

NINETEENTH
ANNUAL REPORT
2011-2012



Bhagiradha Chemicals & Industries Limited



BOARD OF DIRECTORS

D.Ranga Raju	Chairman
K.S.Raju	Director
Sudhakar Kudva	Director
S.Chandrasekhar	Director
D.Sadasivudu	Executive Director

19th Annual General Meeting

Day	: Wednesday
Date	: August 8th, 2012
Time	: 14:00 Hrs.
Venue	: Hotel Green Park, Greenlands, Ameerpet, Hyderabad 500016

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BANKERS

State Bank of India
AXIS Bank Limited

AUDITORS

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

COST AUDITORS

Sagar & Associates,
Cost Accountants,
Hyderabad - 500 001

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 **Nineteenth Annual General Meeting** of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held on **Wednesday the 8th day of August, 2012 at 14:00 hrs at Hotel Green Park, Greenlands, Ameerpet, Hyderabad 500016** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and statement of Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon of the company.
2. To appoint a director in the place of Sri K. S. 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 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 authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 and 311 read together with Schedule XIII of the Companies Act, 1956, and subject to such other approvals as may be necessary, the company hereby accords its consent to appoint Sri S. Chandrasekhar as Managing Director of the company for a period of three years w.e.f. 01-06-2012 and payment of remuneration and perquisites as given below:

1. **Salary** **Rs. 3,00,000/- 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

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year Sri S. Chandrasekhar, Managing Director be paid a monthly remuneration not exceeding ₹ 3,00,000/- apart from contributions made to the provident fund and gratuity as minimum remuneration in accordance with Part B of Section II of Schedule XIII of the Companies Act, 1956".

By Order of the Board

Place : Hyderabad
Date : 29.05.2012

JR 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 3rd August 2012 to 8th August 2012 (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. 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
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 encashed 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.

Pursuant to section 205A (5) of the companies Act, the company has transferred Rs. 55,450/- (Rupees Fifty Five Thousand Four hundred and Fifty only) which was lying unclaimed for a period of seven years to Investor Education and Protection Fund account established under section 205(1) of the Companies act.

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.
7. A brief profile of Director seeking appointment at the Annual General Meeting in terms of clause 49 of the listing agreement is annexed to this notice.

By Order of the Board

Place : Hyderabad
Date : 29.05.2012

JR NAGAJAYANTHI
Company Secretary



THE NINETEENTH ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT OF STOCK EXCHANGES				
DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN				
Name of the Director	Sri K. S. Raju	(Director retiring by rotation and eligible for reappointment)	Sri S.Chandrasekhar	(Seeking appointment as Managing Director)
Date of Birth	June 29, 1950		December 19, 1977	
Qualification	B.E (Mechanical)		B.Tech from Osmania university Masters Degree in Chemical Engineering from the University of Illinois, Chicago	
Expertise in specific functional areas	Industrialist		Vast experience in the synthesis of specialty chemicals and design of chemical plants.	
Date of appointment	July 29, 2005		27 th July 2010	
Relationship with other Directors	None		None	
No. of equity shares held in the company	Nil		23,200	
List of other companies in which directorships are held	1. Nagarjuna Fertilizers and Chemicals Ltd 2. Kanumuru Education and Knowledge Ltd 3. Nagarjuna Oil Corporation Limited 4. Sillex India Limited 5. Jaiprakash Engineering and Steel Company Ltd 6. The Fertilizer Association of India 7. Nagarjuna Corporation Ltd 8. Nagarjuna Agrichem Ltd 9. Nagarjuna Oil refinery Limited		1. Rite information services Private Limited 2. JC Biotech Private limited	
List of committees of Board of Directors across all companies in which Chairman/ Membership is held	Nagarjuna Fertilizers & Chemicals Ltd	Banking Committee ^C Investment Committee ^C Management Committee ^C Shares Committee ^C Audit Committee ^M		Bhagiradha Chemicals & Industries Ltd: Audit Committee ^M
	Nagarjuna Oil Corporation Ltd.	Banking Committee ^C Shares Allotment & Transfer Committee ^C Audit Committee ^M Project Management Committee ^C Remuneration Committee ^M		
		Management Committee ^C		
		Shares & Debentures Committee ^C		
		Banking Committee ^C		
		Investment Committee ^C		
		Shareholders / Investor Protection Committee ^M		
		Remuneration Committee ^M		
		Remuneration Committee ^C		
	Jaiprakash Engineering and Steel Company Ltd			
“C” indicates Chairman and “M” indicates Member of the committee				



ANNEXURE TO THE NOTICE:

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

ITEM No. 4:

The Board of Directors in their meeting held on 29th May 2012 decided to appoint Sri S. Chandrasekhar, Director as the Managing Director of the company for a period of three years with effect from 1st June 2012 at remuneration and perquisites stated in the resolution. The remuneration payable was approved by the Board and the remuneration committee at their meetings held on 29th May 2012.

