

## ANNEXURE TO THE DIRECTORS' REPORT

### CORPORATE GOVERNANCE

#### *1. Company's philosophy*

Your Company has been practicing the principles of good corporate governance and lays a strong emphasis on transparency, accountability and integrity. All the matter to strategy, significant development etc, are routinely placed before the board. The audit, share transfer and investor's grievance committee meet regularly to consider the aspects relevant to each committee.

#### *2. Board of Directors*

Name	Category	Designation	No.of Meetings held during the last financial year	No. of meetings attended	Directorship in other companies
V Thapovardhan	Promoter / Executive	Chairman	5	5	1
T Raghava Prasad	Non-Executive	Director	5	5	1
Shaji Baby John	Non-Executive	Director	5	3	0
K Venkateswara Rao	Non-Executive	Director	5	2	0
Sri. Krishna Reddy Chintam*	Non-Executive	Additional Director	0	0	7

*\*appointed effective April 12, 2010*

There are three independent Directors on the Board of the Company. No Director is a member in more than 10 committee and chairman in more than 5 committees.

#### *Meetings of the Board of Directors*

During the financial year 2009-10, the Board of Directors met 5 times, on the following dates

(i) 15.04.2009, (ii) 15.07.2009, (iii) 03.09.2009, (iv) 15.10.2009 and (v) 15.01.2010

#### *3. Pecuniary relationship or transactions of Non-Executive Directors:*

Non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

#### **4. Code of Conduct**

The Board of Directors of the Company has laid a code of conduct for Directors. All Directors have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by the Managing Director of the Company is annexed to this report.

#### **5. Audit Committee**

The company has constituted the Audit Committee under section 292A of the Companies Act, 1956 and consists of following three Directors of the Company:

- (a) Sri. V Thapovardhan
- (b) Sri. Shaji Baby John and
- (c) Sri. Korapati Venkateswara Rao

The composition, role, functions and powers of the Audit Committee are in line with the requirement of applicable laws and regulations.

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, review adequacy of internal audit function, related party transactions, review financial and risk management policies, oversee compliance with Stock Exchange and legal requirements concerning financial statements, compliance with Accounting Standards, recommending the appointment and renewal of statutory auditors, fixation of Audit Fee and also approval for payment for any other services, etc.

During the year under review, three meetings were held. Attendance of each member at the committee meeting were as follows:

<b>S.No.</b>	<b>Name of the Member</b>	<b>No. of Meetings Attended</b>
1	Sri. V Thapovardhan	3
2	Sri. Shaji Baby John	3
3	Sri. Korapati Venkateswara Rao	3

#### **6. Details of remuneration to Directors**

Particulars	Sri. V Thapovardhan -Managing Director
Salary (Including perks)	Nil

#### **7. Investor' Grievance Committee**

As a measure of Good Corporate Governance and to focus on the Shareholder's grievance and towards strengthening investor relations, as Investor's Grievance Committee has been constituted as a sub committee of the Board.

The Committee comprises of Sri. V Thapovardhan, Sri. T Raghava Prasad and Sri. Korapati Venkateswar Rao. The functions of the Committee include to specifically looking into redressing Investors' grievances pertaining to transfer, dividends, dematerialization of shares, replacement of lost/stolen/mutilated share certificates any other related issues.

The Company has appointed M/s Venture Capital and Corporate Investements Private Limited as Registrar & Share Transfer Agents and they will also attend to Investors Grievances.

#### **8. Date, Venue and Time of the last three Annual General Meetings**

<b>Date</b>	<b>Venue</b>	<b>Time</b>	<b>No. of Special Resolutions</b>
39.09.2009	Flat No.202, Pavani Annexe, Road No.2, Banjara Hills, Hyderabad-34	11.00 AM	Nil
29.09.2008	Plot No. 243 Rd No.6 Nandi Nagar, Banjara Hills, Hyderabad-34	11.00 AM	Nil
29.09.2007	Plot No. 243 Rd No.6 Nandi Nagar, Banjara Hills, Hyderabad-34	11.00 AM	Nil

Resolution Section 293(1)(a) was passed through Postal Ballot on 02-01-2010.

#### **9. Disclosures**

There are no materially significant related party transactions, ie., transactions material in nature, with its promoters, Directors or the Management their relatives etc., that may potentially conflict with the interests of the company.

The Company has not adopted the non-mandatory requirements. And no penalties of strictures as imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

#### **10. Means of Communication**

The Quarterly Unaudited results are regularly send to the Stock Exchange where shares are listed.

