



## Fourteenth Annual Report 2002-2003



**PHYTO CHEM (INDIA) LIMITED**



## PHYTO CHEM (INDIA) LIMITED

### BOARD OF DIRECTORS

Dr. P.Sreemannarayana	-	<i>Chairman</i>
Mr. Y.Nayudamma	-	<i>Managing Director</i>
Mr. M.V.Satya Prasad	-	<i>Wholetime Director</i>
Mr. U.Venkateswara Rao	-	<i>Wholetime Director</i>
Dr. Y.Venkateswarlu	-	<i>Director</i>
Mr. P.Anjaneyulu	-	<i>Director</i>
Mr. C.N.Chary	-	<i>Director</i>

### AUDITORS

**M/s.T.Adinarayana & Co.,**  
Chartered Accountants  
No. 806, Raghava Ratna Towers,  
Chirag Ali Lane,  
**HYDERABAD - 500 001**

### BANKERS

**M/s.The Federal Bank Limited**  
Orient Estate, Abids,  
**HYDERABAD - 500 001.**

### COMMON SHARE TRANSFER AGENTS (Physical & Electronic)

**M/s. Bigshare Services Pvt. Limited**  
No. G-10, Left Wing, Amrutha Ville,  
Opp.Yashoda Hospital,  
Somajiguda, Raj Bhavan Road,  
**HYDERABAD - 500 082.**

### CORPORATE OFFICE

No. 8-3-319/8/11, Sai Saradhi Nagar,  
Behind Saradhi Studio's,  
Yellareddyguda,  
**HYDERABAD - 500 073.**

### REGISTERED OFFICE & FACTORY

Survey No.628, Temple Street  
**BONTHAPALLY - 502 313**  
Jinnaram Mandal,  
Medak District,  
Andhra Pradesh.

**PHYTO CHEM - ANNUAL REPORT - 2002 - 2003****NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Tuesday, the 30th day of September, 2003 at 11.30 A.M at the Registered Office of the Company at Temple Street, Bonthapally - 502313, Jinnaram Mandal, Medak District, Andhra Pradesh to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2003, Profit and Loss Account for the year ending on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr.P.Sreemannarayana, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr.U.Venkateswara Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.  
"RESOLVED that M/s. T. Adinarayana & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of Fifteenth Annual General Meeting at such remuneration as may be fixed by the Board of Directors and reimbursement of out of pocket expenses."

**SPECIAL BUSINESS****5. Delisting of Equity Shares**

To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED that pursuant to SEBI (De-listing of Securities) Guidelines 2003 and other applicable provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, and the Rules framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines, approval of the Company be and is hereby accorded to the Board of Directors for voluntary de-listing of the Equity Shares of the Company from the Stock Exchanges at Madras and/or Hyderabad."

"RESOLVED further that the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard and

do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary in regard to voluntary de-listing of the Equity Shares from all or any of the aforesaid Stock Exchanges and to do the various acts, deeds and things to give effect to this resolution".

6. Appointment of Mr.P.Anjaneyulu as a Director of the Company.

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

"RESOLVED that Mr.P.Anjaneyulu be and is hereby appointed as a Director of the Company liable to retire by rotation".

7. Appointment of Mr.C.N.Chary as a Director of the Company.

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

"RESOLVED that Mr.C.N.Chary be and is hereby appointed as a Director of the Company liable to retire by rotation".

8. Reappointment of Mr.M.V.Satya Prasad as Wholtime Director.

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

"Resolved that pursuant to Section 198, 269, 309 & other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, the consent of the shareholders be and is hereby accorded to the Company for reappointment of Mr.M.V.Satya Prasad as Wholtime Director for a further period of five years from and including 2nd June, 2003 on the following terms and conditions:-

- a) Salary :- Rs.19,000/- per month.
- b) Personal Accident Insurance :- Rs.2000/- per annum towards personal accident insurance.
- c) GPF:-12% of the salary as per applicable rules.
- d) Gratuity :- Half month salary per every year of completed service.
- e) The Company shall pay the professional tax of the Directors as per the rules of the State Government as amended from time to time.
- f) Entitled to encashment of leave at the end of the tenure which will not be included in the computation of the ceiling on perquisites.

For and on behalf of the Board

Place : Hyderabad  
Date : 31st July, 2003

Y.NAYUDAMMA  
MANAGING DIRECTOR



## PHYTO CHEM (INDIA) LIMITED

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting. A proxy form is enclosed.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto in respect of Special Business.
3. The Register of Members and the Register of Share Transfers will remain closed from 27th September, 2003 to 29th September 2003 (both days inclusive).
4. Members desirous of seeking any information on the accounts are requested to write to the Company atleast a week in advance to facilitate compilation of the information.
5. All documents referred to in the above Notice are open for inspection at the Registered Office of the Company during office hours.

