



CORPORATE GOVERNANCE

I. Company's philosophy on code of governance

The company has established a code of governance based on transparency and accountability with an absolute commitment to the welfare of employees; creating a fulfilling business atmosphere; establishing a faithful and transparent relationship with suppliers and customers; and meeting the aspirations of the stakeholders with sustained growth.

In accordance with the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, Government of India, it is hereby confirmed that proper systems are in place to ensure compliance of all laws applicable to the Company.

II. Board of Directors

a) Composition of the Board

As on 31st March, 2014, the Board of Directors of the Company comprised of a combination of Executive and Non-Executive Directors. The Board comprises of Five Directors of whom four are Non-Executive Directors, inclusive of the Chairman. Out of this, three are Independent Non-Executive Directors. The particulars of the directors, their category, and attendance at meetings, other directorships and memberships in committees are given in Table 1.

Table 1

Sl. No.	Name of the Director	Category	No. of Board Meetings attended	Whether attended previous AGM held on 08-08-2013	No. of Directorship	No. of Committee Positions in other companies (Audit & share committee)	
						Member	Chairman
1.	Shri D. Ranga Raju	Non-Executive Independent	4	Yes	3	2	None
2.	Shri S. Chandra Sekhar	Executive Promoter	4	Yes	2	None	None
3.	Shri D. Sadasivudu	Non Executive Promoter	4	Yes	None	None	None
4.	Shri K.S. Raju	Non-Executive	4	No	6	1	-
5.	Shri Sudhakar Kudva	Non-Executive Independent	4	Yes	2	1	-

None of the Directors on the Board is a member of more than ten committees (audit & shares committee) or Chairman of more than five committees, across all companies in which he is a director. The necessary disclosures regarding committee position were made by the Directors.

b) Board Meetings

During the financial year 2013-2014 the Board of Directors have held four meetings on following dates: 18th May 2013; 8th August 2013; 7th November 2013 and 10th February 2014

The time interval between any two meetings did not exceed four months.

The information as required under Clause 49 of the Listing Agreement is made available to the Board. The agenda and the related papers for consideration at the Board meeting are circulated sufficiently in advance of the Board Meetings. Adequate information is circulated as part of the agenda papers and is also made available at the meeting to enable the Board to take informed decisions.



c) Brief resume of the Directors seeking re-appointment

Shri K.S. Raju is a Graduate in Mechanical Engineering from the University of Mysore. Under his leadership, the Nagarjuna Group has made its presence felt in Agro Chemicals business and also ventured out into Refinery and Power sectors. Shri K.S. Raju was appointed Director of Bhagiradha Chemicals & Industries Limited on 29-07-2005.

Shri D. Ranga Raju is a Commerce Graduate has extensive experience in manufacturing and marketing of agrochemicals. Shri D Ranga Raju is associated with the company as a director since March 1995. The names of the other companies in which Shri D. Ranga Raju is a director are given hereunder:

1. Vijaynagar Biotech Limited
2. Nagarjuna Agrichem Limited
3. Nagarjuna Oil Refinery Ltd

Shri D. Ranga Raju is a member of the Audit Committee in Vijaynagar Biotech Limited and a member of the Audit Committee and the Shareholders/Investor Grievance Committee of Nagarjuna Agrichem Limited.

Shri Sudhakar Kudva is a Chartered Accountant with immense experience in international trading and contracting, financial services, treasury management and general management and has held various senior positions in India and Abroad. He has been associated with various prestigious companies like Nagarjuna Group, Indian Seamless Group, Arcelor Mittal, Algeria The name of other companies in which he is a director are given hereunder:

Nagarjuna Agrichem Limited

Nagarjuna Oil Corporation Limited

d) Code of conduct

The Board has approved a code of conduct for the board members and the senior management personnel of the company. The code of conduct is posted on the website of the company. All Directors and senior management personnel have affirmed compliance with the code of conduct and submitted declarations in this behalf for the year ended March 31st, 2014. A declaration signed by the Managing Director to this effect is enclosed.

III. Audit Committee

a) Composition, Names of Members and Chairman

The Board has reconstituted its Audit Committee on 10th November 2011 in accordance with section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The composition of the Audit Committee is given below.

