

BKV INDUSTRIES LIMITED



Twenty Sixth Annual Report

2018 - 19

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
Mr. B. Virat Vishnu	Company Secretary & Compliance Officer
Mr. K. Bhanu Kumar	Chief Financial Officer
Registered Office: "Bommidala House", # 5-87-15/A, Lakshmipuram Main Road, Guntur - 522 007. Phone: +91-863-2355108 Fax: + 91-863-2358453 CIN : L05005AP1993PLC015304 E mail: bkvind@bommidala.co.in Website: bkvindustries.in	
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 Fintech (P) Limited, Karvy Selenium Tower B, Plot No: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.
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NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of BKV Industries Limited. "and reduced" will be held on Thursday, the 12th September, 2019 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, 2019 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.

Special Business:

3. To re-appoint, Sri Bommidala Rama Krishna (DIN: 00105030) as a Managing Director and in this regard to consider and, if thought fit, to pass with or without modifications, the following Resolutions as an **Ordinary Resolution**.

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time thereof and the Articles of Association of the Company, subject to the approval of the Central Government, if necessary, and subject to the approval of shareholders, the consent of the Board be and is hereby accorded to the re-appointment of Sri Bommidala Rama Krishna, as Managing Director of the company, for a period of five years with effect from 10th March, 2019 on the terms and conditions contained in an offer letter, a draft copy of the same laid on the table and for the purpose of identification initialed by 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.

"By order of the Board of Directors
For **BKV Industries Limited**

BOMMIDALA RAMA KRISHNA

Place: Guntur

Managing Director

Date: 29.05.2019

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 06th September, 2019 to 12th September 2019 (both days inclusive).
3. An explanatory statement pursuant to Section 102 of the Companies Act 2013, relating to special business to be transacted at the meeting is annexed hereto.
4. 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 Fintech (P) Ltd. Members holding shares in dematerialized form are requested to notify any change in address to their respective Depository Participants (DPs).
5. Members are requested to handover admission slip duly signed in accordance specimen signature registered with the company for admission at the meeting hall.
6. Members holding shares in electronic mode are requested to keep their e-mail addresses updated and intimate immediately any change in their address, bank mandates to their Depository Participants. Members holding shares in physical mode are also requested to update their e-mail addresses, advise any change in their address, bank mandates by writing to Karvy Fintech Pvt. Ltd., (Karvy). Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad - 500 032 quoting their folio number(s).
7. 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.
8. 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, Members holding shares in single name are advised to avail to facility of nomination in respect of shares held by them. Members holding shares, 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.
9. In terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (SEBI (LODR) Regulations, 2015), securities of listed companies can only be transferred in dematerialized form with affect from April 1, 2019. In the view of above, members are advised to dematerialize shares held by them in physical form.
10. 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.

11. 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 sixth Annual General Meeting (AGM) by electronic means the business may be transacted through e-voting services provided by our Share Transfer Agents of Karvy Fintech Private Limited, Hyderabad. The instructions for members for voting are given in separate note enclosed to this report.
12. Pursuant to Regulations 36 (1) & 44 of the SEBI (LODR) Regulations, 2015 and Sections 20, 101, 108 and 136 of the Companies Act, 2013, electronic copy of Annual Report and this Notice inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to be Company / Depository Participants.
13. **Additional Information with respect to Item No. 2 if 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 51 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.

14. **The following explanatory statement sets out all material facts relating to Item No. 3 of Notice in accordance with Section 102 of the Companies Act, 2013:**

The Board of Directors of your Company ("the Board") at its meeting held on 02nd March 2019 approved on the recommendation of the Nomination and Remuneration Committee, re-appointed Sri Bommidala Rama Krishna (DIN 00105030) as Managing Director of the Company for a period of 5 years commencing from 10th March 2019 upto 9th March 2024, subject to the approval of the members. The draft Agreement proposed to be entered into with the Sri Bommidala Rama Krishna contains the following terms:

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 ceiling as specified in Schedule V of the Companies Act, 2013 from time to time and subject to the approval of Central Government, if required, the remuneration of the Chairman cum Managing Director by way of salary or perquisites or commission or all shall not exceed the following limits:

SALARY:

Rs. 50,000/- per month or Rs. 6,00,000/- 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. 6,00,000/- 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, Superannuation 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.

Sri Bommidala Rama Krishna is a post graduate in business administration from Jackson State University, Mississippi, USA and had experience of more than 30 years in the fields of Tobacco, Shrimp Culture, Hospitality Services and Merchandise goods Industries with wide business contracts 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.

