



BOARD OF DIRECTORS

| | |
|--------------------------|---------------------|
| D. Ranga Raju | Chairman |
| K.S. Raju | Director |
| Dr. S. Ramnarayan | Director |
| Sudhakar Kudva | Director |
| V. Vijay Shankar | Additional Director |
| S. Chandra Sekhar | Director |
| D. Sadasivudu | Executive Director |

18th ANNUAL GENERAL MEETING

| | |
|-------|--|
| Day | : Wednesday |
| Date | : 10th August 2011 |
| Time | : 10.30 A.M. |
| Venue | : Hotel Green Park Greenlands, Ameerpet Hyderabad 500 016. |

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BANKERS

State Bank of India
AXIS Bank Limited

AUDITORS

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

REGISTERED OFFICE

8-2-269/S/3/A, Plot No.3
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



NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held at 10.30 A.M. on Wednesday, the 10th day of August, 2011 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, 2011 and the Profit and Loss Account for the year ended on that date, together with the Director's and Auditor's Reports thereon.
2. 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.
3. To appoint a director in the place of Sri Sudhakar Kudva who retires by rotation in terms of Article 143 of the Articles of Association and being eligible, offers himself for re-appointment.
4. To reappoint M/s. R. Kankaria & Uttam Singhi, Chartered Accountants, bearing ICAI Registration No.000442S 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 to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. V. Vijay Shankar, 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 this 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 : 30.05.2011

J.R. Nagajayanthi
Company Secretary

Notes:

1. 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 at least 48 hours before the commencement of the meeting.
2. An 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.
3. The Register of Members and Share Transfer Books of the company will remain closed from 25.07.2011 to 29.07.2011 (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 amounts of dividends remaining unclaimed for a period of seven years are to be transferred to Investor Education and Protection Fund (IEPF). Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

| Financial year | Date of declaration of dividend | Last date for claiming unpaid dividend | Due date for transfer to IEP Fund |
|----------------|---------------------------------|--|-----------------------------------|
| 2003-2004 | 24-09-2004 | 23-09-2011 | 22-10-2011 |
| 2004-2005 | 29-07-2005 | 28-07-2012 | 27-08-2012 |
| 2005-2006 | 31-07-2006 | 30-07-2013 | 29-08-2013 |
| 2006-2007 | 30-07-2007 | 29-07-2014 | 28-08-2014 |
| 2007-2008 | 31-07-2008 | 30-07-2015 | 29-08-2015 |
| 2008-2009 | 14-11-2008 | 13-11-2015 | 12-11-2015 |
| 2008-2009 | 31-07-2009 | 30-07-2016 | 29-07-2016 |

Members who have not en-cashed the dividend warrants so far in respect of the aforesaid periods are requested to send their claims, if any, to the company well in advance of the above due dates. Once the amounts in the unpaid dividend is transferred to the IEPF, no claim shall lie against IEPF or the company in respect thereof and the Members will lose their right to claim such dividend.

6. Members are requested to utilize the Electronic Clearing System (ECS) for receiving dividend and may accordingly advise their Depository Participants in case the shares are held in electronic form and the Registrar & Share Transfer Agent in case of shares in physical form.

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Mr. V. Vijay Shankar was appointed as additional director of the company on 30th May 2011 under Article 129 of the Articles of Association of the company. As per the provisions of Section 260 of the Companies Act, 1956, Sri V. Vijay Shankar holds office as director of the company only up to the date of the ensuing Annual General Meeting of the company.

Notice under Section 257 of the Companies Act, 1956 has been received from a member along with a deposit of ₹ 500/- proposing the appointment of Sri V. Vijay Shankar as a director of the company.

Sri V. Vijay Shankar is a Chartered Accountant and has extensive experience in the field of finance and accounts. He has worked with prestigious companies like Zuari, Mahindra & Mahindra, Chambal fertilizers Etc.,

He is also the Managing Director of Nagarjuna Agrichem Limited. He does not hold any committee memberships in the companies in which he is a director. He does not hold any shares in this company.

The company will benefit from the experience of Sri V. Vijay Shankar in varied fields like finance, accounts, treasury and administration.

The Board recommends his appointment.

None of the directors of the company are in any way concerned or interested in this resolution.

By Order of the Board

Place : Hyderabad
Date : 30.05.2011

J.R. Nagajayanthi
Company Secretary

**DIRECTORS' REPORT**

To
The Shareholders

Your directors have pleasure in presenting the Eighteenth annual report together with the audited accounts of the company for the year ended 31st March 2011.