Name	Category	Position in the Audit Committee
Shri Sudhakar Kudva	Independent & Non executive	Chairman
Shri D. Ranga Raju	Independent & Non Executive	Member
Shri S.Chandra Sekhar	Managing Director & Promoter	Member

Shri Sudhakar Kudva is a member of Institute of Chartered Accountants of India and has over 39 years experience in Accounting, Treasury Management, Financial and General Management and is the Chairman of the Audit Committee. The other members of the Audit Committee are professionals having experience in business administration and corporate management.



b) Terms of Reference

The terms of reference of Audit Committee includes the matters specified in Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement with the Stock Exchange. The brief description of the terms of reference are:

- i) Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii) Recommending the appointment, re-appointment and if required, the replacement or removal of the statutory Auditors and the fixation of audit fees.
- iii) Approval of payment to Statutory Auditors for any other services rendered by them.
- iv) Reviewing with the management the annual financial statement before submission to the Board.
- v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vi) Reviewing with the management the performance of statutory and internal auditors the adequacy of internal control systems.
- vii) Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- viii) Discussion with internal auditors any significant findings and follow up there on.
- ix) Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularities or a failure of internal control system of a material nature and reporting the matter to the Board.
- x) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders if any, share holders (in case of non-payment of declared dividends) and creditors.
- xii) To review the function of Whistle Blower mechanism, in case the same is existing.
- xiii) Approval of appointment of CFO (i.e., the whole time finance director or any other person heading the finance function or discharging that function) after assessing the qualification, experience & background etc of the candidate."
- xiv) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

c) Meeting and Attendance during the year

During the year under review, five meetings of the audit committee were held on the followings dates: 18th May 2013; 8th August 2013; 7th November 2013 and 10th February 2014. The attendance of each of the members of the Committee is given below:

Date of Meeting	D. Ranga Raju	Sudhakar Kudva	S. Chandra Sekhar
18.5.2013	YES	YES	YES
8.8.2013	YES	YES	YES
7.11.2013	YES	YES	YES
10.2.2014	YES	YES	YES
Total number of meetings attended	4	4	4

The President (Finance), General Manager (Finance) and the Statutory Auditors also attend the meetings. The Company Secretary acts as the Secretary of the Audit Committee. The mandatory information required under Clause 49 (II) (E) of the Listing Agreement is placed before the Audit Committee for its review.



IV. Remuneration Committee

The Board has constituted a remuneration committee in terms of Schedule XIII of the Companies Act, 1956 read with Clause 49 of the Listing Agreement. The committee comprises of Shri D. Ranga Raju, Shri Sudhakar Kudva and Shri K.S. Raju are the members of the remuneration committee. The Chairman of the Committee is Shri D. Ranga Raju who is a non-executive independent director. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the remuneration including perquisites, allowances and commission to be paid to the company's whole-time-director's.

Remuneration policy: The committee while deciding the remuneration package takes into consideration the financial position of the company, trend in the industry, appointee's qualification, experience, past performance etc.

The non executive Directors are not paid any remuneration except sitting fees for attending the Board/Committee meetings.

The details of the remuneration paid/payable to the Directors for the year 2013-2014 are given below:

(RS in lakhs)

Name of the Director	Salary	Perquisites	Sitting Fees	Total
Shri D.Sadasivudu	—	—	0.60	0.60
Shri D. Ranga Raju	—	—	1.00	1.00
Shri K.S. Raju	—	—	0.30	0.30
Shri Sudhakar Kudva	—	—	1.00	1.00
Shri S. Chandra Sekhar	33.41	2.59	—	36.00
TOTAL	33.41	2.59	2.90	38.90

The number of shares held by the Directors as on 31.03.2014 is given below.

Name of the Director	No. of shares held
Shri D.Sadasivudu	79,200
Shri S.Chandra Sekhar	23,200
Shri D. Ranga Raju	Nil
Shri K.S. Raju	Nil
Shri Sudhakar Kudva	Nil

V. Share Transfer & Investor's Grievance Committee

The committee presently comprises of Shri D. Ranga Raju, Shri Sudhakar Kudva and Shri D. Sadasivudu as members. The Chairman of the Committee is Shri D. Ranga Raju who is a non-executive independent director.

The committee inter-alia looks into transfer, transmission, split, duplicate, remat and consolidation of shares. The committee also monitors redressal of complaints from the shareholders relating to transfer of shares, non-receipt of annual report, dividend etc.

During the year under review, one meeting of the committee was held on 17.2.2014. The attendance of each of the members of the Committee is given below:

Name	No. of meetings attended
Shri D. Ranga Raju	1
Shri D.Sadasivudu	1
Shri Sudhakar Kudva	1



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The General Manager-Finance is the Compliance officer of the company. The company has received investor complaints during the year 2013-2014. No complaints were pending as on March 31st, 2014. There were no share transfers pending as on March 31st, 2014.