**Additional information in respect of the Directors appointed/reappointed is mentioned below :-**

#### **Dr.P.Sreemannarayana :**

Dr.P.Sreemannarayana aged about 54 years, is a Post Graduate in Medicine, a Non Resident Indian presently practicing Medicine in U.S.A. He has been the Chairman of the Company since 1995.

#### **Mr.U.Venkateswara Rao :**

Mr.U.Venkateswara Rao aged about 40 years, is a Graduate in Science. He has versatile experience in teaching and business fields. He has been the Wholetime Director of the Company since 1999 and is taking care of the production activity at the Factory.

#### **Mr.P.Anjaneyulu :**

Mr.P.Anjaneyulu aged about 52 years, is a Graduate in Telecommunications Engineering. He has over 12 years experience in Real Estate business. He has been the Director of the Company, Chairman of the Audit Committee and Member of the Remuneration Committee. He is on the Board of M/s Rasasri Developers Pvt.Limited, Bangalore.

#### **Mr.C.N.Chary :**

Mr.C.N.Chary, aged about 65 years is a Chemical Engineer. He is having 39 years experience in the division of Production, Planning and Export of various Bulk Drugs and Chemicals. He has been the Director of the Company, Member of Audit Committee and Chairman of the Remuneration Committee and Investor Grievance Committee & Redressal Committee.

#### **Mr.M.V.Satya Prasad :**

Mr.M.V.Satya Prasad, aged about 40 years, is a Post Graduate in Science. He is having about 17 years experience in marketing of Pesticides in various Companies. He has been the Wholetime Director of the Company, taking care of marketing activities of the Company and member of Share Transfer Committee.

### **ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

#### **ITEM NO. 5.**

At present, the Company's securities are listed on Hyderabad, Mumbai & Madras Stock Exchanges and the shares of the Company are compulsorily traded in dematerialized form by all categories of investors. As the Stock Exchange, Mumbai (BSE) has provided wide networking, investors have access to on-line dealings in the Company's Securities across the Country. The trading volumes at Madras Stock Exchange and Hyderabad Stock Exchanges are negligible as compared to the trade volumes at Mumbai Stock Exchange. Delisting will save the expenditure on listing fees and also the duplication of work connected with various Stock Exchanges. Further to delisting at HSE and / or MSE the Company shares will continue to be listed at BSE and the investors can have online trading facility through out the Country. It is therefore proposed to de-list the Equity Shares of the Company as per SEBI (Delisting of Securities) Guidelines 2003.

Members approval by way of Special Resolution is required and hence this resolution. The exact date on which de-listing will take effect will be suitably notified at that time.

The Directors recommend the resolution for approval of Members.

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None of the Directors of the Company is interested or concerned in the resolution except as shareholders of the Company.

**ITEM NO. 6 & 7.**

Mr.P.Anjaneyulu and Mr.C.N.Chary were appointed as Additional Directors of the Company at the Board Meeting held on 31st July, 2002 and they retire at the ensuing Annual General Meeting. Notices under Section 257 have been received from the members of the Company alongwith the requisite deposit of Rs.500/- each proposing their candidatures for the post of Director(s). Your Directors recommend the resolution for approval of shareholders.

None of the Directors except Mr.P.Anjaneyulu and Mr.C.N.Chary is interested or concerned in the resolution.

**ITEM NO.8.**

Mr.M.V.Satya Prasad is the Wholetime Director of the Company & Incharge of Marketing Department. He was appointed as Wholetime Director of the Company on 15-11-1993 for a period of five years and he was reappointed as Wholetime Director for a period of 5 years from 02-06-1998 and the term has expired on 01-06-2003. The Board of Directors of the Company at their Board meeting held on 31-07-2003 have reappointed Mr.M.V.Satya Prasad as Whole time Director of the Company for a further period of five years from 02-06-2003, subject to the approval of shareholders.

Your Directors recommend the resolution for approval of shareholders.

None of the Directors except Mr.M.V.Satya Prasad is interested or concerned in the resolution.

For and on behalf of the Board

**Y.NAYUDAMMA**  
**MANAGING DIRECTOR**

Place : Hyderabad  
Date : 31st July,2003

**DIRECTOR'S REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the Fourteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2003.

