



## **Fifteenth Annual Report 2003-2004**



**PHYTO CHEM (INDIA) LIMITED**



## PHYTO CHEM (INDIA) LIMITED

### BOARD OF DIRECTORS

Dr. P.Sreemannarayana	-	Chairman
Dr. Y.Venkateswarlu	-	Director
Mr. P.Anjaneyulu	-	Director
Mr. C.N.Chary	-	Director
Mr. U.Venkateswara Rao	-	Wholetime Director
Mr. Y.Nayudamma	-	Managing Director

### AUDITORS

**M/s.T.Adinarayana & Co.,**  
Chartered Accountants  
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**  
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 Studios  
Yellareddyguda  
**HYDERABAD - 500 073.**

### REGISTERED OFFICE & FACTORY

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

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### NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Wednesday, the 29th day of September, 2004 at 12.15 P.M. at the Registered Office of the Company at Survey No.628, 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 2004, 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 Mr. Y. Nayudamma, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr.Y.Venkateswarlu, 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 Sixteenth 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 the following resolution with or without modification as an 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. Reappointment of Mr.Y.Nayudamma as Managing Director of the Company.

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 and as recommended by the Remuneration Committee, the consent of the shareholders be and is hereby accorded to the Company for reappointment of Mr. Y. Nayudamma as Managing Director of the Company for a further period of five years from and including 1st June, 2004 on the following terms and conditions":

- a) Salary :- Rs.25,000/- per month.
- b) Personal Accident Insurance :- Rs.2000/- per annum towards personal accident insurance.
- c) G.P.F. :- 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 Managing Director 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.

#### 7. Reappointment of Mr.U.Venkateswara Rao as Wholtime Director of the Company.

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 and as recommended by the Remuneration Committee, the consent of the shareholders be and is hereby accorded to the Company for reappointment of Mr. U. Venkateswara Rao as Wholtime Director of the Company for a further period of five years from and including 27th August, 2004 on the following terms and conditions":

- a) Salary :- Rs.18,000/- per month.
- b) Personal Accident Insurance :- Rs.2000/- per annum towards personal accident insurance.
- c) G.P.F. :- 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 : 30th June, 2004

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 Transfer will remain closed from 28th September, 2004 to 29th September 2004 (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/Managing Director appointed/reappointed.

#### Mr.Y.Nayudamma :

Mr.Y.Nayudamma, aged about 46 years, is a Graduate in Economics and is an Agriculturist. He has about 16 years experience in the field of marketing of Fertilizers and Pesticides. He is the Promoter Director of the Company since 1992 and has been the Managing Director of the Company since 1999.

#### Dr.Y.Venkateswarlu :

Dr.Yadlapalli Venkateswarlu, aged about 59 years, is a Non Resident Indian, presently in Sultanate of Oman and is Graduate in Medicine (M.B.B.S). He is the promoter Director of the Company.

#### Mr.U.Venkateswara Rao

Mr.U.Venkateswara Rao aged about 41 years, is a Graduate in Science. He has versatile experience in teaching and business fields. He has been the Director as well as Wholetime Director of the Company since 1999 and is Incharge of the production activities at the Factory.

### 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.

Though members approval by way of Special Resolution is required was taken last year, your fresh approval is sought 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.

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

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### ITEM NO.6.

Mr.Y.Nayudamma is the Managing Director of the Company. He was appointed as Managing Director of the Company by the shareholders in the Tenth Annual General Meeting held on 27th December, 1999 and his term of office expired on 31st May, 2004. The Board of Directors of the Company, based on the recommendation of the Remuneration Committee at their Board meeting held on 30th June, 2004 have reappointed Mr.Y.Nayudamma as Managing Director of the Company for a further period of five years from 1st June, 2004 subject to the approval of shareholders.

Your Directors recommend the resolution for approval of shareholders.

None of the Directors except Mr. Y. Nayudamma is interested or concerned in the resolution.

### ITEM NO.7.

Mr.U.Venkateswara Rao is the Wholetime Director of the Company. He was appointed as Wholetime Director of the Company on 31st July, 1999 for a period of 5 years from 27th August, 1999 and the same was approved by the shareholders in the Tenth Annual General Meeting held on 27th December, 1999 and his term of office will expire on 26th August, 2004. The Board of Directors of the Company based on the recommendation of the Remuneration Committee, at their Board meeting held on 30th June, 2004 have reappointed Mr.U.Venkateswara Rao as Wholetime Director of the Company for a further period of five years from 27th August, 2004, subject to the approval of shareholders.

Your Directors recommend the resolution for approval of shareholders.

None of the Directors except Mr.U.Venkateswara Rao is interested or concerned in the resolution.

For and on behalf of the Board

Place : Hyderabad,  
Date : 30th June, 2004

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

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2004.