VI. General Body Meeting

I. Location & time of last three Annual General Meetings

Date	Time	Venue	No.of Special Resolutions Passed
08.08.2013	10.30 AM	Hotel Green Park, Ameerpet, Hyderabad	None
08.08.2012	2.30 PM	Hotel Green Park, Ameerpet, Hyderabad	One
10.08.2011	10.30 AM	Hotel Green Park, Ameerpet, Hyderabad	none

- II. One Special Resolution relating to Appointment of Shri S. Chandra Sekhar as Managing Director and fixing his remuneration thereof was passed in the 19th AGM held on 8.8.2012 out of previous 3 AGMs.
- III. No Resolution, requiring Postal Ballot as required by the Companies (passing of resolution by postal ballot) Rules, 2001 was passed in last year.
- IV. As there was no resolution passed through Postal Ballot, No Scrutinizer was required to be appointed.
- V. No Special Resolution is proposed to be conducted through Postal Ballot.
- VI. There were no Extraordinary General Meetings in the last three years

VII. Disclosures

- i) There have been no materially significant related party transactions that may have potential conflict with the interest of the company.
- ii) There has been no instance of non-compliance or penalty, strictures imposed on the company by the stock exchanges, SEBI or any other statutory authority on any matter relating to the capital markets.
- iii) In terms of SEBI (Prohibition of Insider Trading) Regulations, 1992, the company has framed code of conduct for dealing in the securities of the company for observance by its Directors, designated employees and their dependent relatives.
- iv) There is no specific Whistle Blower Policy for the company. We further affirm that during the year 2013-2014, no personnel have been denied access to the audit committee.
- v) The compliance with the non-mandatory requirements are detailed below:
 - The Board has a non-executive Chairman. Except for the Chairman and the promoter Directors, the tenure of all other Directors with the company has not exceeded nine years.
 - The company does not send any half-yearly declaration of financial performance to the shareholders.
 - The non-executive Directors inducted on the Board are given an overview of the company's operations to familiarize them with the operations. A statement on business risks and mitigation strategy is regularly placed before the Board for its review.
 - The company does not have any peer group for evaluating the performance of the non-executive Directors.
 - The company has yet to establish a whistle blower policy. The code of conduct adopted by the Board ensures confidentiality and protection to any person who has, in good faith, reported a violation or a suspected violation of law, or other company policies. Further during the year under review no employee was restricted from reporting concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct.



Other Disclosures

(a) Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the company and its Directors that may have potential conflict with the interest of the company.

Transactions with related parties are carried out at 'Arms Length' basis and are disclosed in Note to the financial statements in the Annual Report.

The related party transactions as required under Clause 49(IV)(A) of the Listing Agreement is placed regularly before the audit committee.

(b) Disclosure of Accounting Treatment

The financial statements are prepared in accordance with the Accounting Standards prescribed by The Institute of Chartered Accountants of India.

(c) Board Disclosures - Risk Management

A statement of the Management's perception of business risk and minimization procedure is periodically placed before the Board for its review.

(d) Proceeds from public issue, rights issue, preferential issue etc.

During the year under review, the company has not raised any money through a public, rights or preferential issues.

VIII.Means of Communication

I) Quarterly Results:

As per Clause 41 of the Listing Agreement of BSE Limited, quarterly financial results are published within the time frame prescribed in this regard. The names of the newspapers wherein results, notices and other communication are normally published are:

Newspaper in which results are normally published:

English - Business Standard/Financial Express/Financial Chronicle

Telugu - Andhra Bhoomi/Andhra Jyothi/Andhra Prabha/Praja Shakti/Surya

(ii) Any website, where displayed: www.bhagirad.com

(iii) Whether it also displays official news releases and presentation made to institutional investors or to the analysts.

There were no presentations made to the Institutional Investors or Analysts during the year 2013-2014

IX. General Shareholder information

i) Twenty First Annual General Meeting

Date : 11th August 2014

Day : MONDAY

Time : 11.00 AM

Venue : MARIGOLD by Green Park

ii) Financial Year : April to March

TENTATIVE REPORTING SCHEDULE

- Financial reporting for the quarter ending 30th June, 2014 : 2nd week of August 2014
- Financial reporting for the quarter ending 30th September, 2014 : 2nd week of November 2014
- Financial reporting for the quarter ending 31st December, 2014 : 2nd week of February 2015
- Financial reporting for the quarter ending 31st March, 2015 : 4th week of May 2015
- Financial reporting for the year ending 31st March, 2015 : 4th week of May 2015
- Annual General Meeting for the year ending 31st March, 2015 : 2nd week of August 2015



