

THIRTEENTH ANNUAL REPORT 2005-2006

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Bhagiradha Chemicals & Industries Limited

**BOARD OF DIRECTORS**

D. Ranga Raju	:	Chairman
K. S. Raju	:	Director
G. Satyanarayana Raju	:	Director
A. Hari Prasad	:	Director
Dr. S. Ramnarayan	:	Director
D. Sadasivudu	:	Executive Director
S. Koteswara Rao	:	Managing Director

BANKERS

State Bank of India
UTI Bank Limited
State Bank of Indore

AUDITORS

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

13th ANNUAL GENERAL MEETING

Day	: Monday
Date	: 31st July, 2006
Time	: 10.30 AM
Venue	: Hotel Green Park Greenlands, Ameerpet Hyderabad - 500 016

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

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

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**NOTICE**

Notice is hereby given that the thirteenth Annual General Meeting of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held at 10.30 AM on Monday, the 31st day of July 2006, at Hotel Green Park, Greenlands, Ameerpet, Hyderabad - 500 016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended 31st March, 2006, together with the Director's and Auditor's reports thereon.
2. To declare dividend on equity shares for the year ended 31st March 2006.
3. To appoint a director in the place of Sri D. Ranga Raju who retires by rotation in terms of Article 143 of the Articles of Association and being eligible, offers himself for re-appointment.
4. To appoint a director in the place of Sri D. Sadasivudu who retires by rotation in terms of Article 143 of the Articles of Association and being eligible offers himself for re-appointment.
5. To reappoint M/s. R. Kankaria & Uttam Singhi, Chartered Accountants as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Sri K. S. Raju, who was appointed as an additional director of the company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the company and who holds office up to the date of the ensuing Annual General Meeting be and is hereby appointed as director of the company liable to retire by rotation."

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

"RESOLVED THAT Sri A. Hari Prasad, who was appointed as an additional director of the company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the company and who holds office up to the date of the ensuing Annual General Meeting be and is hereby appointed as director of the company liable to retire by rotation."

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



"RESOLVED THAT Dr. S. Ramnarayan, who was appointed as an additional director of the company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the company and who holds office up to the date of the ensuing Annual General Meeting be and is hereby appointed as director of the company liable to retire by rotation."

By Order of the Board

Place : Hyderabad

Date : 27.05.2006

Mary Monica Braganza

Company Secretary

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956.

Item No.6

Sri K. S. Raju was appointed as an additional director of the company on 29th July, 2005 under Article 129 of the Articles of Association of the company. As per the provisions of Section 260 of the Companies Act, 1956, Sri K. S. Raju holds office as a director of the company only up to the date of the ensuing Annual General Meeting of the company.

Sri K. S. Raju, is a Graduate in Mechanical Engineering from the University of Mysore. He started his professional career as Project Manager in NSL Limited. He became the Whole-Time Director of Nagarjuna Fertilizers and Chemicals Limited in the year 1987 and was appointed as Managing Director in 1993 and was also appointed as Vice-Chairman of NFCL in 1994. Under his leadership, the Nagarjuna Group has made its presence felt in Agri Business and also ventured out into refinery and power sector. The names of the other companies in which Sri K.S. Raju is a director are given hereunder:

1. Nagarjuna Fertilizers and Chemicals Ltd
2. Nagarjuna International (Vietnam) Ltd
3. Jaiprakash Engineering and Steel Company Ltd
4. Nagarjuna Oil Corporation Ltd
5. Nagarjuna Holding (Vietnam) PTE Ltd
6. Nagarjuna Agrichem Ltd
7. Nagarjuna Power Corporation Ltd
8. Kanumuru Education and Knowledge Ltd
9. Nagarjuna Corporation Ltd
10. Ikisan Ltd



11. The Fertilizer Association of India
12. Nagarjuna Foundation
13. K.V.K. Raju International leadership Academy
14. Nagarjuna Agricultural and Research Development Institute
15. Biz Softcom Solutions Private Ltd
16. Magna Infotech Private Ltd
17. Bijam Private Ltd
18. Nagarjuna Hydro Energy Private Ltd
19. Bijam Biosciences Private Ltd
20. Himagiri Hydro Energy Private Ltd

The details of other committee positions held by Sri K.S. Raju are detailed below:

Name of the company	Committee membership
Nagarjuna Fertilizers and Chemicals Ltd	Asset Sale Management Committee ^m Audit Committee ^m Banking Committee ^c Investment Committee ^c Management Committee ^c Shares Committee ^c
Nagarjuna Oil Corporation Limited	Audit Committee ^m Banking Committee ^c Remuneration Committee ^m Shares Committee ^c
Nagarjuna Power Corporation Limited	Audit Committee ^m
Jaiprakash Engineering and Steel Company Ltd	Remuneration Committee ^c

Sri K.S. Raju does not hold any shares in the company. The disclosure in this respect was received from him.

