

# TWELFTH ANNUAL REPORT 2004-2005



**Bhagiradha Chemicals & Industries Limited**

**BOARD OF DIRECTORS**

D. Ranga Raju

G. Satyanarayana Raju

D. Sadasivudu

S. Koteswara Rao

**BANKERS**

State Bank of India

UTI Bank Limited

State Bank of Indore

**AUDITORS**

R. Kankaria &amp; 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

**FACTORY**

Cheruvukommupalem Village

Yerajarla road

Ongole Mandal

Prakasam District

Andhra Pradesh

**12th ANNUAL GENERAL MEETING**

Day : Friday  
 Date : 29th July, 2005  
 Time : 10.30 AM  
 Venue : Hotel Green Park  
 Greenlands, Ameerpet  
 Hyderabad - 500 016

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**REGISTRAR & SHARE TRANSFER AGENT**

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



## NOTICE

Notice is hereby given that the twelfth Annual General Meeting of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held at 10.30 AM on Friday, the 29th day of July, 2005, at Hotel Green Park, Greenlands, Ameerpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors Report and the Auditors Report and the audited Profit & Loss Account for the financial year ended 31st March, 2005 and the Balance Sheet as at that date.
2. To declare dividend on equity shares for the year ended 31st March, 2005.
3. To appoint a director in place of Sri G.Satyanarayana 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 S.Koteswara Rao 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 reappoint 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

1. To consider and thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT in supersession of earlier resolution passed in the third annual general meeting of the company held on 23rd September, 1996, consent of the

company be and is hereby accorded to the Board of Directors of the company pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to borrow such sum or sums of money's in any manner from time to time as may be required for the purpose of business of the company, with or without security and upon such terms and conditions as they may deem fit, notwithstanding that the moneys already borrowed by the company (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the company and its free reserves not set apart for any specific purpose, provided that the total amount so borrowed by the company and outstanding at any time shall not exceed the sum of Rs.50 crores (Rupees fifty crores only)

2. To consider and thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging and/or hypothecating, by way of second charge on all the immovable and movable properties of the company, wherever situate, both present and future, or the whole or substantially the whole of undertaking or undertakings of the company to or in favour of the Financial Institutions / Banks to secure the required working capital loan which includes subsequent enhancements of limits, if any, interest, additional interest, liquidated damages, compound interest, commitment charges, costs, charges, expenses and other money's payable under its letters of sanction as



## BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED

amended from time to time within the overall limit".

"RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to finalise all such documents/agreements/undertakings etc., as may be necessary for creating mortgage and / or charges and /or hypothecation as aforesaid and to take all such steps and actions as may be considered necessary or expedient by the Board for giving effect to the above resolutions".

3. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 209,309,310,311 and all the other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended, the company hereby accords its consent and approval to the reappointment of Sri S.Koteswara Rao as Managing Director of the company for a period of 5 (five) years with effect from 1st March, 2005 at the remuneration and perquisites as given 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, and

3. Commission of 1% of net profit".

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 209,309,310,311 and all the other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act as amended, the company hereby accords its consent and approval to the reappointment of Sri D.Sadasivudu as Executive Director of the company for a period of 5 (five) years with effect from 1st March, 2005 at the remuneration and perquisites as given 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, and
3. Commission of 1% of net profit".

By Order of the Board

Place: Hyderabad  
Date : 28-05-2005

**S. Koteswara Rao**  
Managing Director

**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 special business under item 1, 2, 3 and 4 of the accompanying Notice.

**ITEM 1:**

In the third annual general meeting of the company held on 23rd September, 1996, the Board of Directors of the company has been authorized pursuant to Section 293(1)(d) of the Companies Act, 1956, to borrow money's from time to time in excess of the aggregate of paid up capital and its free reserves subject to a maximum of Rs.20 crores.

In view of the increasing borrowings in the form of term loans from the Banks and in order to raise funds for expansions and / or diversification, it is considered that a limit of Rs.20 crores authorized earlier is not sufficient. Hence, the limit be increased to Rs.50 crores as proposed in the resolution.

