



Bhagiradha Chemicals & Industries Limited

**24th Annual Report
2016-2017**



BHAGIRADHA CHEMICALS & INDUSTRIES LIMITED

(CIN: L24219AP1993PLC015963)

2016-17 Annual Report

BOARD OF DIRECTORS

D. Ranga Raju
S. Chandra Sekhar
K.S. Raju
Sudhakar Kudva
D.Sadasivudu
S.Lalitha Sree

Chairman
Managing Director
Director
Director
Director
Director

B.Murali
B.N.Suvarchala

CFO
Company Secretary



24th Annual General Meeting

Day : Tuesday
Date : 26th September, 2017
Time : 11.00 AM
Venue : Hotel Green Park
Greenlands, Ameerpet
Hyderabad-500 016

BANKERS

State Bank of India
AXIS Bank Limited
Bank of India

AUDITORS

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

COST AUDITORS

Sagar & Associates
Cost Accountants
Hyderabad - 500 001

SECRETARIAL AUDITORS

Naresh Tiwari & Associates
Company Secretaries
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) 42221212
Fax (040) 23540444
Email: info@bhagiradha.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@gmail.com

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NOTICE

Notice is hereby given that the Twenty fourth Annual General Meeting of the Shareholders of Bhagiradha Chemicals & Industries Limited will be held on **Tuesday the 26th day of September, 2017 at 11.00 am at Hotel Green Park, Green lands, Ameerpet, Hyderabad - 500 016** to transact the following business:

1. To receive, consider and adopt the financial statements of the Company for the year ended 31st March, 2017 including Audited Balance sheet as at 31st March, 2017 and Statement of Profit and Loss Account for the year ended on that date and the reports of the Auditors and Directors thereon.
2. To appoint Director in place of Smt S.Lalitha Sree (DIN: 06957985), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s. S. Singhvi & Co., Chartered Accountants, Hyderabad (FRN. 003872S) as statutory auditors of the company to hold office for a period of five years viz. from the conclusion of this 24th Annual General Meeting (AGM) to until the conclusion of its 29th Annual General Meeting of the company subject to approval of their members in ensuing AGM and subsequent AGMs of the Company till the expiry of their term and authorize the Board to fix their remuneration for respective period(s).

Special Business:

4. Ratification of Cost Auditors Remuneration for FY : 2017-18

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 the remuneration of the Cost Auditor, M/s. Sagar & Associates, Cost Accountants, for the financial year ending 31st March, 2018 be and is hereby determined as recommended by the Audit committee and approved by the Board of Directors."

5. Adoption of MOA as per Companies Act, 2013.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 13 of Companies Act, 2013 ('the Act'), read with the Companies (Incorporation) Rules, 2014 and all other applicable provisions, if any, of the Act (including any statutory modification(s) or reenactment thereof for the time being in force), and such other rules and regulations, as may be applicable, the consent of the Company be and is hereby accorded for alteration of Memorandum of Association of the Company by deleting Clause III (C) –OTHER OBJECTS and accordingly Memorandum of Association will no longer carry Other Objects.

"RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

"RESOLVED FURTHER THAT Mr. S. Chandra Sekhar, Managing Director and Mrs. B.N. Suvarchala, Company Secretary be and are hereby severally authorized to do all such acts, deeds and things as may be required to give effect to the above resolution."

6. To Approve the increase in borrowing limits and conversion of the same into equity capital.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or any amendments or any substitution or re-enactment thereof, if any, for the time being in force and all other applicable Acts, laws, rules, regulations and guidelines for the time being in force; the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money not exceeding Rs. 120 crores [including the money already borrowed by the Company] from the Banks/ Financial Institutions /Promoters/ Promoter Group/ Directors on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid-up capital of the Company and its free reserves."

"RESOLVED FURTHER THAT pursuant to Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under, and in accordance with the Memorandum of Association and Articles of Association



of the Company and applicable regulations and subject to all such approval(s), consent(s), permission(s), sanction(s), if any, of appropriate authorities and departments in this regard and subject to such condition(s) and modification(s) as may be prescribed or imposed, while granting such approval(s), consent(s), permission(s) or sanction(s), the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to convert any loan(s) which will raise in future into equity Share capital of the Company at the option of the Lender(s) on the terms and conditions contained in the financing documents or as may be specified by the Financial Institutions/Banks/Promoters/ Promoter Group/Directors."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and is hereby authorised to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

