

**REPORT ON CORPORATE GOVERNANCE**

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

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 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 2016 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	
				Chair-man	Member	Chair-man	Member
D. Ranga Raju	Nil	Nil	Non-Executive & Independent	1	2	None	1
Sudhakar Kudva	Nil	Nil	Non-Executive & Independent	None	2	1	None
K.S. Raju	Nil	Nil	Non-Executive & Non Independent	2	5	2	2
D. Sadasivudu	Nil	63,600	Non-Executive Promoter	None	None	None	None
S. Chandra Sekhar	Nil	23,200	Executive Promoter	None	None	None	None
S. Lalitha Sree	Wife of Sri. S. Chandra Sekhar	60,000	Non Executive & Non Independent Woman Director	None	None	None	None

**Notes:**

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

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 Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

The names of the Directors and the details of other chairmanship / Directorship / committee membership of each Director as on 31<sup>st</sup> March 2016 is given below:

**(ii) Meetings & Attendance**

The Board generally meets 4 times during the year. The Directors are also given option of attending the Board Meeting through video conferencing, none of the board meeting was held through video conferencing. During the year ended 31st March, 2016, the Board of Directors had 4 meetings. These were held on 15<sup>th</sup> May, 2015, 8<sup>th</sup>, August, 2015, 6<sup>th</sup> November, 2015, and 8<sup>th</sup> February, 2016. The last Annual General Meeting (AGM) was held on 8<sup>th</sup> August 2015. All relevant information as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 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, 2016 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 4	Yes
2.	Sudhakar Kudva	Non-Executive, Independent	3 of 4	Yes
3.	K.S. Raju	Non-Executive, Non-Independent	2 of 4	No
4.	D. Sadasivudu	Non-Executive, Non-Independent	4 of 4	Yes
5.	S. Chandra Sekhar	Managing Director	4 of 4	Yes
6.	S. Lalitha Sree	Non-Executive, Non-Independent	3 of 4	Yes

**(iii) Separate Meeting of Independent Directors**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 6<sup>th</sup> February, 2016 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 and 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 cum Managing Director and CEO & Whole Time Director 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 and 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 judgement, 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: 15th May 2015; 8th August 2015; 6th November 2015 and 6th February 2016. The attendance of each of the members of the Committee is given below:

Date of Meeting	D. Ranga Raju	Sudhakar Kudva	S. Chandra Sekhar
15.05.2015	Yes	Yes	Yes
08.08.2015	Yes	Yes	Yes
06.11.2015	Yes	Yes	Yes
06.02.2016	Yes	Yes	Yes
<b>Total number of meetings attended</b>	<b>4</b>	<b>4</b>	<b>4</b>

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 are 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 one meeting i.e., on 15<sup>th</sup>, May 2015.

Name of the Director	Position	No. of Meetings held	No. of Meetings Attended
Mr. D. Ranga Raju	Chairman	1	1
Mr. Sudhakar Kudva	Member	1	1
Mr. K.S. Raju	Member	1	-

### ii) Terms of reference :

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management 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) Regulation 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. 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 2015-2016.

**(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 the 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 as follows:

(Amount in ₹)

Name	Salary & allowances	Other Benefits	Designation	Gross Remuneration
S. Chandra Sekhar	3,859,000	-	Managing Director	3,859,000

**For Non- Executive Directors :**

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

Sr. No.	Name of the Director	Relationship with other Directors	Sitting Fees
1.	D. Ranga Raju	Nil	100,000
2.	Sudhakar Kudva	Nil	90,000
3.	K.S. Raju	Nil	20,000
4.	D. Sadasivudu	Nil	50,000
5.	S. Lalitha Sree	Wife of Sri S. Chandra Sekhar	30,000
<b>TOTAL</b>			<b>290,000</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. Ranga Raju, Non-Executive Independent Director is the Chairman of the Committee.
- ii) The details of the meetings held during the year as under  
During the period the company had held one committee meeting i.e., 06th February, 2016.

