



Bhagiradha Chemicals & Industries Limited

# Resilient Chemistry

Annual Report 2019-20

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Exchange of MOU with The Government of Karnataka in the presence of The Chief Minister Sri Yeddyurappa for establishing a manufacturing plant in Kadechur Industrial Area, Yadgir Dist.

# RESILIENT CHEMISTRY

Businesses are operating in an environment of frequent economic downturns.

With multiple risk factors such as unpredictable demand from customer industries, fluctuating raw material prices and a high-asset intensity, the chemical industries are subject to business volatilities.

At Bhagiradha Chemicals & Industries Limited, we exhibit the much-needed agility to overcome general economic and demand slumps. We have been expanding our product capabilities through our steadfast focus on our market intelligence, quality, customer engagement and R&D. Our R&D pipeline has multiple products at various stages of development. Over the years we have developed a global brand equity as a reliable source for many leading MNCs.

Key ingredients in our operational matrix are aimed at increasing efficiency, innovations and nurturing our customer relations to increase the business resilience.

# LETTER FROM THE CHAIRMAN

Dear Shareholders,

The world is adapting to a new normal with the spread of the Covid-19 pandemic across the globe. Nearly every country has faced unprecedented health and economic crises, and efforts are underway to contain the spread of the virus, find preventive vaccines and cures for the virus infection. Healthcare systems are under a lot of strain, global supply chains have been disrupted and governments have initiated fiscal measures to infuse liquidity and lend a helping hand to the poorer and weaker sections of society. It is in this backdrop that we operate today, in a new, ever-changing global scenario.

Amid this, we have some positive developments to look forward to. Growing trade tensions with China have put India in the spotlight, providing us with an immense opportunity to establish ourselves in the global trade market. The government of India has a special focus on a self-reliant or Atmanirbhar India, encouraging Make in India products, reducing import dependencies and increasing exports. Also, 2019-20 was a great year for India in terms of agriculture, with a record production of food grains. Underlying factors such as growing population and the demand for sustainable food are positive for the crop protection market both globally and closer home.

Further, with several agrochemicals going off-patent in the next 4-5 years, the prospects for your Company are very good with its focused R&D and niche chemistry skills. A recent notification by the Indian government on the proposed ban on production of 27 pesticides, which were declared hazardous by the WHO, can severely impact the export market for agrochemicals. Your Company is however ready with alternative products in its pipeline, thanks to its unwavering focus on R&D and strong faith in its business model.

In view of further expansion plans, your Company has entered into an MOU with the Government of Karnataka for allotment of 33.8 acres of Industrial land in Kadechur Industrial estate with a goal of establishing a manufacturing facility for active ingredients and their intermediates, which will be implemented in the next 6 years over 3 phases.

As we enter into a world changed by Covid-19, we are fully committed to having safety, health and happiness of our employees as our key priority. A strong talent pool, sound technological processes, strategic investments and a focus on new markets and areas of potential will be the pillars of success as we stride forward confidently.

I take this opportunity to sincerely thank every individual who has been associated with our Company in any capacity. It is always together that a family, Company, community and a country find strength to move forward in times of distress.

My immense thanks also to our shareholders for the trust and confidence they reposed in us.

Stay safe.

Regards,

**K Satyanarayana Raju**  
Chairman

“

Further, with several agrochemicals going off-patent in the next 4-5 years, the prospects for your Company are very good with its focused R&D and niche chemistry skills.



# REVIEW BY THE MANAGING DIRECTOR AND THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

We hope that everyone is staying safe and healthy during these difficult times. The Covid-19 pandemic has changed the way the world operates in an unprecedented manner. Individuals, organizations and countries are grappling with the health and socio economic impact of the deadly virus. While a few countries are relaxing prescribed norms such as masks and social distancing, most of the evidence points to continuing these for as long as possible until a vaccine or a cure is found. Early signs indicate that these may be available soon, hopefully by the beginning of 2021.

Our operations were also affected by the nationwide lockdown in Q4 of FY 19-20 and Q1 of FY 20-21. Production operations were shut down from March 25th 2020, due to the countrywide lockdown to curtail the Covid-19 pandemic. Subsequently, the plant was re-opened with special permissions and has been operating at reduced capacity from April 2nd. The financial performance of your Company was impacted in 2019-20, with revenues of ₹ 245.67 Crore, compared to ₹ 383.98 Crore. The fall in revenue was mainly due to stop production orders issued by the Andhra Pradesh Pollution Control Board in Q3 and Q4'20, coupled with the shutdown due to Covid-19, leading to an overall production loss of about 100 days. Correspondingly, the profit after tax has come down to ₹ 6.51 Crore as compared to ₹18.29 Crore in the previous year.

