



## REPORT ON CORPORATE GOVERNANCE

### (Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015)

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Bhagiradha Chemicals & Industries Limited is as under:

#### 1. Company's philosophy on code of governance

The Company recognizes the importance of good Corporate Governance, which is a tool for building a strong and everlasting beneficial relationship with the customers, suppliers, bankers and more importantly with the investors.

The Company believes that its key decisions must serve the underlying goals of enhancing shareholders' value over a sustained period of time, and achieving the definite and measurable performance targets.

#### 2. Board of Directors:

##### i) Composition:

The Board of Directors of the Company has an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization.

The Board of the Company comprises Six Directors that includes one Women Director.

The names of the Directors and the details of other chairmanship / Directorship / committee membership of each Director as on 31<sup>st</sup> March 2018 is given below:

Name of Director	Relationship with other Directors	No of Shares	Category	Number of Directorships in other companies		Number of Committee Memberships in other companies	
				Chairman	Member	Chairman	Member
D. RangaRaju	Nil	Nil	Non-Executive &Independent	-	2	1	-
Sudhakar Kudva	Nil	Nil	Non-Executive &Independent	-	1	1	1
K.S. Raju	Nil	Nil	Non-Executive &Non Independent	1	2	-	3
D. Sadasivudu	Nil	63,600	Non-Executive Promoter	None	None	None	None
S. Chandra Sekhar	Nil	1,157,300	Executive Promoter	None	None	None	None
S. Lalitha Sree	Wife of Shri. S. Chandra Sekhar	60,000	Non Executive & Non Independent Woman Director	None	None	None	None

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet with the criteria of independence as provided under Companies Act, 2013 and Reg. 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

#### Notes:

- Other Directorships exclude Foreign Companies, Unlisted Companies and Alternate Directorships.
- Only membership in Audit Committee and Stakeholders' Relationship Committee has been reckoned for other committee memberships.



### (ii) Meetings & Attendance

The Board generally meets 6 times during the year. The Directors are also given option of attending the Board Meeting through video conferencing, none of the board meetings was held through video conferencing. During the year ended 31<sup>st</sup> March, 2018, the Board of Directors had 6 meetings. These were held on 22<sup>nd</sup> May, 2017, 29<sup>th</sup> August, 2017, 22<sup>nd</sup> September, 2017, 27<sup>th</sup> October, 2017, 04<sup>th</sup> December, 2017 and 12<sup>th</sup> February, 2018. The last Annual General Meeting (AGM) was held on 26<sup>th</sup> September, 2018. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 was placed before the Board from time to time.

The attendance record of the Directors at the Board Meetings during the year ended 31<sup>st</sup> March, 2018 and at the last AGM as under

Sr. No.	Name of the Director	Category	No of Board Meetings attended	Attendance at last AGM
1.	D. Ranga Raju	Chairman, Non-Executive, Independent	4 of 6	Yes
2.	Sudhakar Kudva	Non-Executive, Independent	6 of 6	Yes
3.	K.S. Raju	Non-Executive, Non-Independent	1 of 6	No
4.	D. Sadasivudu	Non-Executive, Non-Independent	5 of 6	Yes
5.	S. Chandra Sekhar	Managing Director	6 of 6	Yes
6.	S. Lalitha Sree	Non-Executive, Non-Independent	4 of 6	Yes

### (iii) Separate Meeting of Independent Directors

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing (Obligation and Disclosure Requirements) Regulation, 2015, a separate meeting of the Independent Directors of the Company was held on 12<sup>th</sup> February, 2018 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The Independent Directors found the performance of Non-Independent Directors (including Chairman) and the Board as well as flow of information between the Management and the Board to be satisfactory. All independent directors were present in the Meeting.

### (iv) Induction & Training of Board Members

(Familiarisation programme for Independent Directors) Letter of Appointment(s) are issued to Independent Directors setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Director is taken through a formal induction program including the presentation from the Chairman, Managing Director, Chief Operating Officer and Chief Financial Officer on the Company's manufacturing, marketing, finance and other important aspects. The web link for the Familiarisation Programmes for Independent Directors is <http://www.bhagirad.com/reports/id/Familiarization-Programme-ID.pdf>

### (v) Evaluation of the Board's Performance

The Board has a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board based on the criteria laid down by Nomination and Remuneration Committee which included attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest, adherence to Code of Conduct and Business ethics, monitoring of regulatory compliance, risk assessment and review of Internal Control Systems etc.