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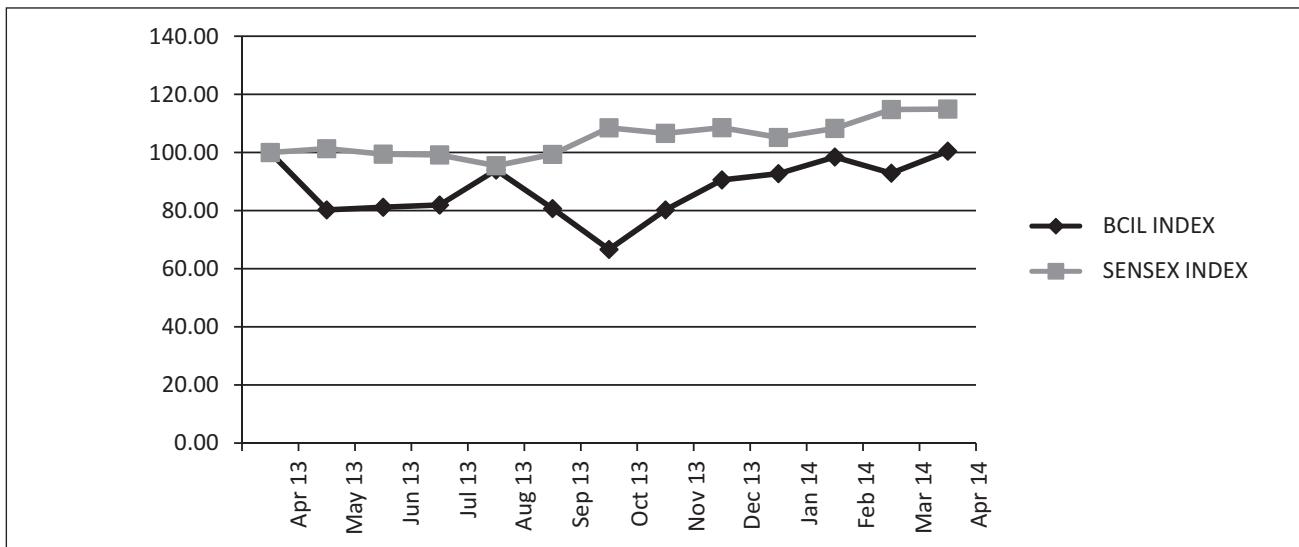
- iii) Date of book closure : 4th August 2014 to 11th August 2014
(Both dates inclusive)
- iv) Dividend : On or after 11th August 2014. Dividend, when declared, will be payable on or after 11th August 2014 to those members whose names are registered as such in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 3rd August, 2014 and to the Beneficiary holders as per the beneficiary list as on 6th August, 2014 provided by the NSDL and CDSL.
- v) Listing on Stock Exchanges : BSE Limited. The Company has paid the listing fees for the period from 1st April 2014 to 31st March 2015
- vi) Stock Code : BSE - 531719
- vii) Demat ISIN Number : INE 414D01019

X) Market price data

1. The monthly high and low price quotations of the company's shares at the Bombay Stock Exchange Limited is given below:

Month	High	Low
April 2013	32.35	23.70
May 2013	39.90	25.95
June 2013	27.55	22.90
July 2013	29.65	24.95
August 2013	30.75	24.50
September 2013	30.00	25.20
October 2013	27.00	21.55
November 2013	30.30	20.40
December 2013	30.70	24.20
January 2014	39.35	28.50
February 2014	35.85	29.40
March 2014	35.35	29.50

XI) Performance of the share price of the company in comparison to BSE Sensex for the period 1st April'2013 to 31st March' 2014 is given below:





Month	BCIL CLOSE share price at BSE	BSE SENSEX Close	Relative index for Comparison purpose	
			BCIL Share Price at BSE	BSE SENSEX
April 2013	32.35	19,504.18	100.00	100.00
May 2013	25.95	19,760.30	80.22	101.31
June 2013	26.25	19,395.81	81.14	99.44
July 2013	26.50	19,345.70	81.92	99.19
August 2013	30.40	18,619.72	93.97	95.47
September 2013	26.10	19,379.77	80.68	99.36
October 2013	21.55	21,164.52	66.62	108.51
November 2013	25.95	20,791.93	80.22	106.60
December 2013	29.30	21,170.68	90.57	108.54
January 2014	30.00	20,513.85	92.74	105.18
February 2014	31.85	21,120.12	98.45	108.29
March 2014	30.05	22,386.27	92.89	114.78

