



Eighteenth Annual Report 2006-2007



PHYTO CHEM (INDIA) LIMITED

PHYTO CHEM - ANNUAL REPORT - 2006 - 2007

BOARD OF DIRECTORS

Dr. P. Sreemannarayana	-	Chairman
Mr. Y. Nayudamma	-	Managing Director
Dr. Y. Venkateswarlu	-	Director
Mr. P. Anjaneyulu	-	Director
Mr. C. N. Chary	-	Director
Mr. T. A. Choudary	-	Director
Mr. N. Sudhakar	-	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.
Phone No.: 040-23374967.

CORPORATE OFFICE

No.8-3-319/8/11, Sai Saradhi Nagar,
Behind Saradhi Studios, Yellareddyguda,
HYDERABAD - 500 073.
Phone No. : 040-23756684, 23756685.

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 Eighteenth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Saturday, the 29th day of September, 2007 at 11.30 A.M at the Registered Office of the Company at Survey No.628, Temple Street, Bonthapally-502 313, 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 2007, 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. Y. Venkateswarlu, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P. Anjaneyulu, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. C.N. Chary, who retires by rotation and being eligible, offers himself for reappointment.
5. 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 Nineteenth 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,
Date : 31st July, 2007

Y.NAYUDAMMA
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 Transfers will remain closed from 28th September, 2007 to 29th September, 2007 (both days 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.

Additional information in respect of the Directors appointed/reappointed.

Dr. Y. Venkateswarlu

Dr. Yadlapalli Venkateswarlu, aged about 62 years, is a graduate in Medicine (M.B.B.S.). He is presently practicing Medicine in Sultanate of Oman and he is the promoter Director of the Company. He holds 95,000 Equity Shares in the Company.

Mr. P. Anjaneyulu

Mr. P. Anjaneyulu aged about 56 years, is a Graduate in Telecommunication Engineering. He has rich experience in Real Estate operations and he is the Director of the Company. He holds 64,400 Equity Shares in the Company and he is on the Boards of M/s Rasasri Developers (Private) Limited and M/s Rasasri Infrastructures Private Limited. He is the member of Audit Committee.

Mr. C.N. Chary

Mr. C.N. Chary aged about 69 years, is a Chemical Engineer. He has worked more than four decades in several chemical related institutions He is the Director of the Company. He holds 100 Equity Shares in the Company. He is Member of Audit Committee and Chairman of Remuneration Committee.

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DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2007 are summarised as under:

	(Rs. in lacs)	
Particulars	2006-2007	2005-2006
Sales / Income	1188.59	1690.43
Profit before depreciation and tax	30.09	47.46
Depreciation	18.54	17.76
Profit before Tax	11.55	29.70
Provision for Tax		
- Current Tax	6.73	12.67
- Deferred Tax	--	--
Profit after Tax	4.82	17.03
Prior Period Adjustments	1.34	1.51
Profit after Prior Period Adjustments	3.48	15.52

2. REVIEW OF OPERATIONS AND DIVIDEND:

Your Company achieved a turnover of Rs.1188.59 lacs during the year 2006-2007 as against a turnover of Rs.1690.43 lacs during the previous year and the Company has earned net profit of Rs.4.82 lacs during 2006-2007 as against net profit of Rs.17.03 lacs during 2005-2006. After providing for prior period adjustments, the Company could make net profit of Rs.3.48 lacs during 2006-2007 as against net profit of Rs.15.52 lacs during 2005-2006. The scenario in pesticide Industry in SME Segment is not holding much promise amidst competition from the existing and new entrants. Demand for the products has been sluggish and realisations are not encouraging. Your Board of Directors could not recommend any dividend for the year 2006 - 2007 as sufficient profits are not available.

During the year 2006-2007, the turnover decreased by 29.69% as compared to the turnover of

2005-2006. The ratio of Manufacturing Expenses to the sales during the year 2006-2007 is 79.40% as against 78.20% during 2005-2006. The ratio of Administrative, Selling and other expenses to the total expenditure is 21.88% during the year 2006-2007 as against 25.66% during 2005-2006. The Company has been trying its best to take marketing initiatives and expansion of networks. Though some positive contributions have resulted from these initiatives, the company is further stepping up the pace of initiatives to improve the over all position of the company.

