



***Twenty Ninth Annual Report***  
**2017-18**



**Phyto Chem (India) Limited**

## *Factory Premises*



# Phyto Chem - Annual Report - 2017-18

## **Board of Directors**

Dr. P. Sreemannarayana	-	Chairman
Mr. Y. Nayudamma	-	Managing Director
Mr. Y. Janaki Ramaiah	-	Executive Director
Dr. Y. Venkateswarlu	-	Director
Mr. P. Anjaneyulu	-	Director
Mr. T. A. Choudary	-	Independent Director
Mr. N. Sudhakar	-	Independent Director
Mr. M. Balarama Krishnaiah	-	Independent Director
Mrs. S. Kavitha Rani	-	Independent Director
Mr. G.S.R. Anjaneyulu	-	Independent Director

## **Auditors**

**M/s. R.B.Associates,**  
Chartered Accountants  
Flat No.103B/B1 & 103/B2, 1st Floor  
Pancom Business Centre, Ameerpet,  
**HYDERABAD - 500 073.**

## **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,  
Raj Bhavan Road, Somajiguda,  
**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,**  
Gummadidala Mandal, Sangareddy District,  
Telangana State.

## Notice

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited (CIN:L24110TG1989PLC009500) will be held on Saturday, the 29th day of September, 2018 at 12:15 P.M. at the Registered Office of the Company at Survey No.628, Temple Street, Bonthapally - 502 313, Gummadidala Mandal, Sangareddy District, Telangana State to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2018, Profit and Loss Account and Cash Flow Statement for the year ended on that date along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Sreemannarayana Prathipati (DIN:00377472), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s S. T. Mohite & Co, Chartered Accountants (Firm Registration No. 011410S), Hyderabad as Statutory Auditors of the Company in place of Statutory Auditors, M/s. R. B. Associates, Chartered Accountants, (Firm Registration No. 009112S).

**To consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolutions.**

**“RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and as recommended by the Audit Committee, consent of the Members of the Company be and is hereby accorded to the appointment of M/s S. T. Mohite & Co, Chartered Accountants (Firm Registration No. 011410S), Hyderabad, who have offered their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013 and the Rules, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Thirty Forth Annual General Meeting at such remuneration plus applicable taxes, out of pocket, travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**“RESOLVED FURTHER THAT** pursuant to provisions of Section 140 and all other applicable provisions, if any, of Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provision of Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to relieve M/s. R. B. Associates, Chartered Accountants, (Firm Registration No. 009112S) from the office of the Statutory Auditors, who have expressed their unwillingness to continue as Statutory Auditors of the Company from the conclusion of 29th Annual General Meeting.”

### SPECIAL BUSINESS:

#### 4. Approval of Rights Issue

To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:

In modification and continuation of the resolution(s) passed in the last two Annual General Meetings held on 29th September, 2016 and 25th September, 2017, it is hereby

**“RESOLVED THAT** pursuant to provisions of Section 62(1) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, the Board of Directors of the Company be and is hereby authorized to offer, issue and allot by way of Rights Issue upto 45,00,000 (Forty Five Lakhs Only) Equity Shares of the face value of Rs.10.00 (Rupees Ten Only) each at such premium as may be deemed fit and that on non subscription of shares by the existing shareholders, the Board with its discretionary powers be and is hereby authorized to allot shares to the existing shareholders or others on their application to subscribe to unsubscribed Equity Share Capital under Rights Issue.”

**RESOLVED FURTHER THAT** Mr.Y.Nayudamma, Managing Director (DIN:00377721) or Mr.Y.Janaki Ramaiah, Executive Director (DIN:06949910) of the Company be and is hereby severally authorized to do such acts and deeds as are necessary for giving effect to the resolution.