Financial Results

| | (₹ in lakhs) | |
|--|----------------------------------|--------------------------|
| | Year ended 31-03-2011 | Year ended 31-03-2010 |
| Net sales and other income | 6,000 | 9,909 |
| Operating profit (PBDIT) | 103 | 935 |
| Less: Depreciation | 256 | 346 |
| Less: Interest | 118 | 161 |
| Profit before tax | (271) | 428 |
| Less: Provision for tax (Incl. deferred tax) | (279) | 96 |
| Net profit | 8 | 332 |
| Balance brought forward from previous year | 3,417 | 3,086 |
| Profit available for appropriation | 3,425 | 3,417 |
| - Transfer to general reserve | - | - |
| - Balance carried to balance sheet | 3,425 | 3,417 |

Operations

The net revenue for the current year was ₹ 6,000 Lakhs (₹ 9,909 lakhs) which includes an export income of ₹ 3,688 lakhs (₹ 7,657 lakhs). The profit before tax was (₹ -271) lakhs (₹ 428 lakhs) a significant decline while compared to the previous year. The production during the year was 834 MT (1,880 MT).

Dividend

The Board of Directors have not recommended any dividend for the financial year ended 31st March 2011.

Safety, Health and Environment

Your company has a good record in matters relating to safety, health and environment. Your company is putting its best efforts to augment the treatment and disposal of effluents satisfying the relevant norms of the pollution control authorities.

Your company has always laid great emphasis on Environment, Health, Safety (EHS) and Pollution. EHS and Pollution control responsibility is fundamental to Company's values. As the company is committed to become a world class company, measurable improvements in environment, health, safety and pollution aspects in relation to our products, services & operations remains our key focus. The ambient air quality and stack emissions level gets monitored with the help of third party on a monthly basis. These parties are Government recognized laboratories recognized by Ministry of Environment.

Company undertakes constant & persistent efforts to upgrade environmental performance. Effluents from the plants are treated so effectively that it meets not only the legal parameters



but also meets with Company's stringent internal standards. Air emissions are effectively controlled by providing dust collectors, wet scrubbers. Waste management system provides comprehensive guideline to monitor, control & minimize generation of wastes.

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 2011 and of the Profit/Loss 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 were cordial during the year. Your directors greatly appreciate 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

During the year Sri Ashok Muni and Sri A. Hari Prasad resigned from the board, the Board places on its record the valuable contribution made by them during their tenure as Director.

Mrs. K. Lakshmi Raju was appointed as additional director on 28th January 2011 and she resigned from the Board on 30th May 2011 due to her personal commitments. Board places on record the valuable contribution made by her during the short span of time.

Sri V. Vijay Shankar was appointed as additional director on 30th May 2011. Sri V. Vijay Shankar holds office as director of the company upto 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 V.Vijay Shankar as director of the company.

Sri Ranga Raju and Sri Sudhakar Kudva directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Statutory 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 they being eligible, offer themselves



for re-appointment. The company has received a letter from the auditors to this effect u/s 224 (1-B) of the Companies Act, 1956.

Cost Auditors

M/s Sagar & Associates, Cost Accountants, Hyderabad were appointed as the Cost Auditors of the company for the year 2010-2011. Pursuant to section 224 (1-B) and 233B of the Companies Act, 1956 your board of directors have sought the approval of Central government for their reappointment for the forthcoming financial year also. Your Board of Directors have recommended reappointment after obtaining certificate of 'independence' and ascertaining 'arms length relationship' from the cost auditors.

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.

Listing

The shares of your company are listed on the Stock Exchange in Mumbai. The company has paid annual listing fee for the year 2011-2012 to the Bombay Stock Exchange.

Particulars of Employees

During the year under review NONE of the employees have received remuneration more than the limits specified under section 217 (2A) of the companies Act.

Acknowledgement

We thank our customers, vendors, investors and bankers namely State Bank of India and Axis Bank Limited for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank the Government of India, particularly the Ministry of Commerce, the Customs and Excise Departments, the Income Tax Department, , the Ministry of Finance, the Reserve Bank of India, the state governments and other government agencies for their support, and look forward to their continued support in the future.

The company places on record its sincere gratitude to the investors and members for the imposing trust and confidence shown by them on the company.

For and on behalf of the Board

Place : Hyderabad
Date : 30.05.2011

D. Ranga Raju
Chairman

ANNEXURE TO THE DIRECTOR'S REPORT

Information required under the Companies (Disclosure of Particulars in the Report of the 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.

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:

**FORM - A**

(See Rule - 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

(Amount in ₹)

| Particulars | For the year ended | |
|--|--------------------|-------------|
| | 31-03-2011 | 31-03-2010 |
| I) ENERGY CONSERVATION | | |
| A. Power & Fuel Consumption | | |
| 1. Electricity | | |
| i) Purchased units (kwh) | 63,96,067 | 92,88,390 |
| Total Amount (₹) | 3,02,48,980 | 3,24,73,209 |
| Unit Rate (₹) | 4.73 | 3.50 |
| ii) Own Generation (on Diesel) | | |
| a) Diesel Consumption (Ltrs) | 78,050 | 1,18,300 |
| Units | 2,34,150 | 3,54,900 |
| Units per Ltr of Diesel Oil | 3.00 | 3.00 |
| Total Amount (₹) | 41,35,768 | 41,35,621 |
| Unit Cost (₹) | 17.66 | 11.65 |
| b) Steam Turbine Generation | | |
| Units | Nil | Nil |
| Units per Ltr of Diesel Oil | Nil | Nil |
| Unit Cost | Nil | Nil |
| 2. 'C' Grade Coal used in Boiler | | |
| Quantity (MT) | 7,669 | 12,410 |
| Total Amount (₹) | 3,13,25,297 | 4,69,78,175 |
| Average Rate / MT | 4,085 | 3,786 |
| 3. Furnace Oil | | |
| Quantity (Ltrs) | 74,300 | 3,78,200 |
| Total Amount (₹) | 23,76,333 | 1,23,19,003 |
| Average Rate / Ltr | 31.63 | 32.57 |
| 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) | 7,855 | 5,130 |
| Furnace Oil (Ltrs) | 88 | 201 |
| Coal - Quality 'C' Grade (MT) | 9.09 | 6.60 |



Bhagiradha Chemicals & Industries Limited

FORM - B

(See Rule - 2)

Form for disclosure of particulars with respect to technology absorption

Research and Development

- 1) Specific areas in which R&D is carried out by the company
 - Process development.
- 2) Benefits derived as a result of the above efforts
 - Technologies for three additional products were developed.
- 3) Future plan of action
 - Development of technologies for key intermediates.
- 4) Expenditure on R&D for the year 2010-2011 ₹ in Lakhs
 - Capital --
 - Recurring 29.92
 - Total 29.92
 - R&D expenditure as a percentage of total turnover 0.50

Technology, absorption, adaptation and innovation

- 1) Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - Process technologies are developed in-house at the R&D center.
- 2) Benefits derived as a result of the above efforts
 - Improvement in the quality of products and cost of manufacture.
- 3) Incase of imported technology (imported during the last 5 years), Give details of technology imported, year of import, whether technology fully absorbed.
 - No technology has been imported by the company.

Foreign Exchange Earnings and Outgo ₹ in Lakhs

- | | |
|------------|----------|
| - Earnings | 3,580.48 |
| - Outgo | 1,760.54 |
-



ANNEXURE

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry structure and developments

The company manufactures technical grade agrochemicals active constituents used as insecticides and weedicides.

China is dominating the international market in supply of voluminous products being advantageously placed with the domestic availability of intermediates.

b) Opportunities and threats

During the financial year 2010-11, the company had taken rigorous initiatives to replace the Chlorpyrifos, as there was low market viability. But due to ban on other insecticides and stringent enforcement of environmental policies there is surge in the demand and price of Chlorpyrifos. The company, being a reputed manufacturer of Chlorpyrifos for the past 15 years, would like to regain the Chlorpyrifos business along with diversification by adding three new products to its existing product portfolio. These products are likely to be introduced in the forthcoming financial year.

Exports constitute a major part of the company's revenue and hence global recession and currency fluctuations affect the financial performance.

c) Financial performance *vis-à-vis* operational performance

Drop in sales of Chlorpyrifos led to reduced operational and financial performance of the company. The financial performance is expected to improve with improvement in business volumes and prices.

d) Outlook

- As market conditions for chlorpyrifos has improved, the company would like to restart chlorpyrifos production, which will contribute to significant portion of company's revenue.
- The company will be commissioning its formulation unit in July, 2011 with an investment of 3 crores. This facility would help the company to market its actives as end formulated products.
- The additional products Clodinafop and Cloquintocet mexyl have contributed to 30% of the sales for the financial year 2010-11 and expected to increase with the launch of formulated products.

e) Risks and concerns

- The likely withdrawal of DEPB and its reflection on the pricing of the agrochemicals is a watchful situation.
- Single manufacturing location and change in demography is calling for more restraint on environmental factors.



- Volatility in prices and supply of imported raw material and exchange fluctuations negatively impact the company which relies both on import of raw materials as well as export of finished products.

f) Internal control system and their adequacy

The company has proper and adequate systems of internal controls, which ensures that all the assets are safeguarded and that all transactions are authorized recorded and reported correctly. The company maintains adequate and effective internal control system and suitable monitoring procedures with regard to the purchase of raw materials, stores, plant & machinery, equipment and other assets as well as for sale of goods. The finance and commercial functions have been structured to provide adequate support and controls for the business of the company.

g) Industrial relations and human resource development

The company has cordial and harmonious industrial relations. Opportunities for individual growth, creativity and dedicated participation in organizational development are being provided.

The employee strength as on March 31, 2011 was 133.

Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ from those expressed or implied. Many important factors including global and domestic demand-supply conditions, prices, raw materials costs and availability, changes in government regulations, tax laws and other statutes may affect the actual result which could be different from what the director's envisage in terms of future performance and outlook.