



Twenty Fourth Annual Report 2012-13



PHYTO CHEM (INDIA) LIMITED



PHYTO CHEM (INDIA) LIMITED

NO MATTER

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,
Hyderabad Branch, Bank Street,
HYDERABAD - 500 001.

COMMON SHARE TRANSFER AGENTS

(Physical & Electronic)

M/s. Bigshare Services Pvt. Limited,
306, 3rd Floor, Right Wing,
Amrutha Ville,
Opp: Yashoda Hospital,
Somajiguda, Raj Bhavan Road,
Hyderabad - 500 082.
Phone No : 040-23374967.

CORPORATE OFFICE

No.8-3-229/23, First Floor,
Thaherville, Yousufguda Checkpost,
HYDERABAD - 500 045.
Phone No : 040-23557712, 23557713.

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 Twenty Fourth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Monday, the 30th day of September, 2013 at 12:30 P.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, 2013, Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year 2012-13.
3. To appoint a Director in place of Dr. P.Sreemannarayana, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.Balaramakrishnaiah, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. T.A.Choudary, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution.

"RESOLVED that M/s. T. Adinarayana & Co., Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of Twenty Fifth Annual General Meeting at such remuneration as may be fixed by the Board of Directors and reimbursement of out of pocket expenses".

SPECIAL BUSINESS

7. Reappointment and revision of remuneration payable to Mr. Y. Nayudamma, Managing Director of the Company

To consider and if thought fit, to pass the following resolution with or without modification(s), as Special resolution:

"RESOLVED THAT in supersession of the resolution passed by the Members in the Twentieth Annual General Meeting held on 18th September, 2009 and in pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Act and subject to the approval of the Central Government if required, (including any statutory modifications or re-enactment thereof for the time being in enforce) and as recommended by the Remuneration Committee, the Company be and is hereby approved the reappointment and revision of remuneration of Mr. Y. Nayudamma, as Managing Director of the Company for a period of 3 years with effect from 1st January, 2013 to 31st December, 2015 on following terms & conditions.

- a. Salary: Rs. 1, 50,000/- per month.
- b. Incentive Bonus of Rs.1, 50,000/- per annum.
- c. P.F: 12% of the salary as per applicable rules.
- d. Gratuity: Half month salary per every year of completed service.
- e. Entitled to encashment of Leave at the end of tenure which will not be included in the computation of the ceiling on perquisites.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances shall be governed by

Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactment thereof, as may, for the time being, be in force.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

For and on behalf of the Board

Place: Hyderabad

Y.Nayudamma

Date :19th August, 2013

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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of item No.7 of the Notice as set out above, is annexed hereto.
3. The Register of Members and the Register of Share Transfers will remain closed from 28th September, 2013 to 30th September, 2013 (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.

6. The Dividend on Equity shares, as recommended by the Board of Directors, if declared at the Annual General meeting, will be paid to those shareholders whose names appear in the Register of members as on 30th September, 2013 and to the beneficial owners at the end of business on 30th September, 2013 as per the list to be furnished by NSDL and CDSL in respect of the shares held in electronic form.

7. Pursuant to the requirement of Clause 49 of the Listing Agreement, a statement containing brief resume of the Directors who are seeking appointment/ reappointment is annexed hereto.

Additional information in respect of the Directors seeking appointment / reappointment

Dr.P.Sreemannarayana

Dr.P.Sreemannarayana, aged about 66 years, is a Post-Graduate in Medicine, Non-Resident Indian and he has worked for more than 30 years in U.S.A. He has been the Chairman of the Company since 1995.

Mr. M.Balaramakrishnaiah

Mr.M.Balaramakrishnaiah,Chartered Accountant, aged about 62 years, worked for more than three decades in M/s. Andhra Pradesh Industrial Development Corporation Limited (APIDC), Government of A.P. Undertaking. 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 Director - Finance in M/s.EBC Bearings (India) Limited, Hyderabad. He is Member of Audit Committee and Remuneration Committee.