By order of the Board

Date: 29.08.2017
Place: Hyderabad

B. N. Suvarchala
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint one or more proxies to attend 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 time for holding the meeting.
3. The Register of Members and Transfer Books of the Company will be closed from **18th September, 2017 to 26th September, 2017 (both days inclusive)**. The book closure dates have been fixed in consultation with the Stock Exchange.
4. 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.
5. Non-resident Indian Shareholders are requested to inform the Registrars, M/s. XL Softech Systems Limited immediately:
 - The change in the residential status on return to India for permanent settlement.
 - The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
6. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company / Registrar.
8. In terms of Circular No.17/2011, dated 21.04.2011 and Circular No.18/2011, dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail is **xlfield@gmail.com** mentioning the Company's name i.e., Bhagiradha Chemicals & Industries Limited (BCIL), so as to enable the company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address.
 - in respect of electronic shareholding - through their respective Depository Participants.
 - in respect of physical shareholding - by sending a request to the Company's Share Transfer Agent at **xlfield@gmail.com**, mentioning therein the Company's name i.e., Bhagiradha Chemicals & Industries Limited (BCIL), their folio number and e-mail address.
9. The Annual Report 2016-17 as circulated to the members of the Company is also available on the website of the Company **www.bhagirad.com**
10. **Voting for transaction of Business:**
The business as set out in the Notice may be transacted and that:
 - (A) The Company is providing facility for voting by electronic means in compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the 44(1) of SEBI(LODR) Regulations, 2015.



- (B) The Facility for voting, either through electronic voting system or ballot or polling Paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote through ballot paper.
- (C) The Members who have cast their vote by remote e-voting shall not be entitled cast their vote again.

The procedure and instructions for members for voting electronically are as under.

The voting period begins at **10.00 A.M. on 22nd September, 2017 and ends at 5 P.M. on 25th September, 2017.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- i) Open your web browser during the voting period and log on to the e-voting website **www.evotingindia.com**
- ii) Click on "Shareholders" to cast your votes.
- iii) User ID:

For Members holding shares in Demat Form:-

- a) For CDSL:- 16 digits beneficiary ID
- b) For NSDL:- 8 Character DPID followed by 8 Digits Client ID

For Members holding shares in Physical Form:-

- a) Folio Number registered with the Company
- iv) Enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.

vi) If you are a first time user follow the steps given below:

- | | |
|-----|---|
| PAN | <ul style="list-style-type: none">• Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat as well as physical shareholders)• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
|-----|---|

| | |
|-----|---|
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
|-----|---|

| | |
|-----------------------------|---|
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |
|-----------------------------|---|

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then directly reach the Company Selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.



- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A Confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk. evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com**.

11. The Company has appointed Mr. Naresh Tiwari, Practicing Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner. The Scrutinizer shall within a period of three working days from the date of conclusion of the shareholders meeting, submit his report after consolidation of e-voting and the votes in the shareholders meeting, cast in favour of or against, if any, to the Chairman of the Company. Results will be uploaded on the Company's website as well as intimated to the Stock Exchange (BSE).
12. Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the brief profile of Director eligible for re-appointment vide item no. 2 is as follows:

| Particulars | Smt S. Lalitha Sree |
|--|---|
| Din | 06957985 |
| Date of Birth | 03-01-1978 |
| Date of Appointment | 11-08-2014 |
| Qualifications | Post Graduate |
| Experience in specific functional areas | Nil |
| Directorship held in other listed entities | Nil |
| Membership/Chairmanship of Committees of listed entities (includes only Audit Committee and Stakeholders' Relationship Committee | Nil |
| Number of shares held in the company | 60,000 |
| Relationship with any Director(s) of the Company | Wife of Sri. S. Chandra Sekhar, Managing Director |

By order of the Board
For Bhagiradha Chemicals & Industries Limited

Place: Hyderabad
Date: 29.08.2017

B.N. Suvarchala
Company Secretary



Explanatory statement

ITEM NO: 4 Ratification of Cost Auditors Remuneration for FY : 2017-18

The Board of Directors, on recommendation of the Audit committee, at their meeting held on 29th August, 2017 has approved the appointment and remuneration of the M/s. Sagar & Associates, Cost Accountants in practice, as Cost Auditors of the company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 on a remuneration of Rs. 75000/- (Rupees Seventy five Thousand Only).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2018.

None of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way interested, financially or otherwise, in this resolution.

ITEM NO : 5 Adoption of MOA as per Companies Act, 2013.

As per the provisions of section 4 of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 the Memorandum of Association of the Company will no longer carry other objects Clause. However, the existing Memorandum of Association of the Company carries other objects Clause.

In order to comply with section 4 of the Act, it is proposed to alter Memorandum of Association of the Company by deleting Clause III(C) – OTHER OBJECTS and accordingly Memorandum of Association will no longer carry other objects.