### 3. Audit Committee

#### i) Composition, Names of Members and Chairman

The Board has reconstituted its Audit Committee in accordance with section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The composition of the Audit Committee is given below.

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

#### ii) Terms of Reference

The Audit Committee reviews the audit reports submitted by the Internal Auditors, Cost Auditors and Statutory Auditors, financial results, effectiveness of internal audit processes and the Company's risk management strategy. It reviews the Company's established systems and the Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and SEBI(LODR) Regulations, 2015.

#### iii) Meeting and Attendance during the year

During the year under review, four (4) meetings of the audit committee were held on the followings dates: 22<sup>nd</sup> May 2017, 29<sup>th</sup> August, 2017, 04<sup>th</sup> December, 2017 and 12<sup>th</sup> February, 2018.

The attendance of each of the members of the Committee is given below:

Date of Meeting	D. RangaRaju	Sudhakar Kudva	S. Chandra Sekhar
22.05.2017	Yes	Yes	Yes
29.08.2017	Yes	Yes	Yes
04.12.2017	Yes	Yes	Yes
12.02.2018	Yes	Yes	Yes
Total number of meetings attended	4	4	4

The Chief Financial Officer and the Statutory Auditors also attended the meetings. The Company Secretary acts as the Secretary of the Audit Committee.

### 4. Nomination & Remuneration Committee

#### i) Composition and attendance during the year:

The committee comprises of Shri D. Ranga Raju, Shri Sudhakar Kudva and Shri K.S. Raju as the members of the remuneration committee. 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 the Committee had not conducted any meeting.

Name of the Director	Position	No. of Meetings held	No. of Meetings Attended
Mr. Sudhakar Kudva	Chairman	-	-
Mr. D. RangaRaju	Member	-	-
Mr. K.S. Raju	Member	-	-

#### ii) Terms of reference

The Nomination and Remuneration Committee assists the Board in overseeing the method, criteria and quantum of compensation for directors and senior management personnel based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the



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Board of Directors; identifies the persons who are qualified to become directors, and who may be appointed in senior management cadre and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

### **(iii) Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors which are as under

#### **Areas of evaluation**

1. Frequency of meetings attended
2. Timeliness of circulating Agenda for meetings and descriptiveness
3. Quality, quantity and timeliness of flow of information to the Board
4. Promptness with which Minutes of the meetings are drawn and circulated
5. Opportunity to discuss matters of critical importance, before decisions are made
6. Familiarity with the objects, operations and other functions of the company
7. Importance given to Internal Audit Reports, Management responses and steps towards improvement
8. Avoidance of conflict of interest
9. Exercise of fiscal oversight and monitoring financial performance
10. Level of monitoring of Corporate Governance Regulations and compliance
11. Adherence to Code of Conduct and Business ethics by directors individually and collectively
12. Monitoring of Regulatory compliances and risk assessment
13. Review of Internal Control Systems
14. Performance of the Chairperson of the company including leadership qualities.
15. Performance of the Whole time Director
16. Overall performances of the Board/ Committees.

### **5. Remuneration of Directors:**

(i) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2017-2018.

#### **(ii) Criteria of making payments to Non-Executive Directors:**

Overall remuneration (sitting fees and commission) decided by the Board is reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company (taking into consideration the challenges faced by the Company and its future growth imperatives).

- a) **Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.
- b) **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- c) **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.



d) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company. Payment criteria of Non-Executive directors are given in the Nomination and Remuneration Policy. The web link for the same is <http://www.bhagirad.com/reports/policy/Nomination%20and%20remuneration%20policy.pdf>

**(iii) Details of Remuneration to Directors**

The details of remuneration and other benefits paid to the **Managing Director** during the year are as follows:

(Amount in ₹)				
Name	Salary & allowances	Other Benefits	Designation	Gross Remuneration
S. Chandra Sekhar	3,859,200	-	Managing Director	3,859,200

**For Non- Executive Directors**

Sitting fees paid to Non-Executive Directors is as follows:

(Amount in ₹)				
Sr. No.	Name of the Director	Relationship with other Directors	Sitting Fees	
1.	D. RangaRaju	Nil	100,000	
2.	Sudhakar Kudva	Nil	120,000	
3.	K.S. Raju	Nil	10,000	
4.	D. Sadasivudu	Nil	70,000	
5.	S. LalithaSree	Wife of Sri S. Chandra Sekhar	40,000	
<b>TOTAL</b>			<b>340,000</b>	

Other than payment of sitting fees to Non-executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

**6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

i) The Stakeholder Relationship Committee looks into shareholders' and investors' grievances. Shri. D. RangaRaju, Non-Executive Independent Director is the Chairman of the Committee.

ii) The details of the meetings held during the year are as under

During the period the company had held two committee meetings i.e., 22<sup>nd</sup> May, 2017 and 04<sup>th</sup> December, 2017.