**For and on behalf of the Board**

Place : Hyderabad  
Date : 13<sup>th</sup> August, 2018

Y. Nayudamma  
Managing Director  
DIN : 00377721

## Notes

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and a proxy need not be a member of the Company. The instrument of Proxy in order to be effective should be deposited at its Registered Office of the Company not later than forty eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholders.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 27-09-2018 to 29-09-2018 (both days inclusive) for the purpose of the meeting.
3. Members holding shares in physical form are requested to convert their shares to dematerialised form in any designated Depository on or before 04-12-2018 otherwise the Shareholding in physical form shall not be allowed to transfer them beyond such date as per the recent SEBI Circular dt: 08-06-2018. A separate intimation to the all Shareholders is being sent.  
As per the SEBI Circular No. SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dt: 20-04-2018, the Shareholders whose shares are in physical form are requested to provide PAN and Bank details to the Registrar and Transfer Agent of the Company for the purpose of payment of dividend, interest etc. A separate communication is being sent in this regard.
4. Electronic copy of the Annual Report and the Notice of the Annual General Meeting of the Company 'inter alia' indicating the process and manner of e-voting along with Attendance Slip

and Proxy Form are being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode.

5. Members are requested to notify any change in their addresses to the Company or Registrar and Transfer Agent immediately. Members holding shares in electronic form are requested to advise change of address, email IDs and Bank details to their Depository Participants.

The Members are aware that the Company's shares are tradeable compulsorily in electronic form and your Company has established connectivity with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). In view of the numerous advantages offered by the depository system, the Members are requested to avail the facility of Dematerialisation of the Company's shares on NSDL or CDSL. The ISIN allotted to the Company's Equity shares is INE 037C01010.

6. Members are requested to affix their signatures at the space provided on the Attendance Slip annexed to Proxy Form and handover the Slip at the entrance of the meeting hall. Corporate members are requested to send a duly certified copy of the Board resolution / power of attorney authorising their representatives to attend and vote at the Annual General Meeting.
7. Members may also note that the Notice of the Annual General Meeting and the Annual Report will also be available on the Company's website for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Survey No.628, Temple Street, Bonthapally – 502 313, Gummadidala Mandal, Sangareddy District, Telangana State for inspection during normal business hours on all working days. Even after registering for e-communication, members are entitled to receive such communication in physical form upon making a request for the same by post at free of cost.



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8. The details of the unpaid/unclaimed dividend declared for F.Y 2012-13 as on 29<sup>th</sup> September, 2014 and for F.Y 2013-14 as on 24<sup>th</sup> September, 2015 (the dates of respective previous Annual General Meetings) are available on the Company's website [www.phytochemindia.com](http://www.phytochemindia.com) and on the website of Ministry of Corporate Affairs at [www.mca.gov.in](http://www.mca.gov.in).

## 9. Voting through Electronic means:

- The Company is pleased to provide members the facility to exercise their right to vote on the resolutions as set out in the Notice calling for the Annual General Meeting (AGM) by 'electronic means' and all the business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL), in compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014.
- Voting rights are reckoned on the basis of the shares registered in the names of the members / beneficial owners as on the record date fixed for this purpose viz., 22-09-2018.
- CS Puttaparthi Jagannatham, Corporate Advocate has been appointed as scrutinizer for conducting the e-Voting process in a fair and transparent manner.
- Members are requested to read the instructions given below:
- The E-Voting facility is available at the link:

EVSN (e – Voting Sequence Number)	Commencement of e-Voting	End of e-Voting
180829073	26-09 -2018	28-09-2018

## In case of members receiving e-mail:

- Log on to the e-voting website: [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" tab to cast your votes.
- Now, select the "EVSN" along with "PHYTO CHEM (INDIA) LIMITED" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,

- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
  - If you are a first time, user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field..</p> <p>* In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p>* Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company. Please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</p>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
  - ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on the resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password is confidential.
  - x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - xi. Click on the relevant EVSN on which you choose to vote.
  - xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- \* Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - \* They should email a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - \* After receiving the login details, they have to create a compliance user using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on.
  - \* The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - \* They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

## In case of members receiving the physical copy:

- A. Please follow all steps from S.No. i to S.No. xvii of notes.9.e. above to cast vote.
- B. The e-voting period begins from 9:00 am on Wednesday, the 26<sup>th</sup> September, 2018 and closes by 5:00 pm on Friday, the 28<sup>th</sup> September, 2018. During this period, shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (holding date) i.e Saturday, 22<sup>nd</sup> September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- D. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-Voting period unblock the votes in the presence of at least two witnesses not in the employment



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of the Company and make a Scrutinizer's Report of the votes cast "in favour" or "against", if any, forthwith to the Chairman of the Company.