A copy of the proposed set of new Memorandum of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day between 11.00 a.m. to 6.00 p.m.

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested in the said resolution.

ITEM NO: 6 To Approve the increase in borrowing limits and conversion of the same into equity capital.

The Board of Directors of the Company at their meeting held on 29.08.2017 authorized the Board to borrow monies in excess of the paid capital and free reserves up to an amount not exceeding Rs.120 crores.

It is proposed to take the approval of the members of the Company to borrow monies in the form of either secured or unsecured loans with the option to convert the said loans into equity share capital of the Company with the consent of the Lenders collectively or independently.

As per the provisions of Section 62(3) and other applicable provisions if any, of the Companies Act, 2013 and rules made there under, acceptance of secured/ unsecured loans and convert into Equity Share Capital at a later date requires the approval of the shareholders of the Company by means of Special Resolution duly passed in the General Meeting of the Company. Your directors feel that this proposal is at the best interest of the company.

None of the Directors of the Company/KMPs or relatives of Directors are interested in this resolution.

All the documents referred to in the accompanying Notice and Statement Annexed thereto would be available for inspection without any fee by the members at the Registered Office of the Company during 10:00 A.M. to 1:00 P.M on any working day (excluding Sunday) up to the date of the meeting.

Notice for shareholders/investors for unpaid dividends

- i) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years is 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 | Amount as on 31.03.2017 (in ₹) | Due Date for transfer to IEPF |
|----------------|---------------------------------|--------------------------------|-------------------------------|
| 2013-14 | 11-08-2014 | 81,886 | 09-08-2021 |
| 2014-15 | 08-08-2015 | 150,726 | 06-08-2022 |

- ii) 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.
- iii) During the year dividend amounting to Rs. 120,990/- that have not been claimed by the shareholders for the Financial year 2008-09 was transferred to the credit of Investor Education and Protection Fund as required under section 124 read with section 125 of the Companies Act, 2013



DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2017.

Financial performance:

₹ in lakhs

| Particulars | Year ended 31.03.2017 | Year ended 31.03.2016 |
|--|--------------------------|--------------------------|
| Net Sales | 20309.58 | 15026.94 |
| Other income | 182.77 | 103.92 |
| Operating profit (PBDIT) | 1268.15 | 495.26 |
| Depreciation | (383.60) | (363.38) |
| Interest | (619.50) | (660.61) |
| Profit before tax | 265.05 | (528.73) |
| Provision for tax (incl. deferred tax) | (61.91) | 207.89 |
| Profit after tax | 203.14 | (320.84) |
| Earning per share (EPS) | 4.02 | (6.35) |

Performance review:

The Board of Directors are pleased to inform that the company has achieved a turnover of Rs.22105 Lakhs(Rs.16415 Lakhs). The net revenue from operations for the current year Rs.20310 Lakhs (Rs.15027 Lakhs). The profit before tax for the current year is Rs. 265 Lakhs as against the loss of Rs.529 Lakhs during the previous year.

Dividend:

Your Directors have not recommend any dividend for the financial year 2016-17.

During the year dividend amounting to Rs. 120,990/- that have not been claimed by the shareholders for the Financial year 2008-09 was transferred to the credit of Investor Education and Protection Fund as required under section 124 read with section 125 of the Companies Act, 2013.

Board Meetings:

The Board of Directors duly met 4 times during the financial year from 1st April, 2016 to 31st March, 2017. The meetings were held on 25th May 2016, 12th August, 2016, 12th November, 2016 and 13th February, 2017.

Directors:

In accordance with the provisions of the Companies Act, 2013, Smt. S. Lalitha Sree (DIN: 06957985) retires from office by rotation, and being eligible, offer herself for re-appointment at the ensuing Annual General Meeting of the Company.

The information on the particulars of Director eligible for appointment in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 has been provided in the notes to the notice convening the Annual General Meeting.

Independent Directors Declaration:

The Independent Directors have confirmed and declared that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

Evaluation of the Board's Performance:

In compliance with the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the performance evaluation of the Board was carried out during the year under review. More details on the same are given in the Corporate Governance Report.

Directors Responsibility Statement:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, your Directors confirm as under:

- In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 have been followed and there are no material departures 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 your Company at the end of the financial year ended 31st March, 2017 and 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Directors have prepared the annual accounts on a 'going concern' basis.
- V. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.
- VI. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Management Discussion and Analysis:

The Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of the Annual Report as **Annexure-II**.