Director	Position	Meetings Held	Meetings Attended
D. Ranga Raju (Chairman)	Non-Executive Independent Director	2	2
Sudhakar Kudva (Member)	Non-Executive Independent Director	2	2
D. Sadasivudu (Member)	Non-Executive Director	2	2

iii) No. of investors' complaints received by the RTA/ Company during the year: Nil

No. of complaints not solved to the satisfaction of shareholders during the year: Nil

No. of complaints pending as at 31st March, 2018: Nil

Smt B.N. Suvarchala Company Secretary of the Company acts as the Compliance Officer to the Committee.



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### 7. General Body Meetings:

i) Location and time for the last three AGMs:

Year	Date	Venue	Time	Special Resolution
2014-15	08.08.2015	Hotel Green Park, Ameerpet, Hyderabad	11.00 A.M	1. To Appoint of Shri S. Chandra Sekhar as Managing Director 2. To alter the AOA of the company in conformity with the companies Act, 2013
2015-16	12.08.2016	Hotel Green Park, Ameerpet, Hyderabad	11.00 A.M	Nil
2016-17	26.09.2017	Hotel Green Park, Ameerpet, Hyderabad	11.00 AM	1. Adoption of MOA as per Companies Act,2013 2. To approve the increase in borrowing limits

ii) There was one Extraordinary General Meeting conducted during the year on 16-10-2017 for the purpose of further issue of 2,740,000 equity shares of ₹ 10 each fully paid and 516,000 convertible warrants of ₹ 10/- each at a price of ₹ 181/- (including a premium of ₹171/-) on preferential basis

iii) There was no postal ballot during the year.

### 8. Means of Communication:

Quarterly results approved by the Board are usually published in Business Standard (English) and Prajashakti/Andhra Prabha/Nav Telangana (Telugu) newspapers. In addition to this the Company is communicating its results to Bombay Stock Exchange where the shares are listed. Further, the quarterly results are also placed on the company's website, [www.bhagirad.com](http://www.bhagirad.com) No presentations have been made to institutional investors or to the analysts.

### 9. General Shareholder information

i) Twenty Fifth Annual General Meeting

Date : 14<sup>th</sup> August, 2018

Day : Tuesday

Time : 11.00 AM

Venue : Green Park Hotel

ii) Financial Year : April to March

iii) Date of book closure : 08-08-2018 to 14-08-2018 (both days inclusive)

