

ELEVENTH ANNUAL REPORT 2003-2004



Bhagiradha Chemicals & Industries Limited

**BOARD OF DIRECTORS**

D. Ranga Raju

G. Satyanarayana Raju

D. Sadasivudu

S. Koteswara Rao
Managing Director

BANKERS

State Bank of India
UTI Bank Limited

AUDITORS

R. Kankaria & Uttam Singhi
Chartered Accountants
Hyderabad - 500 082.

REGISTERED OFFICE

8-2-269/S/3/A
Sagar Society
Road No.2
Banjara Hills
Hyderabad - 500 034.
Tel. (040) 23608083
Fax. (040) 23540444
Email : info@bhagirad.com

11th ANNUAL GENERAL MEETING

Day : Friday
Date : 24th September, 2004
Time : 2.30 P.M.
Venue : Hotel Green Park,
Greenlands, Begumpet,
Hyderabad - 500 016.

FACTORY

Cheruvukommupalem Village
Yerajarla road
Ongole Mandal
Prakasam District
Andhra Pradesh

**ADDRESS FOR INVESTOR
CORRESPONDENCE**

XL Softech Systems Limited
Plot no.3, Sagar Society,
Road No.2, Banjara Hills
Hyderabad - 500 034.
Tel. : (040) 23545913
Fax. : (040) 23553214
Email: xlfield@rediffmail.com

Contents	Page Nos.
Notice	3
Directors' Report	7
Corporate Governance Report	13
Auditors' Report	19
Balance Sheet	23
Profit & Loss Account	24
Schedules (1 to 14)	25
Cash Flow Statement	40



NOTICE

Notice is hereby given that the eleventh Annual General Meeting of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held at 2.30 P.M. on Friday, the 24th day of September, 2004 at Hotel Green Park, Greenlands, Begumpet, Hyderabad to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Director's Report and the Auditors Report and the audited Profit & Loss Account for the financial year ended 31st March, 2004 and the Balance Sheet as at that date.
2. To declare dividend on equity shares for the year ended 31st March, 2004.
3. To appoint a Director in place of Sri D. Ranga Raju who retires by rotation in terms of Article 143 of the Company's Articles of Association and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri D. Sadasivudu who retires by rotation in terms of Article 143 of the Company's Articles of Association and being eligible, offers himself for reappointment.
5. To appoint M/s. R. Kankaria & Uttam Singhi, Chartered Accountants, as Auditors of the company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board.

SPECIAL BUSINESS

6. To consider the increase in remuneration to the Managing Director and pass the following resolution with or without modification:

"RESOLVED THAT subject to the approval at the General Meeting and as per the

provisions of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date, the remuneration of Sri S. Koteswara Rao, Managing Director of the Company be increased w.e.f 01/04/2004 to the remaining period of his service to:

1. Salary - Rs.1,00,000/- (Rupees one lakh only) per month.

2. Perquisites -

- i) Contribution to provident fund as per the provisions of the Provident Fund and Miscellaneous Provisions Act, 1952.
- ii) Gratuity as per the rules of the company.
- iii) Reimbursement of actual medical expenses (including insurance premium for medical and hospitalization policy)
- iv) Insurance premium, car facility and telephone facility for the balance period of his tenure and

3. Commission of 1% of net profit.

7. To consider the increase in remuneration to the Executive Director and pass the following resolution with or without modification:

"RESOLVED THAT subject to the approval at the General Meeting and as per the provisions of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date, the remuneration of Sri D. Sadasivudu, Executive Director of the company be increased w.e.f 01/04/2004 to the remaining period of his service to:

1. Salary - Rs.60,000/- (Rupees Sixty thousand only) per month.



2. Perquisites -

- i) Contribution to provident fund as per the provisions of the Provident Fund and Miscellaneous Provisions Act, 1952.
- ii) Gratuity as per the rules of the company.
- iii) Reimbursement of actual medical expenses (including insurance premium for medical and hospitalization policy)
- iv) Insurance premium, car facility and telephone facility for the balance period of his tenure and

3. Commission of 1% of net profit.

8. To consider, and if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT pursuant to Section 314(1) of the Companies Act, 1956 and subject to the approval at the General Meeting, Sri S. Chandra Sekhar, the son of the Managing Director of the company be and is hereby appointed as R&D Manager with a monthly salary of Rs.40,000/- apart from the other benefits as applicable to other employees of the company with effect from 1st January, 2004."

By Order of the Board

Place : Hyderabad
Date : 25-06-2004

S. Koteswara Rao
Managing Director

Report  junction.com



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under item 6, 7 and 8 of the accompanying Notice.

ITEM 6:

The Managing Director has been receiving a remuneration of Rs.50,000/- per month since 01/07/2002 and in view of the improvement in the business of your company, your Directors in their meeting held on 25th June, 2004 has considered a revision in remuneration payable to the Managing Director as mentioned below:

- 1) Salary - Rs.1,00,000/- (Rupees one lakh only) per month.
- 2) Perquisites -
 - i) Contribution to provident fund as per the provisions of the Provident Fund and Miscellaneous Provisions Act, 1952
 - ii) Gratuity as per the rules of the company
 - iii) Reimbursement of actual medical expenses (including insurance premium for medical and hospitalization policy)
 - iv) Insurance premium, Car facility and Telephone facility for the balance period of his tenure and
- 3) Commission of 1% of net profit.

