 007. Phone: +91-863-2355108 Fax: + 91-863-2358453 CIN : L05005AP1993PLC015304 E mail: bkvind@bommidala.co.in Website: bkvindustries.com	Bankers: Andhra Bank, 150- Guntur Main, Near Gowri Shankar Theatre, Kothapet, Guntur - 522 001.

Stock Exchanges:

BSE Limited, (Formerly Bombay Stock Exchange Ltd.), Registered Office: Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001.	The Calcutta Stock Exchange Ltd., 7, Lyons Range, Kolkata - 700 001.
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Statutory Auditors:
Internal Auditors:

M/s. Kurapati Subba Rao & Co., Chartered Accountants, # 7-5-33, Opp. Lane to Gayathri Temple 1st Floor, Near Kalaniketan Mangamur Road Ongole - 523 002.	M/s. Jonnalagadda & Associates, Chartered Accountants, New No:104 (Old No:54), Thiruvalluvarpuram, II Street, Choolaimedu, Chennai - 600 094.
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Secretarial Auditors:
Registers & Share Transfer Agents:

M/s. K. Srinivasa Rao & Co., Company Secretaries, # 6-13-14A, 13/3, Arundelpet, Guntur - 522 002.	M/s. Karvy Computershare (P) Limited, Karvy Selenium Tower B, Plot No: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.
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NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of BKV Industries Limited. "and reduced" will be held on Saturday, the 15th September, 2018 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 Standalone Audited Financial Statements of the Company for the year ended 31st March, 2018 and 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.

By order of the Board of Directors
For **BKV Industries Limited**
Sd/-

BOMMIDALA RAMA KRISHNA
Managing Director
DIN:00105030

Place: Guntur

Date: 29.05.2018

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 08th September, 2018 to 15th September 2018 (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 Computer share 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 between directors inter-se as stipulated under Regulation 36(3) of the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 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 Transfer Agent. 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 Transfer Agent M/s. Karvy Computer share 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. 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 Regulation 44 of the SEBI Listing Obligations And Disclosure Requirements Regulations, 2015, 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 fifth Annual General Meeting (AGM) by electronic means the business may be transacted through e-voting services provided by our Share Transfer Agents of Karvy Computer share Private Limited, Hyderabad. The instructions for members for voting

are given in separate note enclosed to this report.

11. Additional Information with respect to Item Nos. 2 of this notice, under regulation 36(3) of SEBI (LODR) Regulations 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.

Additional information of Smt. Bommidala Anitha pursuant to SEBI (LODR) Regulations, 2015 and Listing Agreement executed with Stock Exchanges is given below:

Brief resume: Smt. Bommidala Anitha W/o Bommidala Rama Krishna, aged 50 years resident of Guntur and she is a Law Graduate and underwent training in Personnel Management.

Nature of Expertise: 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.

Relationship between Directors: Smt. Bommidala Anitha is wife of Bommidala Rama Krishna, Managing Director of the company.

Membership in Other Listed Entity Board's: Smt. Bommidala Anitha is not a Director in the Board of any other listed Company.

Shareholding: She is having shareholding of 2.63%.

Other Information: She is Chairperson of Share Transfer Committee, Risk Management Committee and Stake Holders 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
For **BKV Industries Limited**
Sd/-

BOMMIDALA RAMA KRISHNA
Managing Director
DIN:00105030

Place: Guntur

Date: 29.05.2018

BOARD'S REPORT

Your Directors have pleasure in presenting you the Twenty Fifth Annual Report together with Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL PERFORMANCE OF THE COMPANY

(Rs. In Lakhs)

Particulars	For the year ended 31/03/2018	For the year ended 31/03/2017
Sales & Other Income	33.45	30.32
Profit/(Loss) before interest and Depreciation	2.20	1.28
Less: Finance Cost	0.86	0.47
Less: Depreciation and Amortisation expenses	1.04	1.29
Profit before Exceptional items& Taxes	0.30	(0.48)
Exceptional Items	-	-
Profit after Exceptional Items & Taxes	0.30	(0.48)
Less: Tax expenses	-	-
Profit / (Loss) after tax	0.30	(0.48)
Other Comprehensive Income / (Loss) (Includes Revaluation Gain on Free Hold Land Rs. 65.19 Lakhs)	66.04	(0.26)
Total Comprehensive Income/(Loss) attributable to the owners of the company	66.34	(0.74)
Less: Appropriations	-	-
Closing Balance (Including Other Comprehensive Income) for the year	66.34	(0.74)

RESULTS OF OPERATIONS AND STATE OF COMPANY AFFAIRS:

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, earned a gross income of Rs. 33.45 lakhs including Other Income and earned a Net Profit of Rs. 66.34 lakhs (Including Gain on Revaluation of Rs. 65.19 lakhs considered under Other Comprehensive Income). Company is awaiting the operating lease to get completed to consider the operations.

DIVIDEND AND RESERVES

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

SUBSIDIARY:

The company does not have any subsidiary.

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.