Director	position	Meetings Held	Meetings Attended
D. Ranga Raju (Chairman)	Non-Executive Independent Director	1	1
Sudhakar Kudva (Member)	Non-Executive Independent Director	1	1
D. Sadasivudu (Member)	Non-Executive Director	1	1

- iii) No. of investors' complaints received by the RTA/ Company during the year: 1  
No. of complaints not solved to the satisfaction of shareholders during the year: Nil  
No. of complaints pending as at 31st March, 2016: Nil

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

#### 7. General Body Meetings:

- i) Location and time for the last three AGMs:

Year	Date	Venue	Time	Special Resolution
2012-13	08.08.2013	Hotel Green Park, Ameerpet, Hyderabad	10.30 A.M	Nil
2013-14	11.08.2014	Hotel Mary Gold, Ameerpet, Hyderabad	11.00 A.M	Nil
2014-15	08.08.2015	Hotel Green Park, Ameerpet, Hyderabad	11.00 A.M	1. To Re-appointment of Shri S. Chandra Sekhar Managing Director 2. To alter the AOA of the company in conformity with the companies Act, 2013

- ii). There were no Extraordinary General Meetings in the last three years.  
There was no occasion to pass Special Resolutions through postal ballot on any of the matters required to be so passed under the provisions of the Companies Act, 2013 during the financial year 2015-16. Further no such proposal is under consideration for the shareholders approval in the forthcoming Annual General Meeting.

#### 8. Means of Communication:

Quarterly results approved by the Board are usually published in Business Standard (English) and Praja shakti/ Andhra Prabha/Nava Telangana (Telugu) newspapers. In addition to this 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 No presentations have been made to institutional investors or to the analysts.

#### 9. General Shareholder information :

- i) Twenty Third Annual General Meeting  
Date : 12th August 2016  
Day : Friday  
Time : 11.00 AM  
Venue : Hotel Green Park, Hyderabad
- ii) Financial Year : April to March
- iii) Date of book closure : **05-08-2016 to 12-08-2016 (both days inclusive)**
- iv) Listing on Stock Exchange : Bombay Stock Exchange

## Bhagiradha Chemicals & Industries Limited

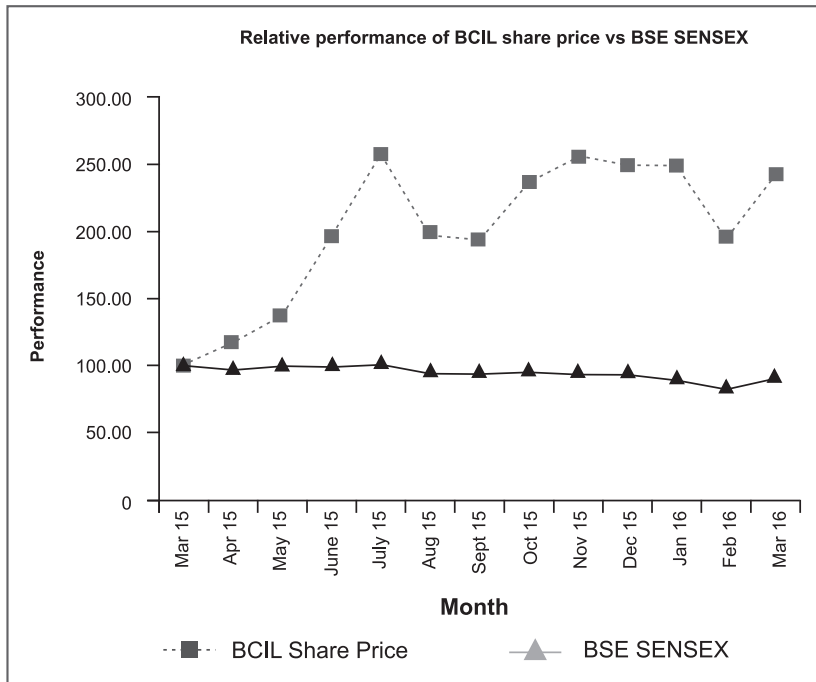
v) Stock Code

ISIN Under Depository System : INE 414D01019

Stock Exchange Mumbai : 531719

The Listing Fees as applicable have been paid within prescribed time period.