Statutory Auditors:

M/s. R. Kankaria & Uttam Singhi. Chartered Accountants, Statutory Auditors of the Company hold office up to the conclusion of 24th Annual General Meeting, who were appointed in the 21st AGM to hold office until the conclusion of 24th AGM. Your company seeks appointment of M/s. S. Singhvi & Co., Chartered accountants (Firm Reg.No. 003872S) as Statutory Auditors of the company at the ensuing Annual General Meeting till the conclusion of 29th Annual General Meeting of the Company.

The Statutory Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditors:

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad as Cost Auditors of the company for the year 2017-2018 at a remuneration of Rs.75,000. The proposed remuneration of the Cost Auditors would be approved by the members in the ensuing AGM. The Cost Audit Report for the year 2015-16 has been filed under XBRL mode within the due date.

The Cost Audit Report for the F.Y 2015-16 does not contain any qualification, reservation or adverse remark.

Secretarial Auditors:

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s. Naresh Tiwari & Associates, Company Secretaries, as the Secretarial Auditor for the year 2017-2018. The secretarial audit report for the F.Y 2016-17 forms part of this Report as Annexure -III.

There are no qualifications or observations or remarks made by the Secretarial Auditor in their Report.

Audit Committee:

The committee comprises of Shri D. Ranga Raju, Shri Sudhakar Kudva and Shri S. Chandra Sekhar. The Chairman of the Committee is Shri Sudhakar Kudva who is a non-executive Independent Director. The Company Secretary is the Secretary to the committee. During the year under review, four (4) meetings of the audit committee were held.

Vigil mechanism:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.bhagirad.com/reports/vigil mechanism/ vigil mechanism policy link](http://www.bhagirad.com/reports/vigil%20mechanism/vigil%20mechanism%20policy%20link).

Stakeholder Relationship Committee:

Stakeholder Relationship Committee comprises of Shri.D. Ranga Raju as Chairman and Shri Sudhakar Kudva and Shri D. Sadasivudu as members. The details of term of reference of the Committee member, dates of meeting held and attendance of the Directors are given separately in the Corporate Governance Report.

Internal Financial Controls:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.



Conservation of energy, Technology absorption, Foreign Exchange earnings & outgo:

The particulars as required to be disclosed pursuant to Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014, are given to the extent applicable in the Annexure forming part of this Report is enclosed as **Annexure -I**.

Corporate Social Responsibility (CSR):

During the year pursuant to the provisions of section 135 read with Schedule VII of the Companies Act, 2013 the company does not fall under the criteria of CSR Policy. Hence the company has not contributed towards CSR Activity.

Material changes effecting financial positions of the company:

A fire accident occurred on early hours of 20th May, 2017 in Production Block-3, resulting in loss of stock-in-process and damage to the building and machinery. The company has filed for claim with National Insurance Company which is under process. Restoration works are in progress in the block and is expected to be fully functional by October-2017. The loss of production is expected to impact the top and bottom line of the company performance during the financial year 2017-18.

Extract of Annual Return:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **MGT - 9** forms part of this Annual Report as **Annexure-V**.

Subsidiaries, Joint ventures and Associate Companies:

During the year under review the company does not have any subsidiaries, joint ventures and associated companies.

Fixed Deposits:

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet.

Particulars of Loans, Guarantees or Investments:

The Company has not granted any Loans, Investments, Guarantees and securities.

Disclosure as per the Sexual Harassment of Women at workplace:

The company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at workplace and matters connected there with or incidental there to cover all the aspects as contained under "The Sexual Harassment of women at workplace (Prohibition, Prevention and Redressal) Act, 2013".

During the financial year 2016-17, no complaint was received under the policy.

Particulars of Employees:

During the year none of the employees have received remuneration more than the limits specified under the Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 35(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration ratio of the Directors / Key Managerial Personnel (kmp) / employees:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the company and Directors is furnished here under:

| Sl. No | Name | Designation | Remuneration paid F.Y 2016-17 ₹ lakhs | Remuneration paid F.Y 2015-16 ₹ lakhs | Increase in Remuneration from previous Year ₹ lakhs | Ratio/Times per Median of employee remuneration |
|--------|------------------|-------------|---|---|--|--|
| 1. | S.Chandra Sekhar | MD | 38.59 | 38.59 | - | 32.15 |
| 2. | B. Murali | CFO(KMP) | 30.90 | 30.90 | - | 25.75 |
| 3. | A.Arvind kumar | COO(KMP) | 25.72 | 25.72 | - | 21.40 |
| 4. | B.N.Suvarchala | CS(KMP) | 3.96 | 3.96 | - | 3.30 |