- E. The Results declared along with the Scrutinizer's Report will be placed on the Company's website [www.phytochemindia.com](http://www.phytochemindia.com) and on the website of CDSL within two days of passing of the resolutions at the AGM and communicated to the Stock Exchange.
- F. All documents referred to in the accompanying Notice and the Explanatory Statement will be open for inspection at the Registered Office of the Company during normal business hours on all working days upto and including the date of the AGM.

## **Additional information about the Directors being appointed / reappointed as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

### **Item No.1**

#### **Dr. Sreemannarayana Prathipati-Director**

Dr. Sreemannarayana Prathipati (DIN:00377472), aged about 71 years, is a Post-Graduate in Medicine, Non-Resident Indian and he had worked for more than 30 years in U.S.A. He has been the Chairman of the Company since 1995. He is presently residing in India.

### **Explanatory Statement**

This explanatory statement is provided though not required as per Section 102 of the Act.

### **Item No.3**

The Statutory Auditors, M/s. R. B. Associates, Chartered Accountants, (Firm Registration No. 009112S) the exiting auditors who were appointed on 25-09-2017 to hold office for a period of five years till conclusion of 33<sup>rd</sup> Annual General Meeting have expressed their unwillingness to continue as Statutory Auditors of the Company from the conclusion of 29th Annual General Meeting. A special notice under the provisions of Section 140(4)(i) read with Section 115 of the Companies Act, 2013 and Rule 23 of the Companies (Management and Administration) Rules, 2014 has been received from a Member proposing the appointment of M/s S. T. Mohite & Co, Chartered Accountants (Firm Registration No. 011410S), Hyderabad as the Statutory Auditors in place of M/s. R. B. Associates, Chartered Accountants (FRN.009112S). A copy of the special notice has been sent to M/s. R.B. Associates.

M/s S. T. Mohite & Co, have confirmed that the appointment, if made, would be acceptable to them and would be in compliance with the statutory requirements under the Companies Act, 2013.

The Audit Committee has recommended to the Board of Directors, the appointment of M/s S. T. Mohite & Co, as the Statutory Auditors as their qualifications and experience have been found to be commensurate with the size and requirements of the Company. The Board of Directors considered the matter and has recommended, to the Members, the appointment of M/s S. T. Mohite & Co, as the Statutory Auditors in place of M/s. R. B. Associates, who have expressed their unwillingness to continue as Statutory Auditors. The Directors recommend the Resolution for the approval of the Members.

None of the Directors, of the Company and their relatives, are in any way, whether financially or otherwise, concerned or interested in this Resolution.

## **Special Business:**

### **Item No.4**

The approval of the shareholders was taken in the last two Annual General Meetings held on 29-09-2016 and 25-09-2017 respectively. As about two years have elapsed since then, it is proposed to seek fresh approval from the Shareholders and hence this resolution. It is proposed to issue upto 45,00,000 (Forty Five Lakhs Only) Equity shares of nominal value of Rs.10.00 each to the existing shareholders of the Company on Rights basis at such premium as may be deemed fit by the Board of Directors and allotment conditions shall be in the manner as may be decided by the Board in this behalf and as per guidelines.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the said resolution.

The Board recommends the Ordinary Resolutions set forth in Item No.4 for approval of the shareholders.

**For and on behalf of the Board**

**Y. Nayudamma**  
**Managing Director**  
**DIN : 00377721**

**Place : Hyderabad**

**Date : 13th August, 2018**



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## Directors' Report

**Dear Shareholders,**

Your Directors have pleasure to present the 29<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2018 along with Auditors' Report thereon.

### **1. Financial Results :**

The Financial Results for the year ended 31st March, 2018 are summarised as under:

(Rs. in lacs)

	<b>Current Year 2017-18</b>	<b>Previous Year 2016-17</b>
Net Sales	6966.48	5370.15
Other Income	154.62	27.13
Total Income	7121.10	5397.28
Profit before Finance Cost, Depreciation & Amortisation	370.05	314.04
Finance Cost	213.28	166.65
Profit before Depreciation & Amortisation	156.77	147.39
Depreciation & Amortisation	35.93	31.17
Profit/(Loss) Before Tax	120.84	116.22
Taxation: Provision For:		
- Current Tax	41.70	39.34
- Deferred Tax	12.68	7.69
Net Profit/(Loss) for the period	91.82	84.57
EPS (Basis) Rs.	2.14	1.97

### **2. Indian Accounting Standards:**

The Ministry of Corporate Affairs (MCA) on 16<sup>th</sup> February, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of Companies from 1<sup>st</sup> April, 2016 with a transition date of 1<sup>st</sup> April, 2015. Ind AS has replaced the previous Indian GAAP prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable to the Company from 1<sup>st</sup> April, 2016.