The effective capital of the company as on 31st March 2012 is ₹ 44.5 crores and the minimum remuneration is within the ceiling prescribed in terms of effective capital of the company. Further, the company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year.

It is proposed to approve the payment of the minimum remuneration for the period of three years as per the provisions of Part B of Section II of Schedule XIII to the Companies Act, 1956.

The statement containing the information as required under Schedule XIII to the Companies Act, 1956 is annexed to this notice.

The Board recommends the proposed resolution for approval.

Except Sri S. Chandrasekhar none of the other Directors of the company are in any way concerned or interested in this resolution.

By Order of the Board

Place : Hyderabad
Date : 29.05.2012

JR NAGAJAYANTHI
Company Secretary



Statement showing the details as required under Schedule XIII to the Companies Act, 1956

(In connection with Item No. 4 of the notice and explanatory statement)

I. General Information

- (i) Nature of industry: Manufacture and sale of Agro Chemicals.
- (ii) Date or expected date of commencement of commercial production : Existing company carrying out the manufacture and sale of agro chemicals since 1993.
- (iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
- (iv) Financial performance of the company in the last three years based on given indicators:

(₹ in lakhs)

Particulars	Financial Year		
	2011-2012	2010-2011	2009-2010
Paid up Capital	505.37	505.37	505.37
Reserves & Surplus	3,946.07	4,227.90	4,220.14
Net Sales & Other Income	6,923.89	5999.74	9,909.39
Total Expenditure	7,364.60	6,270.72	9,481.82
Managerial Remuneration	20.61	41.20	54.51
Profit Before Tax	(440.71)	(270.98)	427.57
Income Tax incl Deferred Tax	(158.88)	(278.74)	95.87
Dividend (%)	Nil	Nil	Nil

- (v) Export performance and net foreign exchange collaborations: (₹ in lakhs)

Particulars	Financial Year		
	2011-2012	2010-2011	2009-2010
Foreign Exchange Earning	3,548.66	3,580.48	7,373.72
Foreign Exchange Outgo	2,361.02	1,760.54	2,756.86

- (vi) Foreign investments or collaborators, if any : None

II. Information about Director

- (i) Background Details

Sri S. Chandrasekhar aged 35 years is a Chemical Engineer holding B.Tech. degree with distinction from Osmania University and Masters Degree in Chemical Engineering from the University of Illinois, Chicago. He has over eight years of experience in the synthesis of specialty chemicals and design of chemical plants. He has worked as R&D Manager of the company from 28th September 2002 to 31st March 2006. Sri S. Chandrasekhar was inducted as a Director of the company on 27th July, 2010 under Article 129 of the Articles of Association of the company. He is son of Late Sri S. Koteswara Rao, Promoter and former Managing Director of the company who expired on 4th July 2010.

- (ii) Past Remuneration

Sri.S.Chandrasekhar was not paid any remuneration except sitting fees for attending the Board meeting and the Audit committee meetings, in which he was a member. Sri.S.Chandrasekhar was paid ₹ 40,000/- as sitting fees during the financial year 2011-2012.



- (iii) Job profile and suitability and comparative remuneration profile with respect to industry, size of company and profile of the position and person:

Sri.S.Chandrasekhar since the time he took over as the director of the company has been managing the overall administration and management of the Factory. He has played a vital role in the overall business development and management of the company. His vision, inspiring leadership and strong commitment to growth made him the right person for the job. The remuneration paid to Sri. S.Chandrasekhar is in line with the nature of industry, size of company, profile of the person and responsibilities entrusted.

- (iv) Remuneration Proposed :

The remuneration proposed to be paid to Sri. S.Chandrasekhar, Managing Director has been detailed in the resolution No. 4 of the accompanying notice. In the event of absence or inadequacy of profits in any financial year a monthly remuneration not exceeding ₹ 3,00,000/- (apart from contributions made to the provident fund and gratuity) as minimum remuneration in accordance with Section II of Schedule XIII of the Companies Act, 1956 is proposed.

