



## **Sixteenth Annual Report 2004-2005**



**PHYTO CHEM (INDIA) LIMITED**

**PHYTO CHEM - ANNUAL REPORT 2004 - 2005**

**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.



## PHYTO CHEM (INDIA) LIMITED

### NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Friday, the 29th day of July, 2005 at 11.30 A.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 2005, 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. P. Anjaneyulu, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. C.N. Chary, 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 Seventeenth Annual General Meeting at such remuneration as may be fixed by the Board of Directors and reimbursement of out of pocket expenses".

For and on behalf of the Board

Place : Hyderabad, Y.NAYUDAMMA  
Date : 30th May, 2005 **MANAGING DIRECTOR**

### 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. The Register of Members and the Register of Share Transfer will remain closed from 28th July, 2005 to 29th July, 2005 (bothdays inclusive).

3. Members desirous of seeking any information on the accounts are requested to write to the Company at least a week in advance to facilitate compilation of the information.
4. All documents referred to in the above notice are open for inspection at the Registered Office of the Company during office hours.

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2005.

#### 1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2005 are summarised as under:

Particulars	(Rs. in lacs)	
	2004-2005	2003-2004
Sales / Income	1464.26	933.46
Profit before depreciation and tax	47.01	33.84
Depreciation	16.02	15.14
Profit before Tax	30.99	18.70
<b>Provision for Tax</b>		
Current Tax	7.75	1.45
Deferred Tax	--	--
Profit after Tax	23.24	17.25
Prior Period Adjustments	0.38	0.31
Profit after Prior Period Adjustments	22.86	16.94

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

Your Company achieved a turnover of Rs.1464.26 lacs during the year 2004-2005 as against a turnover of Rs.933.46 lacs during the previous year and the Company has earned net profit of Rs.23.24 lacs during 2004-2005 as against net profit of Rs.17.25 lacs during 2003-2004. After providing for prior period adjustments, the Company could make Net Profit of Rs.22.86 lacs during 2004-2005 as against net profit of Rs.16.94 lacs during 2003-2004. The Company's performance was good

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both in terms of turnovers and profitability as compared to previous year, even in the stiff competitive market. Your Board of Directors could not recommend any dividend for the year 2004 - 2005 as sufficient profits are not available.

During the year 2004-2005, the turnovers increased by 57.28% as compared to the turnovers of 2003-2004. The ratio of Manufacturing Expenses to the sales during the year 2004-2005 is 84.45% against 66.05% during 2003-2004. The ratio of Administrative, Selling and other expenses to the total expenditure is 24.09% during the year 2004-2005 against 24.63% during 2003-2004. The marketing activities were stepped up during the year 2004-05 and the result of it are likely to have positive bearing in the years to come.

### 3. FIXED DEPOSITS:

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

### 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 Section 224 (1B) of the Companies Act, 1956.

### 5. DIRECTORS:

Mr. P. Anjaneyulu and Mr. C. N. Chary, Directors will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### 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, 2005, 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, 2005 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 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 Mumbai, which has nationwide trading terminals and the listing fee has been paid by the Company till the financial year under review.

During the year, the Company has voluntarily delisted the Equity Shares of the Company from Madras and Hyderabad Stock Exchanges as per the resolution passed by the Shareholders in the Fifteenth Annual General Meeting.

### ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the esteemed support and cooperation received from M/s The Federal Bank



## PHYTO CHEM (INDIA) LIMITED

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

**P. ANJANEYULU**  
DIRECTOR

**Y.NAYUDAMMA**  
MANAGING DIRECTOR

Place : Hyderabad,

Date : 30th May, 2005

### 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 31-03-2005	Previous year 31-03-2004
<b>i) Electricity</b>		
Purchased Units	49,859	39,946
Total amount (Rs)	2,22,354	1,88,686
Rate per Unit	4.46	4.72
<b>ii) Own Generation</b>		
Through Diesel Generator(Units)	23,064	16,456
Units per Ltr of Diesel Oil	2.40	2.42
Rate per Unit (Rs.)	11.31	9.38

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

	Current Year 31-3-2005	Previous Year 31-03-2004
Production (Ltrs)	13,38,660.00	9,27,084.00
Power Consumption Per Litre	0.054	0.061

#### 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 :-

Equivalent to Rs.82.32 lacs (USD 185000) towards Raw materials.

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

Equivalent to Rs.31.66 lacs (USD 71235) towards Export Sales.

For and on behalf of the Board

**P. ANJANEYULU**  
DIRECTOR

**Y.NAYUDAMMA**  
MANAGING DIRECTOR

Place : Hyderabad,

Date : 30th May, 2005

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**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 6 Directors of which 3 are Promoter Directors. viz. Dr.P.Sreemannarayana, Mr.Y.Nayudamma, and Dr.Y.Venkateswarlu.

Five Board Meetings were held during period April 2004 to March 2005 on the following dates:

30th June, 2004; 28th July, 2004; 29th September, 2004; 31st October, 2004 and 25th January, 2005.

**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	--	No	1
2.	Mr. Y. Nayudamma	M.D	E	5	Yes	1
3.	Mr. U. Venkateswara Rao	W.D	E	5	Yes	-
4.	Dr. Y. Venkateswarlu	Director	NE & I	4	Yes	-
5.	Mr. P. Anjaneyulu	Director	NE & I	2	No	1
6.	Mr. C. N. Chary	Director	NE & I	4	No	-

\* 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 4 meetings during the year 2004-2005 on 30th June, 2004, 28th July, 2004, 31st October, 2004, and 25th January, 2005 and the attendance at the meetings was as under:

S.No	Name of the Director	Attendance Particulars
1.	Mr. P. Anjaneyulu	2
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 2004-2005 on 30th June, 2004 and all committee members attended the meeting.