The company will benefit from the rich and varied experience of Sri K. S. Raju and his participation in the deliberations of the Board.

A notice in writing has been received from a member of the company under Section 257 of the Companies Act, 1956, conveying his intention to propose the appointment of Sri K. S. Raju as director of the company. The requisite deposit of Rs. 500/- has been received from the member.

The Board recommends his appointment.



Apart from Sri K. S. Raju, Sri G. Satyanarayan Raju being a relative of Sri K. S. Raju shall be deemed to be concerned or interested in the said resolution. None of the other directors of the company are, in any way, concerned or interested in this resolution.

Item No. 7

Sri A. Hari Prasad was appointed as an additional director of the company on 26th December, 2005 under Article 129 of the Articles of Association of the company. As per the provisions of Section 260 of the Companies Act, 1956, Sri A. Hari Prasad holds office as a director of the company only up to the date of the ensuing Annual General Meeting of the company.

Sri A. Hari Prasad, is a Post Graduate in Economics, with professional qualifications of CAIIB and DBM. He has served the banking industry for over 28 years ; 18 years with State Bank of India and 8 years with ICICI Bank and held senior positions. He is highly experienced in corporate banking, general management and bank mergers. Presently, he is the Managing Director and CEO of National Collateral Management Services Ltd. (NCMSL). The names of the other companies in which Sri A. Hari Prasad is a director are given hereunder:

1. National Collateral Management Services Ltd. (NCMSL)
2. ICICI Kinfra Ltd.

Sri A Hari Prasad does not hold any committee memberships in other companies in which he is a director.

Sri A Hari Prasad does not hold any shares in the company. The disclosure in this respect was received from him.

The company will benefit from the experience of Sri A Hari Prasad in corporate and finance related matters.

A notice in writing has been received from a member of the company under Section 257 of the Companies Act, 1956, conveying his intention to propose the appointment of Sri A. Hari Prasad as director of the company. The requisite deposit of Rs. 500/- has been received from the member.

The Board recommends his appointment.

Except Sri A. Hari Prasad none of the other directors of the company are, in any way, concerned or interested in this resolution.

Item No. 8

Dr. S. Ramnarayan was appointed as an additional director of the company on 26th December, 2005 under Article 129 of the Articles of Association of the company. As per the provisions of Section 260 of the Companies Act, 1956, Dr. S. Ramnarayan holds office as a director of the company only up to the date of the ensuing Annual General Meeting of the company.

Dr. S. Ramnarayan is a Bachelor of Engineering from University of Pune, Post Graduate in Industrial Management from the Jamnalal Bajaj Institute of Management Studies, University of Bombay and



has Doctorate in Organizational Behaviour from Weatherhead School of Management at the Case Western Reserve University, Cleveland, Ohio, USA.

Presently, he is a Director (Change Management cell) at the Centre for Good Governance, Hyderabad and also Professor at the Indian School of Business, Hyderabad. He is also an advisor to a number of companies and visiting faculty at institutions such as the Indian Institute of Management at Ahmedabad and Bangalore, and the SP Jain Institute of Management at Dubai. The names of the other companies in which Dr. S. Ramnarayan is a director are given herunder:

1. National Mineral Development Corporation Ltd. (NMDC)
2. Torrent Pharmaceuticals Ltd.

Dr. S. Ramnarayan is a member of the audit committee of National Mineral Development Corporation Limited. (NMDC).

Dr. S. Ramnarayan does not hold any shares in the company. The disclosure in this respect was received from him.

The company will benefit from the guidance of Dr. S. Ramnarayan in matters of business management and human resource development.

A notice in writing has been received from a member of the company under Section 257 of the Companies Act, 1956, conveying his intention to propose the appointment of Dr. S. Ramnarayan as director of the company. The requisite deposit of Rs. 500/- has been received from the member.

The Board recommends his appointment.

Except Dr. S. Ramnarayan none of the other directors of the company are, in any way, concerned or interested in this resolution.

NOTES:

1. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote on his behalf. The proxy need not be a member of the company. The proxy form, in order to be effective must be duly completed and deposited at the registered office of the company atleast 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from Wednesday 19th July 2006 to Monday 31st July 2006 (both days inclusive).
4. The members 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.
5. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the amount of dividends remaining unclaimed for a period of seven years are to be transferred



to the Investor Education and Protection Fund. The details of dividend declared/paid for the year 2003-04 onwards are given below:

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP Fund
31-03-2004	24-09-2004	23-09-2011	21-10-2011
31-03-2005	29-07-2005	28-07-2012	27-08-2012

Members, who have not encashed the dividend warrants for the year 2003-04 and 2004-05 are requested to write to the company for revalidation of dividend warrants before transfer to the Investor Education and Protection Fund.