#### **11. Profile of Director**

**Brief profile of Directors seeking re-appointment/appointment at this Annual General (Pursuant to Clause 49 of the Listing Agreement)**

Name of the Director	Sri. Korapati Venkateswara Rao
Date of Appointment	31-08-2008
Date of Birth	01-01-1956
Qualification	Graduate

Expertise in specific functional areas	Having long experience and expert in aqua culture business
List of Companies in which Directorship is held as on 31.03.2010	Nil
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2010	Nil

*\*The Committee include the Audit Committee, the Remuneration Committee and the Shareholders / Investor Grievance Committee.*

**Brief details of Directors appointed since last AGM and seeking confirmation / approval of the shareholders at this AGM (Pursuant to Clause 49 of the Listing Agreement)**

Name of the Director	Sri. Krishna Reddy Chintam
Date of Appointment	12-04-2010
Date of Birth	01-02-1969
Qualification	M.B.A.
Expertise in specific functional areas	Having long experience in IT and Financial Markets
List of Companies in which Directorship is held as on 31.03.2010	<ol style="list-style-type: none"> <li>1. Kellton Financial Services Private Limited</li> <li>2. Kellton Welth Management Private Limited</li> <li>3. Kellton Insurance Service Private Limited</li> <li>4. Kellton Capital Advisors Private Limited</li> <li>5. Kellton Securities Private Limited</li> <li>6. Kellton Commodity &amp; Derivatives Private Limited</li> <li>7. VMF Soft Tech Ltd - Managing Director</li> </ol>
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2010	Nil

*\*The Committee include the Audit Committee, the Remuneration Committee and the Shareholders / Investor Grievance Committee*

## 12. Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

## 13. Company's Policy on prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Sri. V Thapovardhan had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

## 14. General Information for shareholders

a. Annual General Meeting Day, date, time and venue	Plot No.118, Journalist Colony, Jubilee Hills, Hyderabad-500 033
b. Book closure dates	from 25.09.2010 to 30.09.2010 (both days inclusive)
c. Tentative Calender of events for the financial yyear April, 2010 – March, 2011 is as under:  *Un-audited Financial Results for First Quarter Second Quarter Third Quarter Fourther Quarter First Quarter Second Quarter Third Quarter Fourth Quarter - AGM for 2010-11	July 2010October, 2010January, 2010April, 2011
d. Listing of equity shares is at	(i) The Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street Fort, Mumbai - 400 001 (ii)The Hyderabad Stock Exchange (Regional Stock Exchange)  SEBI has derecognized Hyderabad Stock Exchange and hence shares are not listed on Hyderabad Stock Exchange.
e. Stock Code	530361
f. Corporate Identification Number	L05005AP1993PLC016389

(CIN) allotted by the Ministry of Corporate Affairs	
g. Share Transfer System	Share transfer requests, which are received in physical form are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.
h. Secretarial Audit	Secretarial Audit is being carried out every quarter by a practicing Company Secretary and his audit report is placed before the Board for its perusal and filed with the Stock Exchange.
i. Location	Registered Office: Plot No.118, Journalist Colony Jubilee Hills, Hyderabad-500 033 Email Id – <a href="mailto:seagoldacqa@gmail.com">seagoldacqa@gmail.com</a>
j. Registrar & Share Transfer Agents	Venture Capital and Corporate Investements Private Limited #12-10-167, Bharat Nagar, Hyderabad-18 Registration No. with SEBI: INR00001203 Tel: +91-40-23818475/476 Fax: +91-40-23868024 Email: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a>
k. Query on the Annual Report	V Thapovardhan Managing Director Sea Gold Aqua Farms Limited Plot No.118, Journalist Colony Jubilee Hills, Hyderabad-500 033 Email Id - <a href="mailto:seagoldacqa@gmail.com">seagoldacqa@gmail.com</a>

l. Distribution of shareholding as on 31<sup>st</sup> March, 2010

Category	No. of shareholders	Total Shares	% of holding
Promoter & Promoter Groups	254	1474100	32.89
Foreign Institutional Investors	2	500000	11.15
Bodies Corporate	12	546700	12.20
Resident Individuals	917	1499300	33.45
Non Resident Indians	50	462300	10.31
<b>Total</b>	<b>1235</b>	<b>4482400</b>	<b>100.00</b>

m) Categories of share holders as on 31<sup>st</sup> March, 2010

Category	No. of Shared Held	Percentage
Promoters and Promoter Group	14,74,100	32.89
Financial Institutional Investor	5,00,000	11.15
- RCTC		



**Chief Executive Officer Certification Under Clause 49 Of The Listing Agreement With The Stock Exchange**

To  
The Board of Directors  
Sea Gold Aqua Farms Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2010, I hereby certify that

- I have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
- These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
- These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and / or applicable laws / regulations;
- I am responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company; and they have also disclosed to the auditors, deficiencies in the design or operation of internal controls, if any, and what they have done or propose to do to rectify these;
- To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- I have indicated to the auditors, and in the notes on accounts, whether or not there were significant changes in internal control and / or of accounting policies during the year.

Place: Hyderabad  
Date: 03-09-2010

Sd/-  
**V. Thapovardhan**  
**Managing Director**