iv) Listing on Stock Exchange : Bombay Stock Exchange

v) Stock Code

ISIN Under Depository System : INE 414D01019

Stock Exchange Mumbai : 531719

The Listing Fees as applicable has been paid within prescribed time period

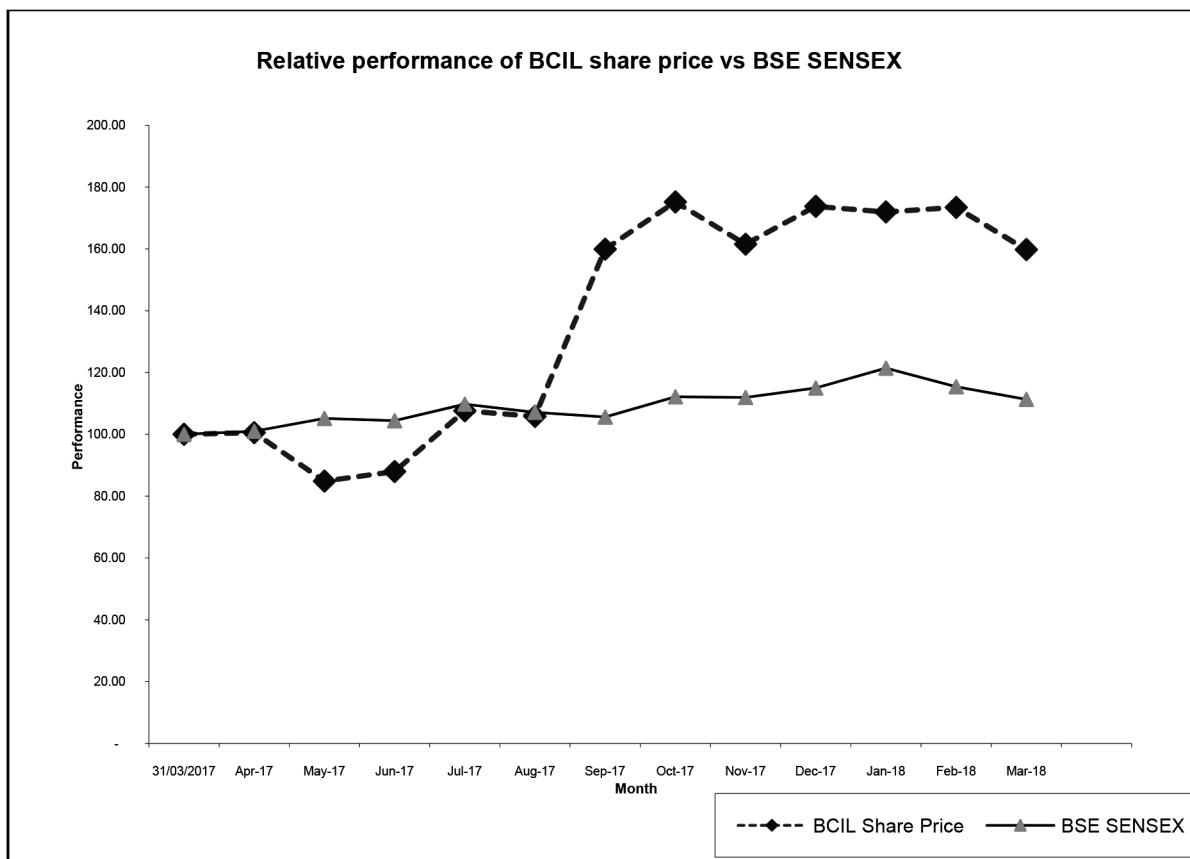


vi) Market price data

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 2017	194.85	165.15
May 2017	179.50	144.00
June 2017	161.00	131.00
July 2017	195.15	148.00
August 2017	216.95	165.25
September 2017	315.00	150.00
October 2017	324.35	270.00
November 2017	313.75	279.30
December 2017	331.00	262.00
January 2018	389.00	297.00
February 2018	340.00	265.00
March 2018	314.95	270.00

vii) Performance of the share price of the company in comparison to BSE Sensex for the period 1st April'2017 to 31st March' 2018 is given below:





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Month	BCIL CLOSE share price at BSE	BSE SENSEX Close	Relative index for Comparison purpose	
			BCIL Share Price at BSE	BSE SENSEX
April 2017	174.90	29918.40	100.55	100.01
May 2017	147.60	31145.80	84.85	105.15
June 2017	153.00	30921.61	87.96	104.39
July 2017	187.20	32514.94	107.62	109.77
August 2017	184.05	31730.49	105.81	107.12
September 2017	278.20	31283.72	159.93	105.62
October 2017	304.80	33213.13	175.22	112.13
November 2017	281.00	33149.35	161.54	111.91
December 2017	302.30	34056.83	173.79	114.98
January 2018	299.15	35965.02	171.97	121.42
February 2018	301.70	34184.04	173.44	115.41
March 2018	277.95	32968.68	159.79	111.30

Source: [www.bseindia.com](http://www.bseindia.com)

### viii) 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: 91-40-23545913/5 Fax : 91-40-23553214  
E-mail : [xlfield@gmail.com](mailto:xlfield@gmail.com)

### ix) Share Transfer System

In order to expedite the process of share transfers, the Board has delegated the power to approve share transfers to senior executives, who attend to share transfer formalities fortnightly. The Company has appointed M/s. XL Softech Systems Limited as Registrar and Share Transfer Agents for physical transfer of securities as well as dematerialization/re-materialization of securities