Despite the headwinds, there are commendable achievements to report. Your Company effectively executed the investment in the Fipronil process line, the commercial sales of which commenced in April 2020.

We have also successfully implemented the backward integration of the manufacturing process of Azoxystrobin, reducing our reliance on imports.

In terms of the pipeline, efforts are also ongoing for registration of 2 new generics, Pymetrozine and Dinotefuran, commercial production of which is expected in 2020 and 2021 respectively. Chlorpyrifos, Fipronil and Azoxystrobin will be the key molecules which are expected to majorly contribute to the top line of the Company in the current financial year. Delayed shipments and policy decisions of the government to restrict imports from certain countries may result in disruption in the supplies of certain raw materials. Your Company is focused on ensuring adequate inventory of raw materials so as to minimize production disruption.

With the overall landscape for agrochemical industry looking promising, your Company is confident of its ability to sustain in the current global economic downturn, and scale to new heights in the long run.

We express our deep gratitude to our Customers, Suppliers, Bankers, Business Partners, and Government for their support to the Company. We owe our performance and achievements to our management and employees, to their unwavering focus at work, their sincerity and dedication. A big thank you to our shareholders, for your investment and trust in us.

Warm regards,

**S. Chandra Sekhar**  
Managing Director

**A. Arvind Kumar**  
Chief Executive Officer





# ABOUT US

## Introduction:

Bhagiradha is distinguished globally as an R&D driven Agrochemical Company. Through its strengths in innovation and agile development practices, the Company has adapted itself in meeting the expectations of its customers amidst changing regulatory requirements. Evolutionary development, adaptive planning, continual improvements and perseverance form the core around which Bhagiradha has modelled its R&D. In doing so it has succeeded in being recognised as a credible global agrochemicals player. A robust product portfolio, elite customer base and a diverse revenue mix reflect the strengths of Bhagiradha.

Net Sales

₹ **24,567** Lakhs

Profit After Tax

₹ **651** Lakhs

Number of Employees

**354**

## Key Highlights of the Company



Manufacturer of high quality pesticide and pesticide intermediates



R&D driven Company with process technologies for all commercialized products developed in-house