**1. FINANCIAL RESULTS:**

The financial results for the year ended 31st March, 2003 are summarised as under:

Particulars	(Rs. in lacs)	
	2002-2003	2001-2002
Sales/Income	647.75	1043.73
Profit before depreciation and tax	(16.99)	38.22
Depreciation	14.82	14.58
Profit before Tax	(31.81)	23.64
<u>Provision for Tax</u>		
Current Tax	—	3.55
Deferred Tax	—	2.30
Profit after Tax	(31.81)	17.79
Prior Period Adjustments	0.66	1.85
Profit after Prior Period Adjustments	(32.47)	19.64

**2. REVIEW OF OPERATIONS AND DIVIDEND:**

The Company could not achieve the desired turnovers because of the drought and shortfall of rains in all parts of the Country and stiff competition from the local players as well as the competition from the Multi National Corporations. Your Board of Directors could not recommend any dividend for the year 2002-2003 in view of the losses incurred by the Company. M/s Central Warehousing Corporation has released part payment of Rs.19.11 lacs as against Rs.58.13 lacs claim preferred by the Company for the loss of the imported material placed at Customs approved bonded warehouse i.e. M/s Central Warehousing Corporation, Kukatpally, Hyderabad damaged due to floods on 23rd August, 2000 and the claim for full settlement is pending.

**3. FIXED DEPOSITS:**

Your Company has not accepted any deposits from the Public during the year.



## PHYTO CHEM (INDIA) LIMITED

### 4. AUDITORS :

M/s T. Adinarayana & Co., Chartered Accountants, Hyderabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting and are recommended for reappointment. They have signified their willingness to accept the reappointment and have confirmed their eligibility under Sec. 224 (1B) of the Companies Act, 1956.

### 5. DIRECTORS:

Dr.P.Sreemannarayana, Chairman and Mr.U.Venkateswara Rao, Wholetime Director will retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. Mr.P.Anjaneyulu and Mr.C.N.Chary have been appointed as Additional Directors and they will retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment and liable to retire by rotation. Mr.M.V.Satya Prasad, Wholetime Director, whose term expired on 1st June, 2003 has been reappointed by the Board subject to the approval of shareholders and such other applicable provisions of the Companies Act, 1956.

### 6. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

(I) That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures:

(II) That the Directors have selected such accounting policies and applied them consistently, made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review:

(III) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

(IV) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

### 7. CORPORATE GOVERNANCE:

The Corporate Governance Report in terms of Clause 49 of the Listing Agreement in enclosed to this Report.

### 8. PERSONNEL:

None of the Employees is covered under Sec.217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

### 9. PARTICULARS REGARDING ENERGY CONSUMPTION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO.

As required by Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the relevant data pertaining to consumption of Energy, Technology Absorption, Foreign Exchange earnings and outgo are given in the Annexure to this report.

### 10. PAYMENT OF LISTING FEE:

The shares of the Company are listed at Hyderabad, Mumbai and Chennai and the listing fee has been paid by the Company till the financial year 2002-03. The Company proposes to delist the Equity Shares of the Company from Madras and / or Hyderabad Stock Exchanges. The justification for delisting of the shares has been elaborated in the Explanatory statement to the notice of Annual General Meeting.

### ACKNOWLEDGEMENTS:

Your Directors wish to place on record their deep appreciation of the esteemed support and cooperation received from M/s The Federal Bank Limited, Abids, Hyderabad. Your Directors also acknowledge the support and encouragement received from both Central and State Governments and also thank the Dealers, Distributors and Institutional Customers for their patronisation, support, feed back and encouragement. The Board also records its warm appreciation for the committed and dedicated services rendered by the employees and workers of the Company. The Board also thank the shareholders who have stood with us and reposed confidence in us.

**For and on behalf of the Board**

**U. VENKAESWARA RAO      Y. NAYUDAMMA**  
**WHOLETIME DIRECTOR    MANAGING DIRECTOR**

Place : Hyderabad

Date : 31st July, 2003



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### FORM A

The following are the particulars of the Company, as required under Section 217 (1) (E) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

Form for Disclosure of Particulars with respect to Conservation of Energy.

#### A) POWER AND FUEL CONSUMPTION:

	Current Year 31-03-2003	Previous year 31-03-2002
<b>i) Electricity</b>		
Purchased Units	44,312	52723
Total amount (Rs)	2,10,444	2,33,181
Rate per Unit	4.75	4.42
<b>ii) Own Generation</b>		
Through Diesel Generator(Units)	15,360	9,870
Units per Ltr of Diesel Oil	2.40	2.35
Rate per Unit(Rs.)	8.13	7.83

#### B) CONSUMPTION PER UNIT OF PRODUCTION:

	Current Year 31-03-2003	Previous year 31-03-2002
Production (Ltrs)	8,70,524.50	6,93,353.25
Power Consumption Per Litre	0.068	0.089

#### C) TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

The Company has adopted Indigenous Technology for manufacture of Pesticides Formulations and no imported technology is involved.

#### D) RESEARCH AND DEVELOPMENT (R&D):

The Company has an in house R&D division for improving the quality, productivity and for developing the new viable products.

