



## **Twenty Second Annual Report 2010-2011**



**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

### **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 - 2010 - 2011

### NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Monday, the 26th day of September, 2011 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 2011, Profit and Loss Account and Cash Flow Statement 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.N.Sudhakar, 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 Twenty Third 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. To consider and if thought fit, to pass the following Resolution with or without modifications as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts, and advances not withstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs. 25,00,00,000.00 (Rupees Twenty Five Crores) at any point of time on account of the principal.

**For and on behalf of the Board**

Place: Hyderabad,  
Date : 29th July 2011.

**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. The Register of Members and the Register of Share Transfers will remain closed from 24th September, 2011 to 26th September, 2011 (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.**

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

Mr.N.Sudhakar aged about 53 years, is a Post Graduate in Commerce and has over 23 years experience in Accounting and industrial fields. He is the Chairman of Audit Committee and member of Remuneration Committee, Investors Grievance & Readressal Committee and Share Transfer Committee. He holds 500 equity shares in the Company.

##### **Dr.Y.Venkateswarlu**

Dr.Yadiapalli Venkateswarlu, aged about 65 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.

#### **Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item No.5 is annexed hereto.**

As per the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow money (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves (that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting. The shareholders of the Company at the Sixth Annual General Meeting held on 18th November, 1995 authorised the Board of Directors to borrow upto Rs.15 Crores.

As the Company's turnovers have increased and operations have been stepped up, there will be increased requirement for capital and working capital requirements and the Company may, therefore, avail further loans from the Banks/Financial Institutions or any other Lenders for business purposes. Hence, it is considered necessary to enhance the said borrowing limits of the Board of Directors to Rs.25 Crores.

None of the Director is concerned or interested in the Resolution.

Your Directors recommend the resolution for the approval of the Shareholders.

**For and on behalf of the Board**

Place: Hyderabad,  
Date : 29th July 2011.

**Y.Nayudamma**  
**Managing Director**

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2011.

#### 1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2011 are summarised as under:

	(Rs. in lacs)	
Particulars	2010-11	2009-10
Sales / Income	3390.37	1746.25
Profit before depreciation and tax	112.68	41.18
Depreciation	23.94	20.33
Profit before Tax	88.75	20.85
<b>Provision for Tax :</b>		
- Current Tax	32.76	8.15
- Deferred Tax`	(2.09)	--
Profit after Tax	58.08	12.70
Prior Period Adjustments	0.00	0.08
Profit after Prior Period adjustments	58.08	12.62

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

Your Company achieved a turnover of Rs. 3390.37 lacs during the year 2010-2011 as against a turnover of Rs.1746.25 lacs during the previous year and the Company has earned net profit of Rs. 58.08 lacs during 2010-2011 as against net profit of Rs.12.70 lacs during 2009-2010. After providing for prior period adjustments, the Company could make net profit of Rs. 58.08 lacs during 2010-2011 as against net profit of Rs.12.62 lacs during 2009-2010. Rains on time, right crop patterns and the improved network for wider reach of markets have resulted in increased turnovers. There has been improvement on real estate front. The Management is optimistic that the activity will gain further momentum during the current year.

During the year 2010-11, the turnover increased by 94.15% as compared to the turnover of 2009-10. The ratio of Manufacturing Expenses to the sales during the year 2010-2011 is 77.15.% as against 80.03% during 2009-2010. The ratio of Administrative, Selling and other expenses to the total expenditure is 22.48% during the year 2010-2011 as against 17.33% during 2009-2010. As on date, the Company's deployment of funds in Real estate is Rs. 109.02 lacs. However during the year, the Company has effected the sale of House plots to the extent of Rs. 86.14 lacs.

Your Board of Directors could not recommend any dividend for the year 2010 - 2011 as the company proposes to plough back its profits for internal use.

#### 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.N.Sudhakar and Dr.Y.Venkateswarlu Directors retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. The approval of shareholders is being sought now as per the 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 :



## PHYTO CHEM (INDIA) LIMITED

(I) That in the preparation of the accounts for the financial year ended 31st March, 2011, 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, 2011 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, riots, 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. SECRETARIAL COMPLIANCE IN TERMS OF SEC 383A OF COMPANIES ACT:**

Secretarial Compliance certificate issued by M/s. Puttaparthi Jagannatham & Co., Company Secretaries is enclosed and forms part of this report.

### **11. 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.

### **12. 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.

### **13. PAYMENT OF LISTING FEE:**

The shares of the Company are listed at Bombay Stock Exchange, which has nationwide trading terminals and the listing fee has been paid by the Company upto date.

### **14. 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 branch, 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 for their unstinted support and confidence reposed in us.