Mr.T.A.Choudary

Mr. T.A. Choudary aged about 67 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 , Finance and he has retired as Chief General Manager from APIDC,Government of A.P. Undertaking. He is Member of Audit Committee, Remuneration Committee and Chairman of Investors Grievance & Redressal Committee.



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Mr.Y.Nayudamma

Mr.Y.Nayudamma, aged about 57 years, is a Graduate in Economics and is an Agriculturist. He has about 25 years experience in the field of marketing of fertilisers and pesticides. He is the promoter Director of the Company. Having been appointed initially as the Director of the Company in 1993, he was later in June, 1999 appointed as Managing Director and since then, he is continuing in the said position.

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO.7

At the Annual General Meeting of the Company held on 18th September, 2009, the Members had approved for the change in the terms and conditions of appointment of Mr. Nayudamma as the Managing Director of the Company.

Mr. Y. Nayudamma, who has over 25 years of Business experience was reappointed as Managing Director of the Company in the Board Meeting held on 31st January, 2013.

The Board of Directors recommend for the reappointment of Mr. Y. Nayudamma as Managing Director of the Company w.e.f 1st January, 2013 on the terms and conditions detailed in the resolution.

I. GENERAL INFORMATION:

- 1 Nature of Industry :Manufacturing of Pesticides
- 2 Date of commencement of commercial production : 30th October, 1993
- 3 Financial Performance

	(in lakhs)		
	2010-11	2011-12	2012-13
Gross Revenue	3390.37	3063.07	3801.93
Total Expenditure	3266.84	2836.02	3547.30
Financial Expenses	34.78	74.99	156.08
Operating Profit/(Loss)	88.75	152.06	98.55

- 4 Export Performance : (in lakhs)

	2010-11	2011-12	2012-13
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II. INFORMATION ABOUT THE APPOINTEE:

Name of the Director : Mr. Y. Nayudamma
 Date of Birth : 8th July, 1956
 Date of appointment : 1993
 Experience : 25 years experience in the field of Marketing of Fertilizers and Pesticides
 Qualifications : Graduation in Economics

Past Remuneration : Rs.60,000.00 per month
 Remuneration proposed : Rs.1,50,000.00 per month

Presently, the remuneration in Pesticides Companies is demanding very high package. Further, the compensation package approved for the Managing Director of the Company is much lower as compared to remuneration paid in similarly situated Companies. In view of the contribution and time devoted by him, it is essential that he be remunerated suitably.

III. OTHER INFORMATION:

1. Reasons for inadequacy of Profits:

The company is in the process of consolidation of its operations and the company expects to make adequate profits in the years to come.

2. Steps taken or proposed to be taken for improvement:

Restructuring of operations to optimise cost, expenses and improve revenues were undertaken during current financial year

3. Expected increase in productivity and profits in measurable terms:

Expecting revenues to improve in the current financial year

IV. DISCLOSURES :

The shareholders of the company shall be informed of the remuneration package to the Managerial Personnel in the Annual Report of the Company.

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

None of the Directors other than Mr. Y. Nayudamma is in any way concerned or interested in the resolution.

For and on behalf of the Board

Place: Hyderabad, Y.Nayudamma
 Date : 19th August, 2013 Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS :

The Financial Results for the year ended 31st March, 2013 are summarised as under:

(Rs. in lacs)

Particulars	2012-13	2011-12
Sales / Income	3801.93	3063.07
Profit before Depreciation and Tax	128.51	176.40
Depreciation	29.97	24.46
Profit before Tax	98.54	151.94
Provision for Tax :		
- Current Tax	26.03	59.17
- Deferred Tax`	7.00	(1.80)
Profit after Tax	65.51	94.57
Prior Period Adjustments	1.63	0.12
Profit after Prior Period Adjustments	63.88	94.69

2. REVIEW OF OPERATIONS :

Your Company achieved turnover of Rs.3801.93 lacs during the year 2012-13 as against turnover of Rs.3063.07 lacs during the previous year. After providing for prior period adjustments, the Company could make net profit of Rs.63.88 lacs during 2012-13 as against net profit of Rs.94.69 lacs during 2011-12. Though the turnovers have increased, the profitability of the Company has come down due to financial charges i.e. interest. The Company is hopeful of receiving good margins in the coming years.