Sri Bommidala Rama Krishna has given his consent to the re-appointment. He satisfies all the conditions specified in Section 196(3) and part I of schedule V to the Companies Act, 2013. He

is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The Board of Directors of the company be and are hereby authorized 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.

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

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

By order of the Board of Directors
For BKV Industries Limited

BOMMIDALA RAMA KRISHNA
Managing Director
DIN: 00105030

Place: Guntur
Date: 29.05.2019

BOARD'S REPORT

Your Directors have pleasure in presenting you the Twenty Sixth Annual Report together with Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL PERFORMANCE OF THE COMPANY

(Rs. In Lakhs)

Particulars	For the year ended 31/03/2019	For the year ended 31/03/2018
Sales & Other Income	33.42	33.45
Profit/(Loss) before interest and Depreciation	(21.72)	2.20
Less: Finance Cost	0.39	0.86
Less: Depreciation and Amortisation expenses	0.85	1.04
Profit before Exceptional items& Taxes	(22.96)	0.30
Exceptional Items	-	-
Profit after Exceptional Items & Taxes	(22.96)	0.30
Less: Tax expenses	-	-
Profit / (Loss) after tax	(22.96)	0.30
Other Comprehensive Income / (Loss) (Includes Revaluation Gain on Free Hold Land Rs. 65.19 Lakhs)	(0.63)	66.04
Total Comprehensive Income/(Loss) attributable to the owners of the company	(23.59)	66.34
Less: Appropriations	-	-
Closing Balance (Including Other Comprehensive Income) for the year	(23.59)	66.34

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. 33.42 lakhs including Income, Other Income and incurred a Net Loss of Rs. 23.59 lakhs (Including income considered under Other Comprehensive Income/(Loss)). Company is awaiting the operating lease to get completed to consider carrying on 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.

SUBSIDIARIES AND JOINT VENTURES

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 26th Annual General Meeting.

During the year Smt. Bommidala Anitha (DIN: 00112766), Non-executive Woman Director was re-appointed as Director in 25th Annual General Meeting.

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.

During the year Mr. Virat Vishnu has been appointed as a Company Secretary and Compliance Officer with effect from 1.10.2018.

During the year Mr. K. Bhanu Kumar has been appointed as a Chief Financial Officer with effect from 20.9.2018.

Board and Committee Meetings

The Board met 7 times during the financial year 2018-19, 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:

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 2018-19, the Company has not given any guarantees/loan or made any investments. However during the year, the company has repaid an amount of Rs. 5.25 Lakhs due as on 31st March, 2018, but received Rs. 32.45 Lakhs interest free loan during the year, out of which Rs. 4.25 Lakhs was repaid to Mr. Bommidala Rama Krishna, Managing Director, leaving a balance of Rs. 27.95 lakhs payable as at 31st March, 2019.

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.

Maintenance of Cost Records - Not Applicable
Cost of Audit - Not Applicable

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.

There were no qualifications, reservations or adverse remarks given by Secretarial Auditors 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 for a period up to 30.09.2018.

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 for a period up to 19.09.2018.

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 . During the year the company has appointed *Company Secretary with effect from 01.10.2018* and the company has appointed *a chief financial officer with effect from 20.09.2018*.

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.in

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.in

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 & Kolkata for the Year 2018-19. 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 Calcutta Stock Exchange.

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, 2019, 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, 2019 and of the cash flows and loss 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.

UNSECURED LOANS RECEIVED FROM DIRECTORS DURING THE YEAR 2018-19:

During the year 2018-19, The Company has received the following loans from the following Directors.

S.No	Name of the Director	Amount Received during the year (Net)
1	Bommidala Rama Krishna	27,95,000.00

SECRETARIAL STANDARDS:

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your directors confirm that the Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. Your directors confirmed that the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year Company has not received any complaint of harassment.

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, 2019.

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**

BOMMIDALA RAMA KRISHNA
Managing Director
DIN: 00105030

Place: Guntur
Date: 29.05.2019

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

India emerged the world's top supplier of shrimps in 2017-18 with an output of 6 lakh tonnes. Shrimp production in the country, after showing a consistent growth in the last decade, is likely to drop by 10 to 15% this year as low prices and fear of spread of diseases among shrimps have forced aquaculture farmers to cut production in the farms.

At present, demand from the US, the largest buyer, is driving the Indian seafood exports. According to a report by trade finance company Drip Capital, there are mixed signals for the shrimp exports in the seasons ahead. While increased competition and decreased demand from Europe seem to be depressing sales, analysts expect Indian shrimp exports to the US will continue to grow by 15-20% this year. The share of Europe in Indian seafood exports has fallen by about 20% in the last 10 years to 16%. The share of the US currently stands at 33%.