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

None of the Directors of the company are interested in the said resolution.

**ITEM 2:**

In the third annual general meeting of the company held on 23rd September, 1996, the Board of Directors of the company had been authorized pursuant to Section 293(1)(a) of the Companies Act, 1956, for the creation of mortgage on the company's properties to secure an aggregate loans of Rs.20 crores from the Financial Institutions / Banks.

In view of the increasing requirement, of working capital facilities, the Board may now be authorised for mortgaging and/or charging and/or hypothecating, by way of second charge on all the immovable and movable properties of the company, both present and future within the overall limit of Rs.50 crores and the members are requested to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

None of the Directors of the company are interested in the said resolution.

**ITEM 3:**

The Board of Directors at its meeting held on 31st January, 2005 has reappointed Sri S.Koteswara Rao as Managing Director of the company for a further period of 5 (five) years from 1st March, 2005 at the remuneration and perquisites as stated in the resolution. The reappointment was made subject to the necessary approval of the shareholders at the general meeting of the company. The remuneration and the perquisites accepted by the Board of Directors of the company, are within the provisions of schedule XIII of the Companies Act, 1956, as in force on the date of the reappointment and as on date.

Your Directors recommend the resolution for approval. Except Sri.S.Koteswara Rao, none of the other Director's are in any way, concerned or interested in the said resolution.

**ITEM 4:**

The Board of Directors at its meeting held on 31st January, 2005 has reappointed Sri D.Sadasivudu as Executive Director of the company for a further period of 5 (five) years from 1st March, 2005 at the remuneration and perquisites as stated in the resolution. The reappointment was made subject to the necessary approval of the shareholders at the general



## BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED

meeting of the company. The remuneration and the perquisites accepted by the Board of Directors of the company, are within the provisions of schedule XIII of the Companies Act, 1956, as in force on the date of the reappointment and as on date.

Your Directors recommend the resolution for approval. Except Sri D.Sadasivudu, none of the other Director's are in any way, concerned or interested in the said resolution.

### NOTES

1. The explanatory statement relating to item numbers 1, 2, 3 and 4 of the Special Business of the meeting referred above, are annexed to this Notice as required by Section 173 of the Companies Act, 1956.
2. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 15th day of July, 2005 to Friday, the 29th day of July, 2005 (both days inclusive).
3. 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.

4. The shareholders may address their communication to the Registrars and Share Transfer Agents of the company, M/s XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 or to the Registered Office of the company.
5. 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 a 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.
6. Members / Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the meeting.



## DIRECTORS' REPORT

To  
The Shareholders

Your directors have pleasure in presenting the twelfth annual report together with the audited accounts of the company for the year ended 31st March, 2005.

## FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year ended 31-03-2005	Year ended 31-03-2004
Sales and other Income	7222	5730
Gross Profit after interest	1140	596
Less: Depreciation	129	78
Profit Before Tax	1011	518
Less: Provision for taxation		
- Current tax	275	35
- Deferred tax	107	151
Profit After Tax	629	332
Add: Tax adjustments for earlier years	(2)	6
Balance brought forward from previous year	386	154
Amount available for appropriations	1013	492
- Proposed Dividend (Including Corporate Dividend Tax)	86	56
- Transfer to General Reserve	100	50
- Balance carried to Balance Sheet	827	386

## DIVIDEND

Your directors are pleased to recommend the payment of a dividend of 15% i.e. Rs.1.50 per equity share of Rs.10/- each for the year ended 31st March, 2005.

## OPERATIONS

During the year under review, your company has achieved satisfactory performance in the manufacture and sale of its technical products, namely, chlorpyrifos, triclopyr and imidacloprid along with small quantities of their formulations. The company has achieved during the current year a gross turnover of Rs.6709 lakhs including Rs.3636 lakhs of FOB value of exports as against Rs.5220 lakhs turnover and Rs.2515 lakhs of exports in the previous year.