Exporting products to more than 14 countries across the globe

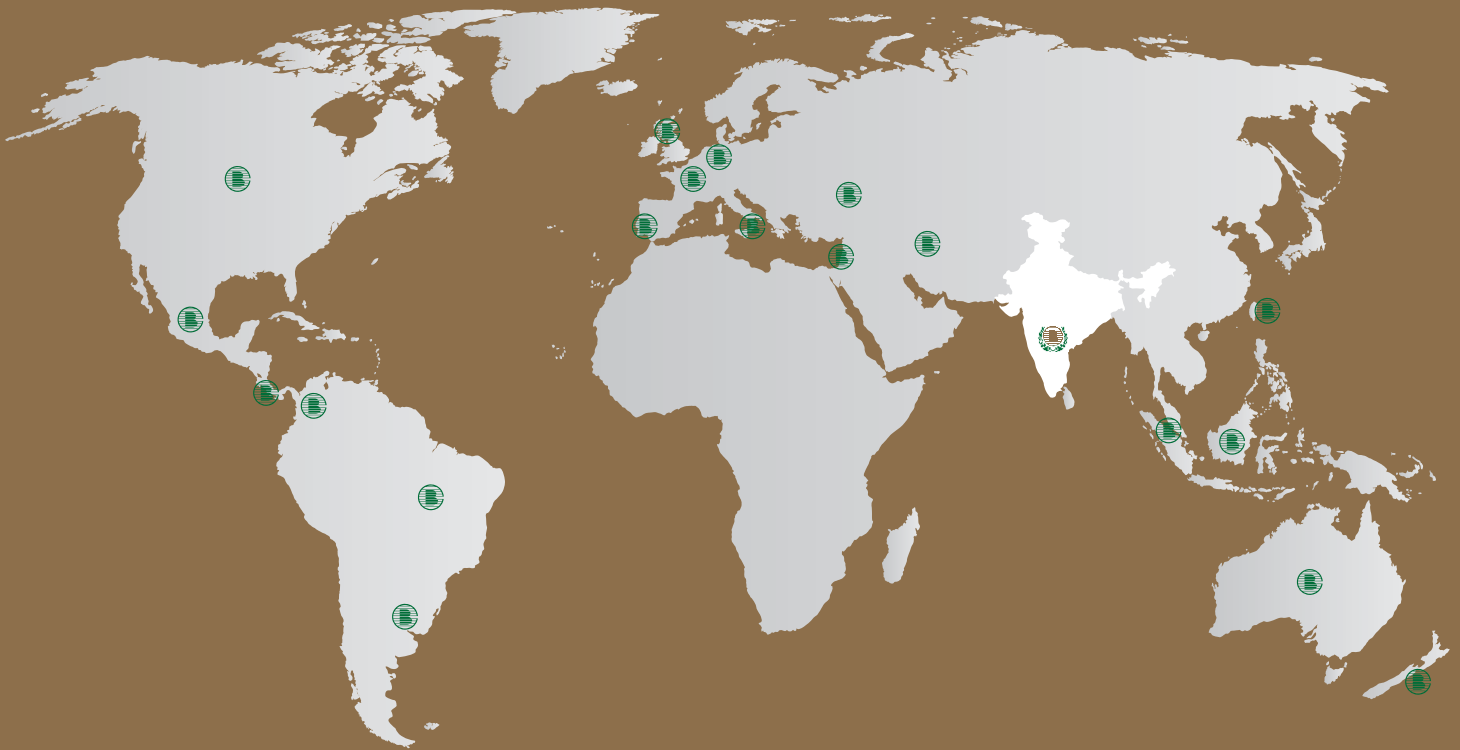


Led by technocrats with expertise in chemical engineering and synthesis

# OUR GLOBAL FOOTPRINTS

India is a major market for the Company, with more than 40% of the revenue coming from the domestic market. Azoxystrobin, Chlorpyrifos and herbicide intermediates are major products for domestic market

Major products for exports include Azoxystrobin, Chlorpyrifos, Chlorpyrifos-methyl, Triclopyr BEE, Fipronil and few intermediates. The Company is a net exporter and has consistently achieved over 60% of revenue from exports. The overseas markets comprise of USA, Brazil, Columbia, Argentina, Mexico, Costa Rica, Germany, UK, France, Portugal, Italy, Israel, Turkey, Iran, Indonesia, Taiwan, Malaysia, New Zealand and Australia.



# BOARD OF DIRECTORS



**Mr. K S Raju**  
Non-Executive Chairman



**Mr. S. Chandra Sekhar**  
Managing Director



**Mr. D. Sadasivudu**  
Director



**Mr. Sudhakar Kudva**  
Independent Director



**Mr. G.S.V. Krishna Rao**  
Independent Director



**Mr. Ketan Chamanlal Budh**  
Whole Time Director



**Mrs. S. Lalitha Sree**  
Director



**Mrs. A. Lakshmi Sowjanya**  
Independent Director

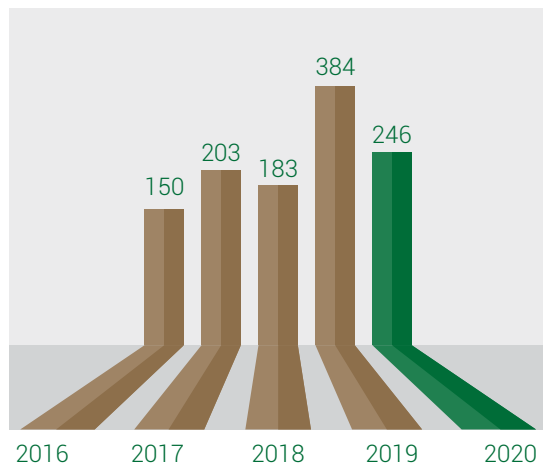
- Audit Committee
  - Stakeholder's Relationship Committee
- M** : Member of the Committee

- Nomination & Remuneration Committee
  - CSR Committee
- C** : Chairman of the Committee