Farms in Andhra Pradesh, the largest producer, start stocking activity by January-February. Frozen shrimps account for 70% of the value of the seafood export from the country that touched a record Rs 45,000 crore last year. The first quarter of the current fiscal saw a 7% rise in volumes and over 8% rise in value year-on-year at 299,354 tonnes valued at Rs 10,888 crore.

B. OPPORTUNITIES AND THREATS

Farm shrimp production in India is set to fall 15% this fiscal year, farmers and traders said, citing the extensive damage caused by cyclonic storm Gaja that hit Tamil Nadu earlier. They said the storm hit the seafood industry at a time when it was recovering from the impact of a fall in global shrimp prices. Tamil Nadu is the largest producer of farmed shrimps in the country after Andhra Pradesh.

Continuing US ban on wild shrimps caught by vessels not fitted with turtle excluder device (TED), insufficient rainfall and depleting catches have hit seafood exporters on the west coast of India. While exporters on the east coast are predominantly dependent on farmed shrimp, those on the west coast rely more on sea-caught fish. India annually exports around Rs 45,000 crore worth seafood, majority of which is aquaculture shrimps. The Department of State in the US issued a notification in May last year banning wild caught shrimps from countries that do not comply with fishing practices to protect sea turtles. Subsequently, an expert team from the US visited several coastal states in India to assess the fishing methods. There has been no decision on the ban yet.

Further, the seafood industry feels the need for sustainable aquaculture to counter setbacks and increase production. The aquaculture farmers lost money last year when white spot and EHP diseases reduced the shrimp output. This year, the fear of diseases has led many to stock less in farms. Little improvement in global shrimp prices and lack of funding support to farmers are the other reasons for the reluctance of farmers to go for full output.

Despite 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 Mill Tonns by 2023, exhibiting a CAGR of 10.3% during the 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 2018-19 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 net loss from operations Rs. 22.96 Lakhs after providing the depreciation for Rs. 0.85 Lakhs, excluding expenses of remeasurement of employee benefits of Rs. 0.63 lakhs during the year.

Particulars	Rs. In Lakhs
Farm Lease Income	32.67
EBIDTA (Excluding OCI)	(21.72)

Material Developments in human resources / industrial relations, including number of people employed:

The company had given its farm on long term lease and in addition to the fixed lease income, the company has been carrying out only the compliances and maintaining its assets. It had employed only five employees during the year, which includes the Managing Director. During the year ended 31st March, 2019, the relations with Lessee and Employees are very cordial.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations.

Debtors Turnover:

As there are no receivables at the year end, it is Not Applicable.

Inventory Turnover:

The company do not have any Inventory, as the farm is given on lease, and hence it is Not Applicable

Interest Coverage Ratio:

The company has not raised any funds other than Interest Free Unsecured Loan from Managing Director, hence Not Applicable.

Current Ratio:

As the company has got only fixed income from the Lease of the Farm and all the expenses, including the compliance expenses of the company are met with the above income. However, during the year, the company to have good relations with the surrounding villages and for income tax appeal purposes, had to borrow additional funds from the Managing Director on short term basis. Hence, the Current Ratio had come down to 0.16, as at the end of 31st March, 2019 (Previous year 0.07).

Debt Equity Ratio:

As the company had not borrowed any long term funds and been operating through its own sources for long time, the debt equity ratio is only 0.01 as at the end of 31st March, 2019 (Previous year 0.01).

Operating Profit Margin (%):

Due to additional compliance and other costs incurred to maintain good relations with the villagers, the company has incurred Operating Margin/(Loss) on turnover for the year ended 31st March, 2019 at (70.28%) (Previous year 0.93%).

Net Profit Margin (%):

Due to additional compliance and other costs incurred to maintain good relations with the villagers, the company has incurred Net Profit Margin (Loss) on turnover for the year ended 31st March, 2019 at (72.22%) (Previous year 207.79%).

Details of Changes in Return on Net Worth:

Though there was an operating margin of Rs.29,643/- for the year 2017-18, due to revaluation surplus on Land credited to profit and loss during the year ended 31st March, 2018, the return on Net Worth was 16.66%. However, due to additional compliance charges and other costs incurred to maintain good relations with the villagers, the company's return on Net Worth for the year ended 31st March, 2019 had come down to - 6.30%

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 standard 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