vi) Performance of the share price of the company in comparison to BSE SENSEX for the period 1st April'2015 to 31st March' 2016 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 2015	46.35	27,957.49	116.50	96.62
May 2015	54.00	27,011.31	137.65	99.54
June 2015	63.80	27,828.44	195.79	99.37
July 2015	90.75	27,780.83	256.96	100.56
August 2015	119.10	28,114.56	195.47	94.01
September 2015	90.60	26,283.09	193.85	93.55
October 2015	89.85	26,154.83	236.79	95.35
November 2015	109.75	26,656.83	256.09	93.52
December 2015	118.70	26,145.67	249.41	93.42
January 2016	115.60	26,117.54	248.54	88.96
February 2016	115.20	24,870.69	194.17	82.27
March 2016	90.00	23,002.00	242.39	90.64

Source: www.bseindia.com



**vii). 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 2015	63.00	46.00
May 2015	68.10	50.60
June 2015	90.75	54.35
July 2015	129.00	90.70
August 2015	123.00	85.50
September 2015	98.95	81.05
October 2015	145.00	88.00
November 2015	134.70	102.00
December 2015	130.90	110.20
January 2016	120.70	98.00
February 2016	119.50	87.00
March 2016	126.00	88.00

**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@rediffmail.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 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, 2016**

Sl. No.	Shareholding of nominal value	Number of shareholders	percentage of shareholders	number of shares held	percentage of shares held
1	upto 5000	1,666	82.06	207,343	4.10
2	5001-10000	142	7.00	115,305	2.28
3	10001-20000	87	4.29	130,688	2.59
4	20001-30000	38	1.87	98,390	1.95
5	30001-40000	17	0.84	59,901	1.19
6	40001-50000	18	0.89	85,134	1.68
7	50001-100000	22	1.08	160,449	3.17
8	Above 100000	40	1.97	4,196,490	83.04
<b>Total</b>		<b>2,030</b>	<b>100</b>	<b>5,053,700</b>	<b>100</b>
Sl. No.	Mode of Holding				
1	PHYSICAL	68	3.35	55,231	1.09
2	DEMAT	1,962	96.65	4,998,469	98.91
<b>TOTAL</b>		<b>2,030</b>	<b>100.00</b>	<b>5,053,700</b>	<b>100.00</b>

## Bhagiradha Chemicals & Industries Limited

### xi) Categories of Shareholding as on 31<sup>st</sup> March, 2016:

Category	No. of shares held	No. of shareholders	% to Equity
Promoters & Pac	1,168,074	25	23.11
Body Corporate	2,413,050	62	47.75
Indian Public	1,438,372	1,910	28.47
Non Resident Indian	33,606	30	0.66
Clearing Members	598	3	0.01

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

### xii) 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.

Electronic/Physical		%
Demat	4,998,469	98.91
Physical	55,231	1.09
<b>Total</b>	<b>5,053,700</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 not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

### 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 :

- During the financial year ended 31st March, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- Neither were any penalties 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.
- The Company has announced Vigil Mechanism. All the personnel of the company have the access to the Audit Committee.
- 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.
- 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/related-party-policy.pdf>
- During the financial year ended 31st March, 2016 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.



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## ANNUAL COMPLIANCE WITH THE CODE OF CONDUCT FOR THE F.Y 2015-2016.

Pursuant to the Schedule V(Part D) of SEBI(Listing Obligation and Disclosure Requirements) Regulation 2015. I hereby confirm that the company has received affirmations on compliance with code of conduct for the financial year ended 31st March, 2016 from all the Board members and senior Management Personnel.

For and on behalf of the Board

Place : Hyderabad  
Date : 25.05.2016

**S. Chandra Sekhar**  
Managing Director

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### THE 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

Place : Hyderabad  
Date : 25.05.2016

**B. Murali**  
Chief Financial Officer

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**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 Hindustan Unilever Limited ('the Company') for the year ended 31<sup>st</sup> March, 2016, 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 Exchanges 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 **R. Kankaria & Uttam Singhi**

Chartered Accountants  
Firm Reg. No. 000442S

**Uttam Kumar Singhi**

Partner

M. No. 027481/ICAI.

Place : Hyderabad  
Date : 25.05.2016