- Payment of dividend as recommended by the directors, if declared at the meeting, will be made to the members whose names stand on the company's register of members and to the beneficiary holders as per the beneficiary list on the close of business hours on 18th July 2006 provided by National Securities and Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
- Members desirous of availing the facility of electronic credit of dividend are requested to fill up the ECS form attached to this annual report and mail the same to reach the Registrar & Share Transfer Agents or the company at its registered office before 19th July 2006.
- The information required under clause 49 (IV) (G) of the listing agreement, of the directors liable to retire by rotation and eligible for reappointment are given below.

Sri D. Ranga Raju, 72 years, is a Commerce Graduate having over 42 years of experience in manufacture and marketing of agrochemicals. Sri D. Ranga Raju is associated with the company as a Director since March 1995. The names of the other companies in which Sri. D. Ranga Raju is a director are given hereunder:

- Vijaynagar Biotech Limited
- Nagarjuna Agrichem Limited

His other committee positions are given below:

Name of the company	Committee membership
Vijaynagar Biotech Limited	Audit Committee ^m
Nagarjuna Agrichem Limited	Audit Committee ^m Shareholders and Investor Grievance Committee ^m Banking Committee ^m

Sri D. Sadasivudu, is a Post Graduate in Chemical Engineering from the University of Salford England. Before he promoted the company in 1993, he was an Assistant Director in Design & Engineering Division of Indian Institute of Chemical Technology, Hyderabad. Sri. D. Sadasivudu does not hold any other directorship.

Place : Hyderabad

Date : 27.05.2006

By Order of the Board

Mary Monica Braganza

Company Secretary

**DIRECTORS' REPORT**

To
The Shareholders

Your directors have pleasure in presenting the thirteenth annual report together with the audited accounts of the company for the year ended 31st March 2006.

Financial Results

	(Rs. in lakhs)	
	Year ended 31-03-2006	Year ended 31-03-2005
Net sales and other income	7752	6625
Operating Profit (PBDIT)	1683	1230
Less: Depreciation	187	129
Less: Interest	156	90
Profit before tax	1340	1011
Less: Prior year tax adjustments	--	2
Less: Provision for tax (Incl. deferred tax)	449	382
Profit after tax	891	627
Balance brought forward from previous year	827	386
Profit available for appropriation	1718	1013
- Proposed dividend including corporate dividend tax	144	86
- Transfer to general reserve	150	100
- Balance carried to Balance Sheet	1424	827

Dividend

Your directors are pleased to recommend a dividend of 25% on the fully paid equity shares of the company for the financial year ended 31st March 2006.

Forfeiture of partly paid shares

Pursuant to the resolution of the Board of Directors passed at their meeting held on 28th January 2006, 49100 equity shares were forfeited for non-payment of arrears allotment money.

Operations

Your company has achieved satisfactory performance during the current year. Chlorpyriphos, triclopyr, imidacloprid and fluroxyppr were manufactured.

Net income for the year rose to Rs. 7752 lakhs from Rs. 6625 lakhs of the previous year, registering a growth of 17% over the previous year.

The profit after tax for the current year was Rs. 891 lakhs compared to Rs. 627 lakhs of the previous year.



Safety, Health and Environment

The operational and environmental safety are given high priority at the manufacturing plant. Your company has achieved an excellent record in matters of safety and fully complies with the requirements for environmental protection.

Corporate Governance

Pursuant to clause 49 of the listing agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance are included in the annual report. A certificate from the auditors of the company is annexed to this report.

Director's Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors to the best of their knowledge and belief confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed, and no material departures have been made from the same.
- b. 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 2006 and of the profit of the company for the year under review.
- c. 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 fraud and other irregularities.
- d. the directors have prepared the annual accounts on a going concern basis.

Industrial Relations

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

Energy Conservation, Technology Absorption, Foreign Exchange Earning 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 the Director's Report.

Directors

Sri D. Ranga Raju was appointed as Chairman of the Board of Directors on 26th December 2005. Sri K. S. Raju was appointed as additional director on 29th July 2005. Sri A. Hari Prasad and Dr. S. Ramnarayan were appointed as additional directors on 26th December 2005. Sri K. S. Raju, Sri A. Hari Prasad and Dr. S. Ramnarayan hold office as directors of the company up to the date of the ensuing Annual General Meeting. Notices in writing have been received from the members of the company under Section 257 of the Companies Act, 1956, conveying their intention to propose the appointment of Sri K. S. Raju, Sri A. Hari Prasad and Dr. S. Ramnarayan as directors of the company.