**For and on Behalf of the Board**

**N.Sudhakar**  
Director

**Y.Nayudamma**  
Managing Director

Place : Hyderabad,  
Date : 29th July, 2011

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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 31-03-2011	Previous year 31-03-2010
<b>i) Electricity</b>		
Purchased Units	73,271	60,954
Total amount (Rs)	4,23,707	3,21,870
Rate per Unit	5.78	5.28
<b>ii) Own Generation</b>		
Through Diesel Generator (Units)	50,127	63,180
Units per Ltr of Diesel Oil	3.85	3.90
Rate per Unit (Rs.)	10.55	9.31

### B) CONSUMPTION PER UNIT OF PRODUCTION:

	Current Year 31-03-2011	Previous Year 31-03-2010
Production (Ltrs/Kgs)	26,26,836.00	25,34,391.00
Power Consumption per Litre/Kgs	0.047	0.049

### 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.287.77 lacs (USD 6,32,912.00) towards Raw materials.

#### ii) Total Foreign exchange inflow:

Equivalent to Rs. Nil (USD Nil) towards Exports of Pesticides Formulations.

**For and on Behalf of the Board**

**N.Sudhakar**  
Director

**Y.Nayudamma**  
Managing Director

Place : Hyderabad,  
Date : 29th July, 2011



## PHYTO CHEM (INDIA) LIMITED

### SECRETARIAL COMPLIANCE CERTIFICATE

In terms of Section 383A (1) of the Companies Act, 1956

Name of the Company	: M/S PHYTO CHEM (INDIA) LIMITED
Registration Number of the Company	: 01- 09500
Authorised Capital of the Company	: Rs.4,75,00,000=00
Paid up Capital of the Company	: Rs.4,30,02,000=00

To  
The Members of  
**M/S PHYTO CHEM (INDIA) LIMITED**

We have examined the Registers, Records, Books and Papers of M/s PHYTO CHEM (INDIA) LIMITED as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2011** and in our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all Registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries have been duly recorded.
2. The Company has duly filed the Forms and Returns as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Andhra Pradesh within the time prescribed under the Act and the rules made thereunder.
3. Since the provisions of Section 3(1)(iii) of the Act, are not applicable to the Public Limited Company, no comments are required.
4. The Board of Directors duly met **Seven** times on 19th April, 2010, 31st May, 2010, 30th July, 2010, 11th September, 2010, 29th September, 2010, 30th October, 2010 and 31st January, 2011 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 28th September, 2010 to 29th September, 2010 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on **31st March 2010** was held on **29th September, 2010** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company has not conducted any Extraordinary General Meeting during the financial year.
8. The Company has not advanced any loans, given any guarantees or provided any securities to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made requisite entries in the Register maintained under Section 301 of the Act. However there were no contracts entered by the Company during the financial year in which Directors were interested.



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11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has issued Duplicate Share Certificates during the financial year as per the provisions of the Act.
13. The Company:
  - (i) Has delivered all certificates on transfer/transmission of securities and there were no cases for allotment of shares during the year.
  - (ii) Was not required to deposit the amount of dividend since no dividend was declared during the financial year.
  - (iii) Was not required to post any dividend warrants or transfer of unpaid dividends to Unpaid Dividend Account since no dividend was declared during the financial year..
  - (iv) Was not required to transfer dividends to Investor Education and Protection Fund since there were no dividends remaining unclaimed or unpaid for a period of 7 years and there is no application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for period of seven years.
  - (v) Has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, Alternate Directors and Directors to fill casual vacancies during the financial year.
15. There was no appointment / reappointment of Wholetime Director during the financial year under the provisions of section 269 read with Schedule XIII of the Act.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals from Central Government, Company Law Board, Registrar, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder and due entries were made in the Register of Contracts, Companies and Firms in which Directors, etc are interested.
19. The Company has not issued any Shares during the financial year
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares during the year under review.



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22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted deposits from public during the year under the provisions of the Section 58A of the Companies Act, 1956 and rules framed thereunder.
24. The Company has made borrowings within the limits during the financial year.
25. During the year, the Company has not made loans and investments or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny and has complied with the provisions of the Act.
30. The Company has not altered its Articles of Association during the year under scrutiny and has complied with the provisions of the Act.
31. There was no prosecution initiated against or show cause notices received by the Company and no fine or penalty or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year.
33. The Provisions of Section 418 of the Act are not applicable to the Company.

**For Puttaparthi Jagannatham & CO.,  
Company Secretaries**

**Date: 29-07-2011  
Place: Hyderabad**

**B.Rama  
Partner  
CP NO. 7739**