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 Rs.	Salary & Allowance Rs.	Perquisites Rs.	Total Rs.
1.	Dr.P.Sreemannarayana	Relative	—	—	—	—	—
2.	Mr.Y.Nayudamma	Relative	—	—	300000	—	300000
3.	Mr.U.Venkateswara Rao	Relative	—	—	216000	—	216000
4.	Dr.Y.Venkateswarlu	Relative	5250	—	—	—	5250
5.	Mr.P.Anjaneyulu	Relative	3000	—	—	—	3000
6.	Mr.C.N.Chary	—	5500	—	—	—	5500

Sitting fee to Non-executive Directors = Rs. 1,000/- per meeting.



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### 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 were redressed and no complaints received during the year were pending either in the beginning or ending of the year.

### 6. General Body Meetings:

The last three Annual General Meetings of the Company were held at the Regd. Office of the Company at Survey No.628, Temple Street, Bonthapally Village, Jinnaram Mandal, Medak District, Andhra Pradesh - 502 313 on 12th June, 2002 at 11.00 A.M., 30th September, 2003 at 11.30 A.M. and 29th September, 2004 at 12.15 P.M. respectively.

No postal Ballots were used/invited for voting at these meetings in respect of the special resolutions required to be passed. Nor they are proposed at the ensuing Annual General Meeting.

### 7. Disclosures:

There were no transactions of material nature between the Company and the Directors or Management and their relatives or promoters that may have any potential conflict with interest of the Company. The details of the related party transactions have been given under Item No. II of Notes to Accounts.

### 8. Means of Communication:

The Company publishes its quarterly, half yearly and annual results in the Business Standard (English) and Andhra Bhoomi (Telugu). These results are submitted to the stock exchanges in accordance with the Listing Agreements.

Management discussion and analysis report forms part of Directors report.

### 9. General Shareholders Information:

#### a) Sixteenth Annual General Meeting :

Date, Time & Venue : Friday, the 29th July, 2005 at 11.30 A.M.

Phyto Chem (India) Limited, Regd. Office : Survey No.628, Temple Street,  
Bonthapally - 502 313, Jinnaram Mandal, Medak District, Andhra Pradesh.

#### (b) Financial Calendar:

Results	For 2004 -05 where announced on	For 2005-06 will be announced by
First Quarter	28th July, 2004	31st July, 2005
Second Quarter/Half year	31st October, 2004	31st October, 2005
Third Quarter	25th January, 2005	31st January, 2006
Yearly - Audited Results	30th May, 2005	30th June, 2006

#### (c) Dates of Book Closure :

28th July, 2005 to 29th July, 2005 both the days inclusive.

#### (d) Dividend Payment Date :

Not Applicable



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**(e) i) Stock Exchanges where listed :**

1. The Hyderabad Stock Exchange Ltd, 6-3-654, Adjacent to Erramangil Bus Stop, Somajiguda, HYDERABAD - 500 082.
2. Madras Stock Exchange Ltd, No.11, 2nd Line Beach, CHENNAI - 600 001.
3. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001.

**ii) Stock Code (BSE) : 524808,**

**Stock Code (HSE) : PHY**

**(f) Market Price Data :**

No trading is taking place regularly in the Stock Exchanges at Hyderabad and Chennai. The data relating to trading prices at the Stock Exchange, Mumbai are as follows :

Month	High (Rs.)	Low (Rs.)	Volume
April, 2004	1.51	1.22	1,800
May, 2004	1.20	1.04	400
June, 2004	1.84	0.90	1,354
July, 2004	3.00	1.50	1,090
August, 2004	5.00	1.80	6,970
September, 2004	4.51	1.91	52,142
October, 2004	3.70	2.35	19,737
November, 2004	11.80	3.90	2,09,790
December, 2004	8.05	4.60	87,190
January, 2005	7.90	4.95	41,120
February, 2005	7.50	5.40	65,281
March, 2005	6.65	4.15	28,474

**(g) Share Transfer agent :**

M/s Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Opp : Yashoda Hospital, Somajiguda, Hyderabad - 500 082. Ph.No.040-23374967.

**(h) Distribution of Shareholding by ownership as on 31-03-2005**

Sl.No.	Holding Pattern	Shares	Share Holding %
1.	Promoters	1527982	35.54
2.	Indian Public	2061281	47.93
3.	NR/OCB'S	387500	9.01
4.	Financial Institutions	200000	4.65
5.	Mutual Funds	8600	0.20
6.	Body Corporates	114837	2.67
Total :		4300200	100.00

**(i) Distribution of Shareholding by size as on 31-03-2005 :**

Range of Shares	No. of Shareholders	No. of Shares	% of Shareholders	% of Holding
Upto 500	8933	1219771	93.22	28.36
501-1000	266	227529	2.77	5.29
1001-2000	147	230615	1.53	5.36
2001-3000	70	170561	0.73	3.97
3001-4000	24	83085	0.25	1.93
4001-5000	20	96107	0.21	2.24
5001-10000	64	482644	0.67	11.22
10001 and above	59	1789888	0.62	41.63
Total:	9583	4300200	100.00	100.00

As on 31st March, 2005, 12.05% of shares were held in Dematerialised form and rest in physical form.