



## Nineteenth Annual Report 2007-2008

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**PHYTO CHEM (INDIA) LIMITED**



## PHYTO CHEM (INDIA) LIMITED

### **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
Mr.M.Balaramakrishnaiah	-	Director ( From 30-06-2008.)

### **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 - ANNUAL REPORT - 2007 - 2008

### NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Wednesday, the 24th day of September, 2008 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 2008, 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. T.A. Choudary, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. N.Sudhakar, 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 Twentieth Annual General Meeting at such remuneration as may be fixed by the Board of Directors and reimbursement of out of pocket expenses".

### SPECIAL BUSINESS

6. Appointment of Mr. M. Balaramakrishnaiah as a Director of the Company.

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

**"RESOLVED** that pursuant to Sec.257 Mr. M. Balaramakrishnaiah be and is hereby appointed as a Director of the Company liable to retire by rotation."

**For and on behalf of the Board**

Place : Hyderabad,

Date : 31st July, 2008

**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. 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 23rd September, 2008 to 24th September, 2008 (both days inclusive).
4. 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.
5. All documents referred to in the above notice are open for inspection at the Registered Office of the Company during office hours.



## PHYTO CHEM (INDIA) LIMITED

### **Additional information in respect of the Directors appointed/reappointed.**

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

Dr. P. Sreemannarayana, aged about 61 years, is a Post-Graduate in Medicine, Non Resident Indian, presently residing in U.S.A. He has been the Chairman of the Company since 1995.

#### **Mr. T.A. Choudary**

Mr. T.A. Choudary aged about 62 years, is a B.E. in Electrical Engineering and also a Post Graduate in Business Management. He has versatile experience of over 30 Years in the fields of Project Management and Finance and he has retired as Chief General Manager from APIDC. He is Member of Audit Committee, Remuneration Committee and Chairman of Investors Grievance & Redressal Committee.

#### **Mr. N.Sudhakar**

Mr. N.Sudhakar aged about 50 years, is a Post Graduate in Commerce and has over 20 years experience in Accounting and Industrial fields. He is the Chairman of Audit Committee and member of Remuneration Committee, Investors Grievance & Redressal Committee and Share Transfer Committee.

#### **Mr. M. Balaramakrishnaiah**

Mr.M.Balaramakrishnaiah, Chartered Accountant, aged about 57 years, worked for more than three decades in M/s.Andhra Pradesh Industrial Development Corporation Limited (APIDC), Government of A.P. undertaking in different departments like Finance, Accounts, Project Appraisal, Monitoring, Rehabilitation etc. After taking voluntary retirement as General Manager (Finance), he worked as Officer on Special Duty in M/s. Share Medical Care, a Society running Hospitals, Medical

College and Nursing Colleges. Presently working as Chief Financial Officer in M/s.EBC Bearings (India) Limited, Hyderabad. As nominee of APIDC during the last 3 decades, he was on Boards of many listed Companies Lanco Industries Ltd., Alufluoride Ltd., Vybra Automet Ltd., Tyche Peripheral Systems Ltd., Kakatiya Cements Ltd., and unlisted Companies Viswam Cements Ltd., India Cements Ltd., Annapurna Cements Ltd., etc.

### **ANNEXURE TO NOTICE**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956. ITEM No. 6.

#### **ITEM No. 6**

Mr. M. Balaramakrishnaiah was appointed as Additional Director of the Company in the Board Meeting held on 30th June, 2008 and retires at the ensuing Annual General meeting. Notice under Section 257 has been received from the member of the Company along with the requisite deposit of Rs. 500/- proposing his candidature for the post of Director. Your Directors recommend the resolution for approval of shareholders.

None of the Directors except Mr. M. Balarama Krishnaiah is interested or concerned in the resolution.

For and on behalf of the Board

Place : Hyderabad,  
Date : 31st July, 2008

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

# PHYTO CHEM - ANNUAL REPORT - 2007 - 2008

## DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Nineteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2008.

### 1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2008 are summarised as under:

	(Rs. in lacs)	
Particulars	2007-2008	2006-2007
Sales / Income	1494.58	1188.59
Profit before depreciation and tax	30.50	30.09
Depreciation	18.87	18.54
Profit before Tax	11.63	11.55
Provision for Tax		
Current Tax	6.48	6.73
Deferred Tax	--	--
Profit after Tax	5.15	4.82
Prior Period Adjustments	0.35	1.34
Profit after Prior Period Adjustments	4.80	3.48

### 2. REVIEW OF OPERATIONS AND DIVIDEND:

Your Company achieved a turnover of Rs.1494.58 lacs during the year 2007-2008 as against a turnover of Rs.1188.59 lacs during the previous year and the Company has earned net profit of Rs.5.15 lacs during 2007-2008 as against net profit of Rs.4.82 lacs during 2006-2007. After providing for prior period adjustments, the Company could make net profit of Rs.4.80 lacs during 2007-2008 as against net profit of Rs.3.48 lacs during 2006-2007. In the changed scenario, the mid sized Companies are not in a position to develop new molecules as the cost involved on R&D is large and is not affordable. Besides there is competition both from Basic Raw Material manufacturers as well as SME segment Companies. The size of your Company will not justify the R&D cost involved and the Company is therefore exploring alternative strategies to increase revenues as well as profits.