#### E) FOREIGN EXCHANGE EARNINGS AND OUT GO

##### a) i) Activities relating to exports:-

Various types of Pesticides Formulations.

##### ii) Initiative taken to increase exports:-

Maintain high quality standards and timely deliveries.

##### iii) Development of new export markets for products and services:-

Efforts are being made to develop new export markets.

##### iv) Export Plans:-

Proposes to have active plans for export.

##### b) i) Total Foreign exchange out flow :-

ii) Equivalent to Rs.143.61 lacs (USD 297740 ) towards Raw materials.

##### iii) Total Foreign exchange inflow :-

— NIL —

**For and on behalf of the Board**

**U. VENKAESWARA RAO**  
WHOLETIME DIRECTOR

**Y.NAYUDAMMA**  
MANAGING DIRECTOR

Place : Hyderabad  
Date : 31st July,2003



## PHYTO CHEM (INDIA) LIMITED

### CORPORATE GOVERNANCE REPORT

#### **1. Company Philosophy on Code of Corporate Governance:-**

The Board lays strong emphasis on attainment of high levels of transparency, accountability and integrity and the corporate actions, which balance the Interest of the stakeholders.

#### **2. Board of Directors:-**

The Board of Directors comprises of 7 Directors of which 4 are Promoter Directors. viz. and Dr.P.Sreemannarayana, Mr.Y.Nayudamma, Mr.M.V.Satya Prasad and Dr.Y.Venkateswarlu.

Five Board Meetings were held during period April 2002 to March 2003 on the following dates:

23rd April, 2002; 12th June, 2002; 31st July, 2002; 17th October, 2002 and 31st January, 2003.

**The attendance of the Directors at Meetings, Number of other Directorships:**

Sl. No.	Name of the Director	Designation	Category	Number of Board Meetings attended	Attendance at last AGM ( Yes/No)	Other Directorships
1.	Dr. P. Sreemannarayana	Chairman	NE & I	2	Yes 1	-
2.	Mr. Y. Nayudamma	M.D	E	5	Yes	1
3.	Mr. M. V. Satya Prasad	W.D	E	5	Yes	-
4.	Mr. U. Venkateswara Rao	W.D	E	5	Yes	-
5.	Dr. Y. Venkateswarlu	Director	NE & I	5	Yes	-
6.	Mr. P. Anjaneyulu	Director	NE & I	2	Not Applicable	1
7.	Mr. C. N. Chary	Director	NE & I	3	Not Applicable	-

\* NE = Non Executive I = Independent E = Executive

#### **3. Audit Committee:-**

The Audit Committee comprises of Mr.P.Anjaneyulu as Chairman, Mr.C.N.Chary and Dr.Y.Venkateswarlu as its Members. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and listing agreement.

The Committee held 2 meetings during the year 2002-2003 on 17th October, 2002 & 31st January, 2003 and the attendance at the meetings was as under:

S.No.	Name of the Director	Attendance Particulars
1.	Mr. P. Anjaneyulu	1
2.	Dr. Y. Venkateswarlu	2
3.	Mr. C. N. Chary	2

#### **4. Remuneration Committee:-**

The Remuneration Committee comprises of Mr.C.N.Chary as Chairman, Mr.P.Anjaneyulu & Dr.Y.Venkateswarlu as its Members and considers the remuneration of Executive Directors. The Company was not required to meet during the year. The Board will decide the remuneration payable to Non-Executive Directors.

#### **Remuneration of Directors**

The details of Remuneration of Directors during the period under review are as follows:

Sl. No.	Name of the Director	Relationship with other Directors	Sitting Fees Rs.	Commission on Profits	Salary & Allowance Rs.	Perquisites Rs	Total
1.	Dr.P.Sreemannarayana	Relative	1000.00	—	—	—	1000.00
2.	Mr.Y.Nayudamma	Relative	—	—	300000.00	—	300000.00
3.	Mr.M.V.Satya Prasad	—	—	—	228000.00	—	228000.00
4.	Mr.U.Venkateswara Rao	Relative	—	—	216000.00	—	216000.00
5.	Dr.Y.Venkateswarlu	Relative	4000.00	—	—	—	4000.00
6.	Mr.P.Anjaneyulu	Relative	2000.00	—	—	—	2000.00
7.	Mr.C.N.Chary	—	3000.00	—	—	—	3000.00

Sitting fee to Non-excutive Directors = Rs. 1,000.00 per meeting.

#### **5. Shareholder(s) / Investor(s) Grievance Committee:-**

The Company has a Shareholder/Investor Grievance Committee comprising of Mr.C.N.Chary as Chairman, Dr.Y.Venkateswarlu & Mr.Y.Nayudamma as Members and Mr.V.Sri Rama Murty as Compliance Officer. All the complaints received during the year were redressed and no complaints were pending either in the beginning or ending of the year.