CHANGES AMONG DIRECTORS AND KEY MANAGERIAL PERSONNEL**Re-Appointment of Non-Executive Director in 24th Annual General Meeting**

During the year Smt. Bommidala Anitha (DIN: 00112766), Non-executive Woman Director was re-appointed as Director in 24th Annual General Meeting.

Re-appointment of Independent Directors Sri Nellore Delendra Prasad and Sri Tunuguntla Rama Krishna

During the year the shareholders of the company re-appointed Sri Nellore Dolendra Prasad and Sri Tunuguntla Rama Krishna as Independent Directors of the company for second term with a tenure of 5 years, at their Annual General Meeting held on 06-09-2017.

Retire by Rotation

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 liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment as Director. The Board recommends her appointment. A brief resume of her and other relevant information have been furnished in the notice convening the AGM.

Board and Committee Meetings

The Board met 4 times during the financial year 2017-18, the details of which are given in the Corporate Governance Report.

Committees of the Board

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

Board evaluation of its own performance:

In accordance with the provisions of Section 134 of the Act and of the SEBI (LODR) Regulations, 2015 the Board has 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 has been mentioned in the Corporate Governance Report.

Policy for selection and appointment of Directors, Senior Management and their remuneration:

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.

Declaration Given by Independent Directors:

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 SEBI (LODR) Regulations, 2015.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013.

During the financial year 2017-18, the Company has not given any guarantees/loan or made any investments. However during the year, the company has repaid an amount of Rs.5.00 Lakhs due as on 31st March, 2017, but received Rs.10.55 Lakhs interest free loan during the year, out of which Rs.5.30 Lakhs was repaid to Mr. Bommidala Rama Krishna, Managing Director, leaving a balance of Rs.5.25 lakhs payable as at 31st March, 2018.

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 AUDITOR'S REPORT**Statutory Auditors:**

M/s. Kurapati Subba Rao & Co., Chartered Accountants (Firm Regn.No:001618S) was appointed as Statutory Auditors of your Company at the Annual General Meeting held on 06th September 2017, for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

But in accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at

every Annual General Meeting. The Report given by the Auditors on the financial statement of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

Fraud reported by the Auditor under Section 143(12): Nil

EXPLANATION FOR AUDITORS EMPHASIS OF MATTER:

Regarding the preparation of accounts ongoing 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.

SECRETARIAL AUDIT:

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, as the Secretarial Auditors 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 the following:

1. Noncompliance of section 203 of the Companies Act, 2013 and regulation 6 of SEBI (LODR) Regulations 2015, in respect of non-appointment of the Company Secretary.

2. Noncompliance of section 203 regarding non-appointment of CFO by the board with in a period of six months from the date i.e 25.01.2016 of such vacancy.

Board Clarification on Secretarial Auditor qualifications:

The Board has made utmost effort from time to time, for appointment of the Company Secretary & Chief Financial Officer, as KMPs but not able to appoint them due to lack of suitable Candidates to the profile of the Company in terms of work location, job profile and remuneration and we hope that the positions are to be filled in the near future.

RISK MANAGEMENT:

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

INTERNAL FINANCIAL CONTROLS:

The Company has adequate Internal Financial Controls with proper checks to ensure that transactions are properly authorized, 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 submits 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. 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

The particulars of contracts/arrangements entered into by the Company with related parties as required to be disclosed are given in AOC-2 as Annexure IV to this Report.

CORPORATE GOVERNANCE:

During the year your company followed best corporate governance practices and the same will also be continued in forthcoming years.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (LODR) 2015, Regulations, given in Corporate Governance Report, which is the part of this Annual Report.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND:

The company has not declared any dividend till date from inception therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

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.

DISCLOSURES:

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.

STOCK EXCHANGES:

As per the requirement of SEBI Listing Regulations, the Company declares that its securities are listed on the Stock Exchanges of Mumbai & Kolkata. The company confirms that it has paid annual listing fees to the Stock Exchange of Mumbai for the Year 2017-18. However, in the case of Kolkata Stock Exchange, the shares are listed under "suspension" without any intimation to the Company, though company had sent all the resolutions for delisting in 2007 & 2014, and in view of clarification to be received from Culcutta Stock Exchange, no listing fees paid for 2017-18.

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:

- i) In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) 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 as at March 31, 2018 and of the cash flows and profit of the Company for the year ended on that date;
- iii) 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;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.
- v) The Directors have laid down proper internal financial controls to be followed by the Company relevant to its nature of operations and such controls are adequate and operating effectively.
- vi) 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.

Material Changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:

No Material Changes and commitments affecting the financial position of the company occurred for a period which the financial statements relate and the date of the report.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE:

As per requirement of The Sexual Harassment of Women at Workplace (Prevention, prohibition & Redresses) Act, 2013 and Rules made there under, your company has constituted internal Complaints Committee (ICC). During the year there was no complaints received under this Act.

CHANGES IN THE NATURE OF THE BUSINESS

There was no change in the nature of the business of the Company during the financial year ended 31st March, 2018

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, Kolkata & Chennai stock exchanges in pursuance of special resolutions passed in the 14th Annual General Meeting held on 28th September, 2007 & 21st Annual General Meeting held on 13th September, 2014. 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. The Kolkata Stock Exchange Limited is yet to notify to the company about de-recognition by SEBI.