## NEW PRODUCTS

The company has established a commercial plant for the manufacture of fluroxypyr, a weedicide for export and is hopeful of generating an export business of Rs.1000 lakhs during the current financial year.

## ENVIRONMENT PROTECTION

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

## CORPORATE GOVERNANCE

Your company has been committed to the principles of good Corporate Governance and the Board of Directors lays strong emphasis on transparency, accountability and integrity. A report on Corporate Governance alongwith Management Discussion and Analysis as prescribed by the clause 49 of the listing agreement forms part of the annual report 2005. A certificate from the auditors of the company is annexed to this report.



## BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to 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 and no material departures have been made 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 for the financial year ended 31st March, 2005 and of the profit of the company for the year under review;
- 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, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;
- iv) the directors have prepared annual accounts on a going concern basis.

### 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.

### HUMAN RESOURCE DEVELOPMENT

Your company continues to provide on the job training and instruction to all its employees which has resulted in efficiency improvement and greater output. Safety, health and environment related matters are given due importance.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the particulars relating to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure, which is attached hereto and forms part of the Director's Report.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Sri G.Satyanarayana Raju and Sri S.Koteswara Rao 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 forthcoming 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.

continuous support extended to the company by its Bankers, State Bank of India, UTI Bank Limited, ICICI Bank Limited and State Bank of Indore. The support of TIFAC, the statutory organizations, esteemed customers and members of the company is gratefully acknowledged.

## 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.

For and on behalf of the Board

**S. KOTESWARA RAO**  
Managing Director

## ACKNOWLEDGEMENT

The Board desires to place on record its appreciation of the valuable co-operation and

Place : Hyderabad  
Date : 28-05-2005

**D. SADASIVUDU**  
Executive Director

Report Junction.com

## ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### A) 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 and during the year under review, a coal fired fluidized bed boiler

of high thermal efficiency with two stage flue gas heat recovery and gas cleaning has been installed to replace the existing oil fired boiler. A multiple effect evaporator to recover wash water has also been installed in place of the existing batch evaporators.

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 in Form A are given hereunder:



## BHAGIRADHA CHEMICALS &amp; INDUSTRIES LIMITED

**FORM - A**  
(See Rule - 2)

PARTICULRS	For the year ended	
	31-03-2005	31-03-2004
<b>I) ENERGY CONSERVATION</b>		
<b>A) Power and Fuel Consumption</b>		
<b>1) Electricity</b>		
i) Purchased Units (kwh)	59,27,251	55,48,605
Total Amount (Rs.)	2,04,58,147	1,92,59,927
Unit Rate (Rs.)	3.45	3.47
ii) Own Generation (on Diesel)		
a) Diesel Consumption (ltrs)	80,335	1,26,120
Units	2,41,005	3,78,360
Units per ltr of Diesel Oil	3.00	3.00
Total Amount (Rs.)	20,13,412	27,37,713
Cost / Unit (Rs.)	8.35	7.24
b) Steam Turbine Generation		
Units	NIL	NIL
Units per ltr of Diesel Oil	NIL	NIL
Cost / Unit (Rs.)	NIL	NIL
<b>2) 'C' Grade Coal used in Boiler</b>		
Quantity (MT)	4302.560	2641.300
Total Amount (Rs.)	1,32,84,240	61,02,620
Average Rate / MT	3,088	2,310
<b>3) Furnace Oil</b>		
Quantity (Ltrs)	14,69,770	14,29,110
Total Amount (Rs.)	1,79,18,343	1,66,50,720
Average Rate / Ltr.	12.19	11.65
<b>4) Others / Internal Generation</b>		
Quantity	NIL	NIL
Total Amount	NIL	NIL
Rate / Unit	NIL	NIL
<b>II CONSUMPTION PER TON OF PRODUCTION</b>		
Electricity purchased / Own Generation (Units)	3,385	3451
Furnace Oil (Ltrs)	807	832
Coal - Quality 'C' Grade (MT)	2.36	1.54
Others (Specify)	NIL	NIL