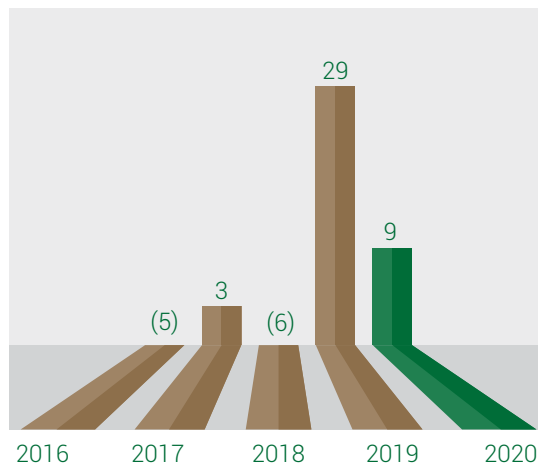


# KEY PERFORMANCE INDICATORS (₹ in Crores)

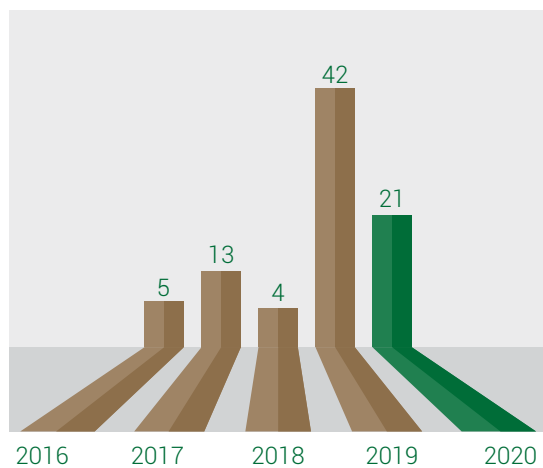
## REVENUE FROM OPERATIONS



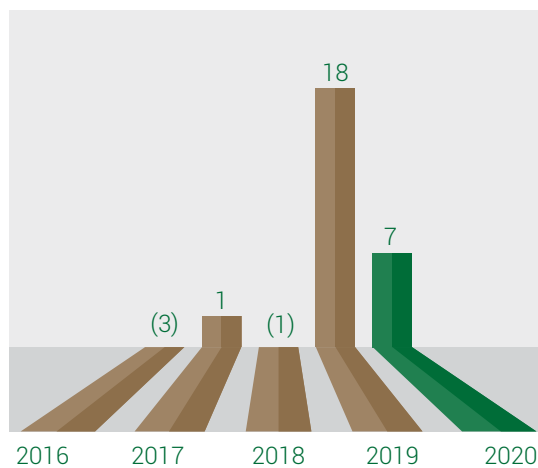
## PROFITABILITY



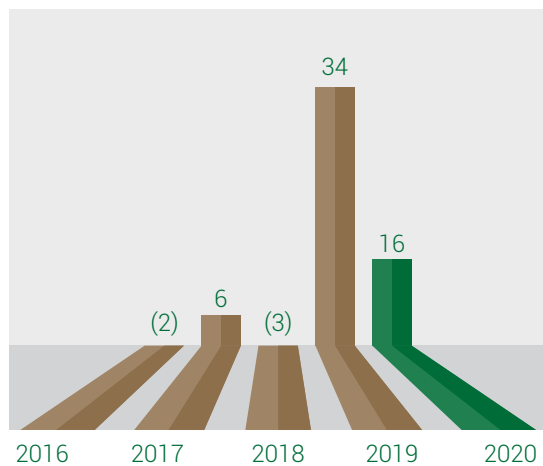
## EBITDA



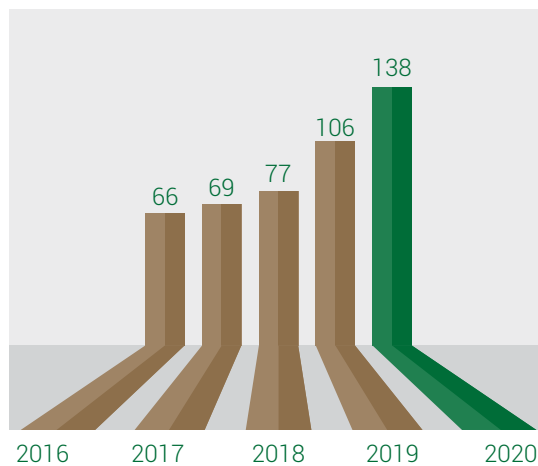
## PAT



## CASH PROFIT



## NET FIXED ASSETS



# MANUFACTURING CAPABILITIES

The Company has permitted capacity of 3250 MT per annum for production of agrochemical active ingredients and their intermediates in addition to pesticide formulations. There are three production blocks with aggregate reactor volume of about 700 KL consisting of Stainless Steel and Glass lined reactors for manufacture of insecticides, herbicides & herbicide intermediates and Fungicides.

The Effluent Treatment Plant is equipped with Stripper, Multiple Effect Evaporators, Forced Evaporation System, Agitated Thin Film Dryers, Biological treatment plant and Reverse Osmosis plant. Inorganic sludge generated in the process is disposed to secured land fill, organic effluent sent to cement plants for co-incineration as approved by the regulatory authorities.

The R&D facility of the Company is recognised by Department of Science & Technology and is equipped with state of the art equipment. Pilot plant facility is available for production up to a scale of 50 kg/batch.



## Insecticides



Products: **4** | Products under development: **3**

## Fungicides



Products: **1** | Products under development: **3**

## Herbicides



Products: **3** | Products under development: **3**

## Intermediates



Products: **5**