#### 1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2004 are summarised as under:

Particulars	(Rs. in lacs)	
	2003-2004	2002-2003
Sales/income	933.46	647.75
Profit before depreciation and tax	33.84	(16.99)
Depreciation	15.14	14.82
Profit before Tax	18.70	(31.81)
Provision for Tax :		
Current Tax	1.45	--
Profit after Tax	17.25	(31.81)
Prior Period Adjustments	0.31	0.66
Profit after Prior Period Adjustments	16.94	(32.47)

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

Your Company achieved a turnover of Rs.933.46 lacs during the year 2003-2004 as against a turnover of Rs.647.75 lacs during the previous year and the Company has earned net profit of Rs.17.25 lacs during 2003-2004 as against net loss of Rs.31.81 lacs during 2002-2003. After providing for prior year adjustments, the Company could make Net Profit of Rs.16.94 lacs during 2003-2004 as against net loss of Rs.32.47 lacs during 2002-2003. The Company could not achieve the desired turnovers because of drought and shortfall of rains in all parts of the Country. Your Board of Directors could not recommend any dividend for the year 2003-2004 as sufficient profits are not available.

#### 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:

Mr.Y.Nayudamma and Dr.Y.Venkateswarlu, Directors will retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. Mr.Y.Nayudamma, whose term as Managing Director has been expired on 31st May, 2004 and Mr.U.Venkateswara Rao, whose term as Wholtime Director will expire on 26th August, 2004 have been reappointed by the Board and the approval of shareholders is being sought now as per the 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 Director's Responsibility Statement, it is hereby confirmed :

(I) That in the preparation of the accounts for the financial year ended 31st March, 2004, 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, 2004 on a going concern' basis.

### 7. CORPORATE GOVERNANCE:

The Corporate Governance Report in terms of Clause 49 of the Listing Agreement is 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 OUTGO.

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 under review.

The Company proposes to delist the Equity Shares of the Company from Madras and/or Hyderabad Stock Exchanges and action is being initiated afresh now.

### 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 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. VENKATESWARA RAO  
WHOLETIME DIRECTOR

Y.NAYUDAMMA  
MANAGING DIRECTOR

Place : Hyderabad,

Date : 30th June, 2004



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## ANNEXURE TO DIRECTOR'S REPORT

### 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 31-03-2004	Previous year 31-03-2003
<b>i) Electricity</b>		
Purchased Units	39,946	44,312
Total amount (Rs)	1,88,686	2,10,444
Rate per Unit	4.72	4.75
<b>ii) Own Generation</b>		
Through Diesel Generator (Units)	16,456	15,360
Units per Ltr of Diesel Oil	2.42	2.40
Rate per Unit (Rs.)	9.39	8.13

#### B) 5CONSUMPTION PER UNIT OF PRODUCTION:

	Current Year 31-3-2004	Previous Year 31-03-2003
Production (Ltrs)	9,27,084.00	8,70,524.50
Power Consumption Per Litre	0.061	0.068

#### C) TECHNOLOGY ABSORPTION, ADAPTATION 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 inhouse 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.50.80 lacs (USD 111400) towards Raw materials.

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

-- NIL--

For and on behalf of the Board

U. VENKATESWARA RAO  
WHOLETIME DIRECTOR

Y.NAYUDAMMA  
MANAGING DIRECTOR

Place : Hyderabad,

Date : 30th June,2004



# 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 3 are Promoter Directors. viz. and Dr. P. Sreemannarayana, Mr. Y. Nayudamma, and Dr. Y. Venkateswarlu.

Seven Board Meetings were held during the period from April 2003 to March 2004 on the following dates: 19 April, 2003; 22nd May, 2003; 20th June, 2003; 31st July, 2003; 29th Sep. 2003; 30th Oct. 2003 and 30th January, 2004.

#### The attendance of the Directors at Meetings and 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	1	No	1
2.	Mr. Y. Nayudamma	M.D	E	7	Yes	1
3.	Mr. M. V. Satya Prasad *	W.D	E	5	No	-
4.	Mr. U. Venkateswara Rao	W.D	E	7	Yes	-
5.	Dr. Y. Venkateswarlu	Director	NE & I	4	No	-
6.	Mr. P. Anjaneyulu	Director	NE & I	4	Yes	1
7.	Mr. C. N. Chary	Director	NE & I	6	Yes	--

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

\* Resigned with effect from 29 th September, 2003.

### 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 4 meetings during the year 2003-2004 on 22 May, 2003, 31st July, 2003, 30th Oct, 2003, and 30th January, 2004 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	3
3.	Mr. C. N. Chary	4

### 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 Committee held 1 meeting during the year 2003-2004, on 31st July, 2003 and the attendance at the meeting was as under :

S.No.	Name of the Director	Attendance Particulars
1.	Mr. C. N. Chary	1
2.	Mr. P. Anjaneyulu	0
3.	Mr. K. Srinivasa Rao	1

### 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 Rs.
1.	Dr.P.Sreemannarayana	Relative	—	—	—	—	—
2.	Mr.Y.Nayudamma	Relative	—	—	300000	—	300000
3.	Mr.M.V.Satya Prasad*	—	—	—	113367	—	113367
4.	Mr.U.Venkateswara Rao	Relative	—	—	216000	—	216000
5.	Dr.Y.Venkateswarlu	Relative	3750	—	—	—	3750
6.	Mr.P.Anjaneyulu	Relative	4250	—	—	—	4250
7.	Mr.C.N.Chary	—	7250	—	—	—	7250