The reconciliation and description of the effect of the transition from previous GAAP to Ind AS have been set out in Notes-25 in the notes to accounts in the Standalone Financial Statements.

### **3. Performance:**

The Financial Year 2017-18 was very significant to the Company, your Company has registered a good turnover of Rs. 7121.10 lakhs during the year 2017-18 as against the turnover of Rs. 5397.28 lakhs during the previous year. The Company could make profit Rs. 120.84 lakhs during the financial year 2017-18 before taxes as against Rs.116.22 lakhs during the previous year. After providing for prior period adjustments and taxes, the Company could make net profit of Rs. 91.82 lakhs during the financial year 2017-18 as against net profit of Rs. 84.57 lakhs during the financial year 2016-17. The profitability of the Company is good in the light of increased turnover and established market network in many parts of Telangana, Andhra Pradesh, Maharashtra and Karnataka States in the Country.

During the year 2017-18, the turnover increased by 31.94 % as compared to the turnover of 2016-17. The ratio of manufacturing expenses to the Sales during the year 2017-18 is 85.53% as against 80.21% during 2016-17. The ratio of Administrative, Selling and other expenses to the total expenditure is 10.37% during the year 2017-18 as against 14.79% during 2016-17.



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## 4. Review of Operations:

### a. Brief about Activities and Operations of the Company:

Your Company is mainly into the business of manufacturing & marketing of Pesticides for agriculture sector and presently carrying on the business in two segments i.e. Pesticides Formulations and Real Estate Activities.

The main focus is on the Pesticides Business and the following manufacturing facilities for various pesticides formulations are available at the Factory:

- i. Liquid & SC Formulations
- ii. Weedcide Formulations
- iii. Wettable & Powder Formulations
- iv. Granule Formulations

Presently, the Company has Production Capacity of 90,00,000 Ltrs/Kgs per annum to manufacture various pesticides formulations and has established its marketing network in the states of Telangana, Andhra Pradesh, Maharashtra and Karnataka. The products are marketed with its own brands through dealers & distributors network. The Company is continuing Real Estate activity in a small way in Bengaluru for the last few years.

### b. Performance of the Company :

The Company has achieved a good turnover of Rs. 7121.10 lakhs during the year 2017-18 as against turnover of Rs. 5397.28 lakhs during the previous year, it is a result of strategic business restructuring of the Company to fulfill the market requirement. The Company has taken steps such as establishing new sales divisions and continuous introduction of new products in accordance with current needs of the farmers.

### c. Prospects for the Financial Year 2018-19 :

The Company estimates a turnover of Rs. 75.19 crores during the current year 2018-19. Since the Primary business of the Company is Agri related, monsoon conditions play major role in achieving the estimated turnovers. With the established marketing network, the Company is hopeful of improving turnovers. As on date, the Company's deployment of funds in Real estate is Rs.96.79 lakhs and hopes to encash the opportunities available in the real estate field at Bengaluru with good margins during the financial year 2018-19.

## 5. Dividend:

In order to conserve its financial resources to meet its growth plan, your Board could not recommend any dividend for the year under review.

## 6. Change in the nature of Business :

During the year under review, there has been no change in the nature of business of the Company.

## 7. Details of Subsidiary / Joint Ventures / Associate Companies :

The Company does not have any Subsidiaries or Joint Ventures or Associate Companies.

## 8. Finance:

Cash and cash equivalents as at 31st March, 2018 was Rs.16.38 lakhs. The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters and they were kept under strict check through continuous monitoring at all levels.

## 9. Material changes and Commitments, affecting the Financial Position of the Company :

There were no material changes and commitments affecting the financial position of the Company from the year ended 31<sup>st</sup> March 2017 to till the date of this report.