Source: www.bseindia.com

XII) Registrars & Transfer Agents:

XL Softech Systems Limited

8-2-269/S/3/A, Plot No. 3,
Sagar Society, Road No. 2,
Banjara Hills, Hyderabad - 500 034
Phone: 040- 23545913/5
Fax : 040 - 23553214
E-mail : xlfeld@rediffmail.com

xi. Share Transfer System

The Company's Shares are traded on BSE Limited compulsorily in the dematerialized form. 90.73% of the total equity shares of the company are in dematerialised form with NSDL and CDSL as on 31st March, 2014. Transfer of these shares is done through the depositories with no involvement of the company. However, all requests received for transfer of shares for off market transaction in physical form furnishing with a copy of PAN card of the transferee(s) in compliance with the SEBI circular in that behalf, are processed by the Registrar and Transfer Agents. The Share Transfers are registered and returned within period of 15 days from the date of lodgment, if documents are complete in all respect.

All matters pertaining to share transfer in physical form are handled by the Registrars and Share Transfer Agents M/s. XL Softech Systems Limited, Hyderabad. The share transfer requests received are processed by them and a transfer register is sent to the company for approval once in a fortnight. There were no share transfers pending as on March 31st, 2014



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ii. Distribution of shareholding as on March 31st, 2014*

Sl. No.	Shareholding of nominal value	Number of shareholders	percentage of shareholders	number of shares held	percentage of shares held
1	upto 500	2005	80.3	275493	5.45
2	501 - 1000	212	8.49	172557	3.41
3	1001 - 2000	121	4.85	186272	3.69
4	2001 - 3000	44	1.76	111501	2.21
5	3001 - 4000	27	1.08	94319	1.87
6	4001 - 5000	26	1.04	122566	2.43
7	5001 - 10000	29	1.16	227701	4.51
8	Above 10000	33	1.32	3863291	76.44
	Total	2497	100	5053700	100
Sl. No.	Mode of Holding				
1	PHYSICAL :	80	3.20	468531	9.27
2	DEMAT :	2417	96.80	4585169	90.73
	TOTAL	2497	100	5053700	100

xiii. Shareholding Pattern as on March 31st, 2014

S.I. No.	Category	Number of Shareholders	% of Shareholders	Number of Shares held	Percentage of Shares held
A	Promoters & Persons acting in concert	29	1.16	1182049	23.39
B	Public Shareholding				
	i. Foreign Institutional Investors	Nil	Nil	Nil	Nil
	ii. Bodies Corporate	84	3.36	2412699	47.74
	iii. Indian Public	2340	93.71	1374539	27.20
	iv. Non Resident Indians	39	1.56	83565	1.65
	v. Clearing Members	5	0.20	848	0.02
	Total	2497	100.00	5053700	100

*49100 shares have been forfeited, hence not included in the total shareholding.

xiv. Dematerialization of shares and liquidity

The company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Dematerialization of shares is done through XL Softech Systems Limited, Hyderabad and on an average the dematerialization process is completed within a period of 15 days from receipt of a valid demat request along with all documents.

xv. CIN Number

The Corporate Identity Number (CIN) of the company, as allotted by Ministry of Company Affairs is L24219AP1993PLC015963

xvi. Plant location : Cheruvukommupalem (Village)
Ongole (Mandal)
Prakasam (District)
Andhra Pradesh



xvii. Address for correspondence : Bhagiradha Chemicals & Industries Limited
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

xviii. Investor Grievance E-mail : Nihita.s@bhagirad.com

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To
The Shareholders

I hereby declare that all the Board Members and senior management personnel have affirmed compliance with the code of conduct adopted by the company and have submitted declarations in this behalf for the year ended March 31st, 2014.

Sd/-

Place : Hyderabad
Date : 28.5.2014

S. Chandra Sekhar
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
BHAGIRADHA CHEMICALS & INDUSTRIES LTD.

We have examined the compliance of the conditions of Corporate Governance by **Bhagiradha Chemicals & Industries Limited** (the Company) for the year ended 31st March, 2014 as stipulated in clause 49 of Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **R. Kankaria & Uttam Singhi**
Chartered Accountants
Firm Registration No. 000442S

Place : Hyderabad
Date : 28.05.2014

Sd/-
Uttam Kumar Singhi
Partner
MEMBERSHIP No. 027481/ICAI.