Provided further that in the event of inadequacy of profits in any financial year the remuneration of Sri S. Koteswara Rao, Managing Director shall be governed by the limits prescribed under Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Sri S. Koteswara Rao, is concerned and has interest in the proposed resolution to the extent of his remuneration as Managing Director. No other Director of the company has any interest or concern in the proposed resolution.

The resolution set out in the accompanying notice together with the explanation should be treated as an extract under Section 302 of the Companies Act, 1956.

The Director recommend the proposed resolution for approval of the share holders.

ITEM 7:

The Executive Director has been receiving a remuneration of Rs.40,000/- per month since 01/07/2002 and in view of the improvement in the business of your company, your Directors in their meeting held on 25th June, 2004 has considered a revision in remuneration payable to the Executive Director as mentioned below:

- 1) Salary - Rs.60,000/- (Rupees sixty thousand only) per month.
- 2) Perquisites -
 - i) Contribution to provident fund as per the provisions of the Provident Fund and Miscellaneous Provisions Act, 1952
 - ii) Gratuity as per the rules of the company
 - iii) Reimbursement of actual medical expenses (including insurance premium for medical and hospitalization policy)
 - iv) Insurance premium, Car facility and Telephone facility for the balance period of his tenure and
- 3) Commission of 1% of net profit.

Provided further that in the event of inadequacy of profits in any financial year the remuneration of Sri D. Sadasivudu, Executive Director shall be governed by the



limits prescribed under Section II of Part II of the Schedule XIII of the Companies Act, 1956.

Sri D. Sadasivudu, is concerned and has interest in the proposed resolution to the extent of his remuneration as Executive Director. No other Director of the company has any interest or concern in the proposed resolution.

The resolution set out in the accompanying notice together with the explanation should be treated as an extract under Section 302 of the Companies Act, 1956.

The Director recommend the proposed resolution for approval of the share holders.

ITEM : 8

Sri S. Chandra Sekhar is a Chemical Engineer holding B.Tech. degree with distinction from Osmania University and M.S. in Chemical Engineering from the University of Illinois at Chicago. Initially, he has worked as a Management Trainee (R&D) for a period of fifteen months and since the company has benefited by his services, he has been appointed as R&D Manager to further strengthen the development activities of the company apart from the upgradation and optimization of existing production processes.

Your Directors in their meeting held on 25th January, 2004 have considered the matter and recommend the appointment of Sri S. Chandra Sekhar.

Sri S. Koteswara Rao is concerned and has interest in the proposed resolution to the extent that Sri S. Chandra Sekhar is his son. No other Director of the company has any interest or concern in the proposed resolution.

The resolution set out in the accompanying notice together with the explanation should be treated as an extract under Section 302 of the Companies Act, 1956.

The Directors recommend the proposed resolution for approval of the shareholders.

NOTES

1. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 10th day of September, 2004 to Friday the 24th day of September, 2004 (both days inclusive).
2. The Equity shares of the company are Listed at the following Stock exchanges :
 - a) The Hyderabad Stock Exchange Limited
6-3-654, Adj. Erramanjil Colony
Somajiguda
Hyderabad - 500 004
 - b) The Stock Exchange, Mumbai
Phiroze Jeejebhay Towers,
Dalal Street,
Mumbai - 400 023.

The company has paid the Annual Listing fees to each of the above Stock Exchanges as per the Listing Agreement.

1. The share holders may address their communication to the Registrars and Share Transfer Agents of the company, M/s XL Softech Systems Limited, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 or to the Registered office of the Company.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his / her stead and such proxy need not be member of the Company. The proxy forms should be lodged with the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. Members / Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.



DIRECTORS' REPORT

To
The Share Holders

Your directors have pleasure in presenting the eleventh annual report together with the audited accounts of the company for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Rs. in lakhs	
	Year ended 31-03-2004	Year ended 31-03-2003
Sales and other Income	5730	4232
Gross Profit after interest	596	364
Less: Depreciation	78	74
Profit Before Tax	518	290
Less: Provision for taxation		
- current year tax (MAT)	35	21
- deferred tax	151	89
Profit After Tax	332	180
Add: Tax adjustments for earlier years	6	--
Balance brought forward from previous year	154	(26)
Amount available for appropriations	492	154
- Proposed Dividend (Including Dividend Corporate Tax)	56	--
- Transfer to General Reserve	50	--
- Balance carried to Balance Sheet	386	154

PERFORMANCE

During the year under review, your company has achieved satisfactory performance with respect to the manufacture and sale of its main products, chlorpyrifos-ethyl, chlorpyrifos-methyl and their formulations. Thus, the company has achieved a gross turnover of Rs.5220 lakhs including Rs.2515 lakhs of FOB value of exports during the current year as against Rs.4091 lakhs including Rs.610 lakhs of FOB value of exports of the previous year.