The Company has deployed Rs.221.70 Lacs in Real Estate activity, which had appreciation in value and the Company expects the revenues and appreciation will also be good in 2007-2008.

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:

Dr. Y. Venkateswarlu, Mr. P. Anjaneyulu & Mr. C.N. Chary, Directors will retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. U. Venkateswara Rao resigned from the Board during the year.

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 :



PHYTO CHEM (INDIA) LIMITED

(I) That in the preparation of the accounts for the financial year ended 31st March, 2007, 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 annual accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

7. RISK MANAGEMENT:

In line with Corporate Governance practices, during the current year an exclusive exercise is under way to bring in a model regulating risk management mechanism given the size and nature of Company's business.

8. INSURANCE:

Your Company's assets are adequately insured against the risk from fire, riot, earthquake, terrorism etc.

9. CORPORATE GOVERNANCE:

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

10. 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.

11. 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.

12. PAYMENT OF LISTING FEE:

The shares of the Company are listed at Mumbai Stock Exchange, which has nationwide trading terminals and the listing fee has been paid by the Company till the finance year under review.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the esteemed support and co-operation 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

P. ANJANEYULU
DIRECTOR

Y.NAYUDAMMA
MANAGING DIRECTOR

Place : Hyderabad,
Date : 31st July, 2007

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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 31-03-2007	Previous year 31-03-2006
i) Electricity		
Purchased Units	41,792	47,698
Total amount (Rs)	1,88,164	2,15,784
Rate per Unit	4.50	4.52
ii) Own Generation		
Through Diesel		
Generator(Units)	25,650	24,010
Units per Ltr of		
Diesel Oil	2.85	2.45
Rate per Unit (Rs.)	12.14	13.17

B) CONSUMPTION PER UNIT OF PRODUCTION:

	Current Year 31-03-2007	Previous Year 31-03-2006
Production (Ltrs/Kgs)	13,39,845	13,96,810
Power Consumption		
Per Litre/Kgs	0.050	0.051

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.102.33 lacs (USD 225600) towards Raw materials.
- ii) **Total Foreign exchange inflow :-**
Equivalent to Rs.12.88 lacs (USD 27644) towards Exports of pesticides Formulations.

For and on behalf of the Board

P. ANJANEYULU
DIRECTOR

Y.NAYUDAMMA
MANAGING DIRECTOR

Place : Hyderabad,
Date : 31st July, 2007



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. The Company has adopted a code of conduct for Members of the Board and Senior Management, who have all affirmed in writing their adherence to the code.

2. Board of Directors:-

The Board of Directors comprises of 7 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 2006 to March 2007 on the following dates:

25th May, 2006; 31th July, 2006; 28th September, 2006; 31st October, 2006 and 29th January, 2007

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	2
3.	Mr. U. V. Rao *	W.T.D	E	2	No	-
4.	Dr. Y. Venkateswarlu	Director	NE & I	1	No	-
5.	Mr. P. Anjaneyulu	Director	NE & I	3	Yes	2
6.	Mr. C.N. Chary	Director	NE & I	5	Yes	-
7.	Mr. T.A. Choudary	Director	NE & I	3	Yes	1
8.	Mr. N. Sudhakar	Director	NE & I	5	Yes	-

* NE = Non Executive I = Independent E = Executive

* Mr. U. V. Rao -- Resigned as Director as well as Wholetime Director of the Company on 28th September, 2006.

3. Audit Committee:-

The Audit Committee comprises of Mr. N. Sudhakar as Chairman, Mr.C.N.Chary, Mr. T.A. Choudary and Mr. P. Anjaneyulu 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 2006-2007 on 25th May, 2006, 31st July, 2006, 31st October, 2006 and 29th January, 2007 and the attendance at the meeting was as under :

S.No.	Name of the Director	Attendance Particulars
1.	Mr.N.Sudhakar	4
2.	Mr.C.N.Chary	4
3.	Mr.T.A.Choudary	2
4.	Mr.P.Anjaneyulu	2

The Audit Committee discusses with the Statutory Auditors on the "Limited Review" of the quarterly / half-yearly accounts, the audit plan for the year, matters relating to compliance with accounting standards, the Intrernal Audit Reports, Accounting policies, the Auditor's observations arising from the Annual Audit of the Company's accounts and other related matters.