Infrastructure and Housing projects are poised for big growth in India. There is huge demand for Housing and Industrial Infrastructure. Recent slow down on account of sluggish demand and raise in Bank interests may not hinder the process. The Company proposes to diversify and expand its thrust on the real estate activity.

During the year 2007-2008, the turnover increased by 25.74% as compared to the turnover of 2006-2007. The ratio of Manufacturing Expenses to the sales during the year 2007-2008 is 72.80% as against 79.40% during 2006-2007. The ratio of Administrative, Selling and other expenses to the total expenditure is 21.59% during the year 2007-2008 as against 21.88% during 2006-2007. The Company has been trying its best to get into marketing initiatives and expansion of networks. Though some positive contributions have resulted from these initiatives, the company has to take lot of initiatives to improve the overall position of the company.

As you know, the Company has earlier deployed Rs. 221.70 Lacs in Real Estate Activity. During the year 2007-08, the Company has realised Rs. 110.40 Lacs on sale of part of land and realised profit of Rs. 55.20 Lacs thereon. The Company as on date has Rs. 166.50 Lacs deployed in Real Estate Activity and has good appreciative value.

Your Board of Directors could not recommend any dividend for the year 2007 - 2008 as sufficient profits are not available.

### 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.



## PHYTO CHEM (INDIA) LIMITED

### 5. DIRECTORS:

Dr.P.Sreemannarayana, Mr.T.A.Choudary & Mr.N. Sudhakar, Directors retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. Mr.M.Balaramakrishnaiah, Director, who was appointed as a Additional Director of the Company retires at the ensuing Annual General Meeting and is eligible for reappointment and being eligible, offers himself 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, 2008, 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, 2008 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 upto date.

### 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**

**C.N.CHARY**  
DIRECTOR

**Y.NAYUDAMMA**  
MANAGING DIRECTOR

Place : Hyderabad,

Date : 31st July, 2008

# PHYTO CHEM - ANNUAL REPORT - 2007 - 2008

## 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 31-03-2008	Previous year 31-03-2007
<b>i) Electricity</b>		
Purchased Units	52,520	41,792
Total amount (Rs)	2,27,653	1,88,164
Rate per Unit	4.33	4.50
<b>ii) Own Generation</b>		
Through Diesel Generator(Units)	32,816	25,650
Units per Ltr of Diesel Oil	2.93	2.85
Rate per Unit (Rs.)	11.54	12.14

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

	Current Year 31-03-2008	Previous Year 31-03-2007
Production (Ltrs/Kgs)	18,68,214	13,39,845
Power Consumption per Litre/Kgs	0.046	0.050

#### 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.165.06 lacs (USD 397000) towards Raw materials.
- ii) **Total Foreign exchange inflow :-**  
Equivalent to Rs. Nil lacs(USD Nil) towards Exports of pesticides Formulations.

For and on behalf of the Board

**C.N.CHARY**  
DIRECTOR

**Y.NAYUDAMMA**  
MANAGING DIRECTOR

Place : Hyderabad,  
Date : 31st July, 2008





# 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.

Six Board Meetings were held during period April 2007 to March 2008 on the following dates:

18th April, 2007; 30th June, 2007; 31st July, 2007; 29th September, 2007; 31st October, 2007 and 31st January, 2008.

### 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	6	Yes	2
3.	Dr. Y. Venkateswarlu	Director	NE&I	--	No	-
4.	Mr. P. Anjaneyulu	Director	NE&I	5	Yes	2
5.	Mr. C.N. Chary	Director	NE&I	6	Yes	-
6.	Mr. T.A. Choudary	Director	NE&I	5	Yes	1
7.	Mr. N. Sudhakar	Director	NE&I	6	Yes	-

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

### 3. Audit Committee:-

The Audit Committee comprises of Mr. N. Sudhakar as Chairman, Mr.C.N.Chary, Mr. T.A. Chowdary 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 2007-2008 on 30th June, 2007, 30th July, 2007, 31st October, 2007 and 30th January, 2008 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	3
4.	Mr.P.Anjaneyulu	3

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 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 :

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



## PHYTO CHEM - ANNUAL REPORT - 2007 - 2008

### 2. For Non-Executive Directors :

Sitting Fees is paid as per the Companies Act, 1956 and the Articles of Association of the Company 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 wholetime 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.	Dr.Y.Venkateswarlu	Relative	—	—	—	—	—
4.	Mr.P.Anjaneyulu	Relative	5500	—	—	—	5500
5.	Mr.C.N.Chary	—	8000	—	—	—	8000
6.	Mr.T.A.Choudary	—	6500	—	—	—	6500
7.	Mr.N.Sudhakar	—	8000	—	—	—	8000

Sitting fee to Non-executive Directors = Rs. 1,000/- per Board meeting & Rs. 500/- per Committee meeting.

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

The Shareholders / Investor's Grievance & Redressal Committee 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 Address	3	3	--
2.	Non-receipt of Share Cert./Bonus Shares	2	2	--
3.	Issue of Duplicate Share Certificate	1	1	--
4.	Non-receipt of Demat Confirmations/Rejections	4	4	--
5.	Revalidation of Refund Orders	2	2	--
6.	Other Letters	7	7	--

During the year, there are no other investors 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 Shares 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.