Your company has also commenced during the year production of triclopyr and exported the first consignment of 1.5 MT. The quality of the product is well accepted. Your company is hopeful of generating an export business of Rs.300 lakhs on this product during the current year.

ADDITIONAL PRODUCTS

The company has plans to manufacture imidacloprid, an insecticide for domestic market and is developing fluroxypyr, another weedicide for export.

ENVIRONMENT PROTECTION

The company fully complies with the requirements for environmental protection and meets the statutory norms in this regard.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a Management Discussion and Analysis Report and a Report on Corporate Governance are annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors, to the best of their knowledge and belief confirm that:



- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
 - ii) The company has selected such accounting policies and applied them consistently to make judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2004 and of the profit of the company for that year;
 - iii) The company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company;
 - iv) The company's annual accounts are prepared on a going concern basis.
- Installation of vapour absorption systems for chilled water to save electrical energy.
 - Greater emphasis on house keeping, process upgradation and production planning to achieve optimum utilization of materials and energy.
- The requisite information with regard to conservation of energy as required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, are given in Annexure which is attached hereto and forms part of the Director's Report.

*** TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The manufacturing processes are being continuously upgraded to enhance productivity and bring down the cost of production.

INDUSTRIAL RELATIONS

Industrial relations have been cordial during the year. Your directors place on record their appreciation of the dedicated services rendered by the employees.

The company is committed to operational safety and environmental protection and these are given due priority at the company's plant and facilities.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

***CONSERVATION OF ENERGY**

The products manufactured by the company are material intensive. However, consistent efforts are being made for identifying the potential for energy saving in various operations. Some of the steps taken in this direction are described below:

- Installation of RO units for boiler feed water to save thermal energy.

***FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Earnings	Rs. 2514.74 lakhs
- Outgo	Rs. 769.62 lakhs

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Sri D. Ranga Raju and Sri D. Sadasivudu are retiring by rotation at the forthcoming Annual General Meeting of the company and being eligible, offer themselves for reappointment.

AUDITORS

M/s. R. Kankaria & Uttam Singhi, Chartered Accountants, are due to retire as auditors of the company at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The company has received a letter from the auditors to this effect u/s 224 (1-B) of the Companies Act, 1956.

**FIXED DEPOSITS**

The company has not accepted any fixed deposits and therefore, the provisions of Section 58A of the Companies Act, 1956 are not applicable to the company.

STOCK EXCHANGES

The shares of your company have been listed on the Stock Exchanges in Mumbai and Hyderabad and the annual listing fees for these Stock Exchanges have been paid.

PARTICULARS OF THE EMPLOYEES

Particulars of employees in accordance with provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

ACKNOWLEDGEMENT

The Board desires to place on record its appreciation of the valuable co-operation and continuous support extended to the company by its Bankers, State Bank of India, UTI Bank Limited and ICICI Bank Limited. The support of TIFAC, the statutory organizations, esteemed customers and members of the company is gratefully acknowledged.

For and on behalf of the Board

S. KOTESWARA RAO
Managing Director

Place : Hyderabad
Date : 25-06-2004

D. SADASIVUDU
Executive Director

Report  Junction.com



ANNEXURE TO THE DIRECTORS' REPORT

FORM - A
(See Rule - 2)

PARTICULRS	For the year ended	
	31-03-2004	31-03-2003
I) ENERGY CONSERVATION		
A) Power and Fuel Consumption		
1) Electricity		
i) Purchased Units (kwh)	55,48,605	45,08,925
- Total Amount (Rs.)	1,92,59,927	1,67,93,538
- Unit Rate (Rs.)	3.47	3.72
ii) Own Generation (on Diesel)		
a) Diesel Consumption (ltrs)	1,26,120	1,21,025
- Units	3,78,360	3,78,675
- Units per ltr of Diesel Oil	3.00	3.13
- Total Amount (Rs.)	27,37,713	23,19,923
- Cost / Unit (Rs.)	7.24	6.12
b) Steam Turbine Generation		
- Units	NIL	NIL
- Units per ltr of Diesel Oil	NIL	NIL
- Cost / Unit (Rs.)	NIL	NIL
2) 'C' Grade Coal used in Boiler		
- Quantity (MT)	2641.300	2765.190
- Total Amount (Rs.)	61,02,620	59,78,635
- Average Rate / MT	2,310	2,162
3) Furnace Oil		
- Quantity (Ltrs)	14,29,110	11,11,116
- Total Amount (Rs.)	1,66,50,720	1,33,17,690
- Average Rate / Ltr.	11.65	11.99
4) Others / Internal Generation		
- Quantity	NIL	NIL
- Total Amount	NIL	NIL
- Rate / Unit	NIL	NIL
II CONSUMPTION PER TON OF PRODUCTION		
- Electricity purchased / Own Generation (Units)	3451	3550
- Furnace Oil (Ltrs)	832	807
- Coal - Quality 'C' Grade (MT)	1.54	2.01
- Others (Specify)	NIL	NIL