4. Remuneration Committee:-

Remuneration Policy

Remuneration Policy of the Company is summarised as follows :

1. For Managing Director / Whole Time Directors :-

The total remuneration, subject to shareholders approval, consists of Salary, allowances and perquisites and benefits are in line with the Company's rules for Senior Managerial Personnel.

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2. For Non-Executive Directors :

Sitting Fees is paid for attending meetings of the Board or any committees of the Board. Directors are also reimbursed actual travel costs & incidental expenses incurred for attending such meetings or in connection with the Company's business. The Chairman of the Company is reimbursed the cost of travel and expenses incurred for attending Board and General Meetings.

No meeting was required to be conducted during the year as there were no appointments/reappointments of Wholtime Directors / Managing Director.

The Remuneration Committee comprises of Mr. C.N. Chary as Chairman and Mr. T.A. Choudary & Mr. N. Sudhakar as its Members and considers the remuneration of Executive 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 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	—	—	106800	—	106800
4.	Dr.Y.Venkateswarlu	Relative	1000	—	—	—	1000
5.	Mr.P.Anjaneyulu	Relative	4000	—	—	—	4000
6.	Mr.C.N.Chary	—	7000	—	—	—	7000
7.	Mr.T.A.Choudary	—	4000	—	—	—	4000
8.	Mr.N.Sudhakar	—	7000	—	—	—	7000

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

5. A. Shareholder(s) / Investor(s) Grievance & Redressal Committee:

The Shareholder/Investor Grievance & Redressal Committee was reconstituted and comprises of Mr. T.A. Choudary as Chairman, Mr. C.N. Chary, Mr. N. Sudhakar and Mr.Y.Nayudamma as Members. All the complaints were redressed and no complaints received during the year were pending either in the beginning or ending of the year for which the details are given below :-

Sl. No.	Nature of Complaints	No. of Letters Received	No. of Letters Replied	Pending/ Remarks
1.	No. of requests for Change of Addresses	10	10	--
2.	Non-receipt of Share Cert./Bonus Shares	8	8	--
3.	Issue of Duplicate Share Certificates	2	2	--
4.	Non-receipt of Demat Confirmations/Rejections	8	8	--
5.	Other Letters	10	10	--

During the year, there are no other investor grievances pending in respect of transfers, revalidation of refund orders, letters from SEBI & Stock Exchange and Non-Receipt of Dividend Warrants.

B. Share Transfer Committee :

The Share Transfer Committee comprises of Mr. Y. Nayudamma as Chairman, Mr. N. Sudhakar as Member & Mr. N. Krishna Prasad as Convenor and Compliance Officer under SEBI (Prohibition of Insider Trading) Regulations 1992.



PHYTO CHEM (INDIA) LIMITED

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 - 502313, Jinnaram Mandal, Medak District, Andhra Pradesh

- (i) 29th September, 2004 at 12.15 P.M.,
- (ii) 29th July, 2005 at 11.30 A.M.
- (iii) 28th September, 2006 at 11.30 A.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:

- a) 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 given under Item No.11 of Note to Accounts.
- b) There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the stock exchange or SEBI or any other statutory authority on such matters during the last 3 years.

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 exchange in accordance with the Listing Agreements. Management discussion and analysis report forms part of Director's report.

9. General Shareholders Information:

a) Eighteenth Annual General Meeting :

Date, Time & Venue : Saturday, the 29th September, 2007 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 Calender:

Results	For 2006 -2007 were announced on	For 2007-2008 will be announced by
First Quarter	31th July, 2006	31st July, 2007
Second Quarter/Half yearly	31st October, 2006	31st October, 2007
Third Quarter	29th January, 2007	31st January, 2008
Yearly - Audited Results	30th June, 2007	30th June, 2008

(c) Dates of Book Closure :

28th September, 2007 to 29th September, 2007 both the days inclusive.

(d) Dividend Payment Date : Not Applicable

(e) i) Stock Exchanges where listed :

The Stock Exchange, Mumbai , Phiroze Jeejeebhoy Towers, Dalal Street, MUMBAI - 400 001.

ii) Stock Code (BSE) : 524808