PERSONAL RELATIONS AND APPRECIATION:

The Directors gratefully acknowledge all stakeholders of the Company viz., lessee, members, employees, stock exchanges 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

For **BKV Industries Limited**

Sd/-

BOMMIDALA RAMA KRISHNA

Managing Director

DIN:00105030

Place: Guntur

Date: 29.05.2018

MANAGEMENT DISCUSSION & ANALYSIS**A. INDUSTRY, STRUCTURE, DEVELOPMENT AND OUTLOOK.**

Striking a new high, India's seafood export at 13,77,244 tonnes earned Rs. 45,106.89 crore in 2017-18. The quantity was up by 21.35% while the value rose 19.1% over the previous year. In dollar terms the export fetched \$ 7.08 billion as against \$5.77 billion a year ago with frozen shrimp and fish continuing to dominate the export basket. The quantity was up by 21.35% while the value rose 19.1% over the previous year. In dollar terms the export fetched \$ 7.08 billion as against \$5.77 billion a year ago with frozen shrimp and fish continuing to dominate the export basket.

USA and South East Asia retained their positions as the major import markets of India's seafood products, with a share of 32.76% and 31.59% in dollar terms, respectively, followed by EU, Japan, Middle East and China. Frozen shrimp maintained its position as the key contributor to seafood export basket, accounting for 41.10% in quantity and 68.46% of the total dollar earnings. Shrimp exports during the year rose by 30.26% in quantity and 30.10% in dollar terms. Indian Seafood exports show lower growth this fiscal year, as shrimp prices continue to remain in low and cautious farmers are going slow on production. While prices of shrimp, which dominates the seafood export are down by almost 20% comparing to last year.

B. OPPORTUNITIES AND THREATS

In the face of continued uncertainties in the global seafood trade, India has been able to cling on to its position as a leading supplier of frozen shrimp and frozen fish in international markets. With a string of initiatives and policy support, we intend to achieve an export target of \$10 billion by 2022, informs MPEDA. Despite the daunting challenges of oversupply, as reflected in double-digit shrimp exports by Ecuador and Argentina in 2017, increased supply from Vietnam and Thailand, drop in global shrimp prices, and issues related to antibiotic residues, India's seafood industry has been maintaining its growth streaks.

Informed sources confirm that lower prices have discouraged the aquaculture farmers from going for more stocking in the farms for the coming harvests. Following tightening of quality standards in European Union, the exports were focusing on United States markets, as the US is largest buyer of Indian Seafood. Prices have shown the signs of recovery, but the oversupply to US had pulled down the prices again. Further in the backdrop of initiation of trade war by US, Indian Government had raised the import duty on artemia, the input for live feed to shrimp seeds, which may further hit the farmers, as most of the artemia is imported from US.

Easy availability of shrimp and their high nutritional content represent the major growth-inducing factors. They form an important part of various cuisines being one of the most traded seafood species. With the rise in demand for disease-free and healthy shrimp, India has become the largest shrimp exporter to the US and the European Union. Apart from this, increasing health consciousness among the consumers along with rising

disposable incomes and improving standards of living are some of the other factors leading to the rise in demand for Indian shrimp. Despite of the presence of numerous growth inducing factors, the market is restrained by outbreak of diseases, adverse weather conditions and infrastructure challenges. Further, the market is expected to reach a volume of 1.1 Million Tons by 2023, exhibiting a CAGR of 10.3% during 2018-2023.

C. RISKS AND CONCERNS:

Pursuant to SEBI Listing Regulations, the Company had since 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 given its farm on long term lease, expiring only at the end of first quarter, 2020 and the lessee had been meeting their commitments as per the lease agreement. The maintenance and compliance expenses of the company are taken care through the lease income, hence, the company does not foresee any major risk for its operations in the short and medium term, except in the event of costs for additional regulatory measures.

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.

D. 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. However, the Company had given its farm on long term lease and did not carry any other business operations during the year 2017-18 and the lease will be completed only by the end of first quarter of 2020.

E. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The financial statements are prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles in India including Ind AS. 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 and statutory compliance costs. The company is proposing to explore the profitable business opportunities, when the lease term is completed to improve the financial performance of the company. With these steps, the company could perform reasonably and ended up with a marginal profit from operations Rs.0.30 Lakhs after providing the depreciation for Rs.1.04 Lakhs, excluding the revaluation gain and remeasurement of employee benefits of Rs.66.05 lakhs during the year.

Particulars	Rs. In Lakhs
Farm Lease Income	31.93
EBIDTA	2.20

F. 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.

G. 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.

H. DISCLOSURE OF ACCOUNTING TREATMENT:

Where in the preparation of financial statements during the year there was no different treatment from that prescribed in an accounting standards followed.

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 earlier incurred substantial losses and do 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 after Committee meetings. The remuneration 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 do 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, superannuation 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 HR, 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 SEBI (LODR) Regulations, 2015.

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.
- He/ She 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, 2018

[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 - 522 007.