- (v) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personal, if any:

Sri S.Chandrasekhar is the Director of the Company. He is not related to any managerial personnel. He may be deemed to be interested to the extent of his shareholding and remuneration in the company.

III. Other Information

1. Reasons for inadequate profits:

The net revenue for the current year was ₹ 6,861 lakhs as against ₹ 6,000 for the previous year. The profit/ (Loss) before tax for the current year was ₹ (440.71) lakhs as against ₹ (270.98) lakhs for the previous year.

The reduction in the profits during the year was due to the fire accident that took place on 10th August 2011 at the factory site at Ongole, Andhra Pradesh. The factory operations were interrupted for 50 days from 10th August 2011 to 28th September 2011. This resulted in steep decline in the production and sales and there by leading to increase in Loss.

2. Steps taken or proposed to be taken for improvement:

The company has revived its operations and is fully operational since 29th September 2011. New products are being developed in house by the R & D Unit of the company.

3. Expected increase in productivity and profits in measurable terms.

The company is also planning to launch new products commercially. There would be an improvement in the production and profitability with addition of new products in the subsequent years.

IV. Disclosures

1. Adequate disclosure is made to the shareholders of the company of the terms of appointment and remuneration of the managerial personnel.
2. The information on remuneration package and other details are disclosed in the Corporate Governance Report.

**DIRECTORS' REPORT**

To

The Shareholders,

Your directors have pleasure in presenting the Nineteenth annual report together with the audited accounts of the company for the year ended 31st March 2012.

Financial Results

(₹ in lakhs)

	Year ended 31.03.2012	Year ended 31.03.2011
Net sales and other income	6,861	6,000
Operating profit (PBDIT)	97	103
Less: Depreciation	297	256
Less: Interest	241	118
Profit before tax	(441)	(271)
Less: Provision for tax (Incl. deferred tax)	(159)	(279)
Net profit	(282)	8
Balance brought forward from previous year	3,425	3,417
Profit available for appropriation	3,143	3,425
- Transfer to general reserve	-	-
- Balance carried to balance sheet	3,143	3,425

Operations

The net revenue for the current year was ₹ 6,861 Lakhs (₹ 6,000 lakhs) which includes an export income of ₹ 4,457 Lakhs (₹ 3,688 lakhs). The Loss before tax was ₹ 441 Lakhs (₹ 271 lakhs) a significant decline while compared to the previous year. The production during the year was 1,268 MT (834 MT).

The operation of the company was affected due to a fire accident that took place on 10th of August 2011. The entire Block 3 of the factory was destroyed due to the fire accident. The company incurred loss of human resources (2 employees), materials and machinery. The company had to close down its operation in factory for 50 days.

Despite the adverse impact, the company took steps to maintain the production level. Rigorous steps are being taken to revive the Block 3 in factory.

Dividend

The Board of Directors have not recommended any dividend for the financial year ended 31st March 2012.



Safety, Health and Environment

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 and Forest.

In the entire 19 years of operation, the fire accident that took place on 10th August 2011 was the sole occurrence of an accident in the factory premises. Company conducted strength and stability studies for the civil structures damaged due to fire accident by competent authorities and recommendations were implemented. Safety audit of the entire equipment, electricals, plant and machinery inside the facility was carried out by competent authorities and recommendations were implemented. As an added safety measure, in addition to the existing safety valves, the company has installed Rupture Disc to the reactors vent system to release excess pressure. Dedicated fire hydrant system with automation is being planned in addition to existing fire hydrant system connected to cooling water line as continuous water supply to the fire hydrant line.

Taking lesson from the past, the company revisited the safety and health conditions and has taken stringent precautionary safety and health measures so as to avoid such incidents in future. A safety committee has been constituted to identify potential hazards and propose solution / alternatives to minimize / eliminate the hazards and a safety policy has been drafted and implemented. Further in a view to educate the employees and factory workers, regular internal safety trainings are being conducted to train them on safe work practices, use of firefighting equipment etc.

Company undertakes constant and persistent efforts to upgrade environmental performance and is putting its best efforts to augment the treatment and disposal of effluents satisfying the relevant norms of the pollution control authorities. 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. The company has proposed to install Opacity Meter and Volatile Organic Compound (VOC) machine as per the norms suggested by Andhra Pradesh Pollution Control Board to provide online stack monitoring data and online odor monitoring data to the Pollution Control Board.

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 2012 and of the Profit/Loss of the company for the year under review.