### x) Distribution of shareholding as on 31<sup>st</sup> March, 2018

Sl. No.	Shareholding of nominal value	Number of shareholders	Percentage of shareholders	Amount of Shareholding (₹)	Percentage of shares held
1	upto 5000	1,543	81.73	1,735,430	2.23
2	5001-10000	131	6.94	1,060,990	1.36
3	10001-20000	73	3.87	1,107,320	1.42
4	20001-30000	38	2.01	962,440	1.23
5	30001-40000	9	0.48	328,160	0.42
6	40001-50000	21	1.11	987,150	1.27
7	50001-100000	25	1.32	1,967,570	2.52
8	Above 100000	48	2.54	69,787,940	89.54
	<b>Total</b>	<b>1,888</b>	<b>100.00</b>	<b>77,937,000</b>	<b>100.00</b>
Sl. No.	Mode of Holding				
1	PHYSICAL	55	2.92	37,131	0.48
2	DEMAT	1,833	97.08	7,756,569	99.52
	<b>TOTAL</b>	<b>1,888</b>	<b>100.00</b>	<b>7,793,700</b>	<b>100.00</b>



**xii) Categories of Shareholding as on 31<sup>st</sup> March 2018:**

Category	No. of shares held	No. of shareholders	% to Equity
Promoters & Person Acting Concert	1,553,183	9	19.93
Body Corporate	2,611,230	77	33.50
Indian Public	3,422,606	1,775	43.91
Non Resident Indian	6,621	24	0.084
Clearing Members	60	2	0.00
FPI	200,000	1	2.56
	7,793,700	1,888	100.00

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

**xiii) Dematerialization of shares and liquidity**

The company's shares are compulsorily traded in dematerialized 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 XLSofttech 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.

Electronic/ Physical	No. of shares	%
Demat	7,756,569	99.52
Physical	37,131	0.48
<b>Total</b>	<b>7,793,700</b>	<b>100.00</b>

**\* 49,100 Equity shares were forfeited at the Board Meeting held on 28-01-2006**

**xiii) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments**

The Company has issued 516,000 convertible Warrants on preferential basis.

**xiv) Commodity Price Risk/ Foreign Exchange Risk and Hedging**

The Company did not engage in hedging activities.

**xv) Plant location**

Cheruvukommupalem (Village) Ongole (Mandal) Prakasam (District) Andhra Pradesh - 523 272

**xvi) 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) 42221212,  
Fax (040) 23540444, Email : info@bhagirad.com

**10. Other Disclosures**

- (i) During the financial year ended 31st March, 2018 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (ii) No penalties were imposed, nor were any strictures passed by Stock Exchange or SEBI or any statutory authority on any capital market related matters during the last three years.
- (iii) The Company has announced Vigil Mechanism. All the personnel of the company have the access to the Audit Committee.
- (iv) The Company has complied with the mandatory requirements of the Listing Regulation. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.



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- (v) The company has framed Related Party Transaction Policy and is placed on the Company's website and the web link for the same is <http://www.bhagirad.com/reports/policy/realtd-party-policy.pdf>
- (vi) During the financial year ended 31st March, 2018 the company did not engage in commodity hedging activities.

11. There has been no instance of non-compliance of any requirement of Corporate Governance Report.

### ANNUAL COMPLIANCE WITH THE CODE OF CONDUCT FOR THE F.Y:2017-2018.

Pursuant to the schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I hereby confirm that the company has received affirmations on compliance with code of conduct for the financial year ended 31<sup>st</sup> March, 2018 from all the Board members and Senior Management Personnel.

For and on behalf of the Board

Date : 26.05.2018

Place : Hyderabad

S. Chandra Sekhar  
Managing Director

### MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

We, S.Chandra Sekhar, Managing Director and B.Murali, Chief Financial officer of Bhagiradha Chemicals & Industries Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year under review and certify that:
  - i. these statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that
  - i. there are no significant changes in internal control over financial reporting during the year
  - ii. there are no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
  - iii. there are no frauds of which we are aware, that involves management or other employees who have a significant role in the company's internal controls system.

S. Chandra Sekhar  
Managing Director

Date : 26.05.2018

Place : Hyderabad

B. Murali  
Chief Financial Officer



## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

Requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To the Members of

**BHAGIRADHA CHEMICALS & INDUSTRIES LTD.**

We have examined the compliance of conditions of corporate governance by Bhagiradha Chemicals & Industries Limited ('the Company') for the year ended 31<sup>st</sup> March, 2018, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

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 **S. Singhvi & Co.**  
Chartered Accountants  
Firm Registration No. 003872S

Date : 26.05.2018  
Place : Hyderabad

**S. Singhvi**  
Proprietor  
MEMBERSHIP No. 023125/ICAI