During the year 2012-13, the turnover increased by 24.12% as compared to the turnover of 2011-12. The ratio of Manufacturing Expenses to the Sales during the year 2012-13 is 79.23% as against 78.77% during 2011-12. The ratio of

Administrative, Selling and other expenses to the total expenditure is 18.93% during the year 2012-13 as against 20.39% during 2011-12. As on date, the Company's deployment of funds in Real estate is Rs. 100.07 lacs. Good margins are expected in the Real Estate activity in the coming years.

3. DIVIDEND :

Your Directors have recommended for approval of the members a Dividend of Re.1.00 per share for the financial year 2012-13 in their meeting held on 31-07-2013, after approval of the accounts on 16-05-2013. As a result, the annual accounts need to be revised so as to make provision for Dividend. Accordingly the accounts have been revised and are being placed before the Shareholders.

4. FIXED DEPOSITS :

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

5. 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.

6. DIRECTORS:

Dr. P. Sreemannarayana, Chairman, Mr. M. Balaramakrishnaiah and Mr. T.A. Choudary, Directors retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. The approval of Shareholders is being sought now for their reappointment as per the provisions of the Companies Act, 1956. Mr.Y.Nayudamma is proposed for reappointment as Managing Director on revised terms w.e.f. 01-01-2013.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

I. That in the preparation of the accounts for the



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financial year ended 31st March, 2013, 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 and 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, 2013 on a 'going concern' basis.

8. RISK MANAGEMENT:

The Company proposes to evolve risk management mechanism as per the size and nature of Company's business.

9. INSURANCE:

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

10. CORPORATE GOVERNANCE:

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

11. SECRETARIAL COMPLIANCE IN TERMS OF SECTION 383A OF COMPANIES ACT, 1956:

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

12. RELATED PARTY TRANSACTIONS :

As a matter of policy, your Company carries on transactions with related parties on arm-length basis. Statement of these transactions are given at notes-37 to Accounts in compliance of AS No.18.

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management discussions and analysis report pursuant to clause 49 of the listing agreement forms part of this report and is annexed hereto.

14. 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.

15. 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.

16. PAYMENT OF LISTING FEE:

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

17. 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, Hyderabad Branch, Hyderabad and M/s AXIS Bank, CBB, 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 for their support and confidence reposed in us.

For and on Behalf of the Board

N.Sudhakar
Director

Y.Nayudamma
Managing Director

Place : Hyderabad,
Date : 19th August, 2013

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ANNEXURE TO DIRECTORS' 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 31-03-2013	Previous year 31-03-2012
i. Electricity		
Purchased Units	74,522	72,429
Total amount (Rs)	5,37,549	4,43,936
Rate per Unit	7.21	6.13
ii. Own Generation		
Through Diesel		
Generator (Units)	44,460	35,550
Units per Ltr of		
Diesel Oil	3.90	3.95
Rate per Unit (Rs.)	11.98	11.41

B. CONSUMPTION PER UNIT OF PRODUCTION:

	Current Year 31-03-2013	Previous Year 31-03-2012
Production (Ltrs/Kgs)	19,24,103.00	24,08,163.00
Power Consumption		
per Litre/Kg	0.062	0.045

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 outflow :

Equivalent to Rs.1044.31 lakhs, (USD 19.16 lakhs) 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 : 19th August, 2013



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
CIN	: L24110AP1989PLC009500
Authorised Capital of the Company	: Rs.4,75,00,000
Paid Up Capital of the Company	: Rs.4,30,02,000

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 **31st March, 2013** 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 of the Act 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. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met **Five** times i.e. on 30th May, 2012, 02nd August, 2012, 27th September, 2012, 10th November, 2012, and 31st January, 2013 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 closed its Register of Members from 25th September, 2012 to 27th September, 2012 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 2012** was held on **27th September, 2012** 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. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans 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.