



**Twentieth Annual Report
2008-2009**



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.

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NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Friday, the 18th day of September, 2009 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 2009, Profit and Loss Account for the year ending on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Y. Venkateswarlu, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P.Anjaneyulu, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. C.N.Chary, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.
"RESOLVED that M/s. T. Adinarayana & Co., Chartered Accountants be and are hereby reappointed as Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of Twenty First 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. **Reappointment of Mr.Y. Nayudamma as Managing Director of the Company.**
To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.
"RESOLVED that pursuant to Sec.198,269,309 & other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and as recommended by the Remuneration Committee, the

consent of the shareholders be and is hereby accorded to the Company for reappointment of Mr.Y.Nayudamma as Managing Director of the Company for a further period of five years from and including 1st June, 2009 on the following terms and conditions":

- a) Salary :- Rs. 35,000/- per month in the scale of Rs.35,000/- - Rs. 60,000/-.
- b) G.P.F. :- 12% of the salary as per applicable rules.
- c) Gratuity :- Half month salary per every year of completed service.
- d) The Company shall pay the professional tax of the Managing Director as per the rules of the State Government as amended from time to time.
- 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 the terms and conditions of the said reappointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director, in accordance with the Schedule XIII and other applicable provisions of the Companies Act, 1956 or any amendments hereafter in this regard".

For and on behalf of the Board

Place: Hyderabad,
Date : 29th July 2009.

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.



PHYTO CHEM (INDIA) LIMITED

3. The Register of Members and the Register of Share Transfers will remain closed from 17th September, 2009 to 18th September, 2009 (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 were open for inspection at the Registered Office of the Company during office hours.

Additional information in respect of the Directors appointed/reappointed.

Dr.Y.Venkateswarlu

Dr. Yadlapalli Venkateswarlu, aged about 64 years, is a graduate in Medicine (M.B.B.S) . He is presently practicing Medicine in Sultanate of Oman and he is the promoter Director of the Company. He holds 95,000 Equity Shares in the Company.

Mr. P. Anjaneyulu

Mr.P. Anjaneyulu aged about 58 years, is a Graduate in Telecommunications Engineering. He has rich experience in Real Estate operations. He holds 64,000 Equity Shares in the Company and he is on the Boards of Rasasri Developers Private Ltd and Rasasri Infrastructures Private Limited.

Mr.C. N. Chary

Mr. C.N Chary aged about 71years, is a Chemical Engineer .He has worked for more than four decades in several chemical related institutions. He holds 100 Equity Shares in the Company. He is Member of Audit Committee and Chairman of Remuneration Committee.

Mr. Y. Nayudamma

Mr.Y.Nayudamma, aged about 52 years, is a Graduate in Economics and is an Agriculturist. He has about 21 years experience in the field of marketing of Fertilizers & Pesticides.

He is the Promoter Director of the Company since 1992 and has been the Managing Director of the company since 1999.He holds 1,25,600 equity shares in the Company and he is on the Boards of Rasasri Developers Private Ltd and Rasasri Infrastructures Private Ltd..

For and on behalf of the Board

**Y.NAYUDAMMA
MANAGING DIRECTOR**

PLACE : Hyderabad

DATE : 29th July, 2009

ANNEXURE TO NOTICE

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

Mr. Y. Nayudamma is the Managing Director of the Company. He was reappointed as Managing Director of the Company by the shareholders in the Fifteenth Annual General Meeting held on 29th September, 2004 and his term of office expired on 31st May, 2009. The Board of Directors of the Company, based on the recommendation of the Remuneration Committee at their Board Meeting held on 29th June, 2009 have reappointed Mr.Y. Nayudamma as Managing Director of the Company for a further period of five years from 1st June 2009 subject to the approval of shareholders.

Your Directors recommend the resolution for approval of shareholders. None of the Directors except Mr.Y. Nayudamma is interested or concerned in the resolution.

For and on behalf of the Board

Place : Hyderabad,
Date : 29th July, 2009.

**Y. NAYUDAMMA
MANAGING DIRECTOR**

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DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS :

The financial results for the year ended 31st March, 2009 are summarised as under:

| | (Rs. in lacs) | |
|---------------------------------------|---------------|-----------|
| Particulars | 2008-2009 | 2007-2008 |
| Sales / Income | 1276.64 | 1494.58 |
| Profit before depreciation and tax | 39.44 | 30.50 |
| Depreciation | 20.90 | 18.87 |
| Profit before Tax | 18.54 | 11.63 |
| Provision for Tax : | | |
| Current Tax | 9.14 | 6.48 |
| Deferred Tax` | -- | -- |
| Profit after Tax | 9.40 | 5.15 |
| Prior Period Adjustments | 0.57 | 0.35 |
| Profit after Prior Period Adjustments | 8.83 | 4.80 |

2. REVIEW OF OPERATIONS AND DIVIDEND:

Your Company achieved a turnover of Rs. 1276.64 lacs during the year 2008-2009 as against a turnover of Rs. 1494.58 lacs during the previous year and the Company has earned net profit of Rs. 9.40 lacs during 2008-2009 as against net profit of Rs. 5.15 lacs during 2007-2008. After providing for prior period adjustments, the Company could make net profit of Rs. 8.83 lacs during 2008-2009 as against net profit of Rs. 4.80 lacs during 2007-2008. The slow down of global economy had impact on every sphere of economic activity, so is the case with pesticides and more so in real estate activity. The competition from the SME's, the prohibitive cost of R&D comparable to the size of your Company have been causing concern for pesticides activity. Because of the slow down in Real estate, there has not been much activity. The Management is considering various

options and expecting the Real estate activity may pick up from October 2009 onwards. The Company has been pursuing its marketing initiative for expansion of networks.

During the year 2008-2009, the turnover decreased by 14.58% as compared to the turnover of 2007-2008. The ratio of Manufacturing Expenses to the sales during the year 2008-2009 is 74.67 % as against 72.80% during 2007-2008. The ratio of Administrative, Selling and other expenses to the total expenditure is 24.77% during the year 2008-2009 as against 21.59% during 2007-2008. As on date, the Company's deployment of funds in Real estate is Rs. 166.50 lacs. However during the year, the Company has neither infused fresh funds nor effected any sale of the property. Your Board of Directors could not recommend any dividend for the year 2008 - 2009 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.

5. DIRECTORS:

Dr.Y.Venkateswarlu, Mr.P.Anjaneyulu and Mr.C.N.Chary Directors retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. The term of Mr.Y.Nayudamma, as Managing Director has expired on 31st May 2009 and he has been reappointed by the Board. The approval of shareholders is being sought now as per the provisions of the Companies Act, 1956.



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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, 2009, 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, 2009 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 383 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 Mumbai 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, 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

C.N. CHARY
DIRECTOR

Y.NAYUDAMMA
MANAGING DIRECTOR

Place : Hyderabad,
Date : 29th July 2009.

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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 31-03-2009 | Previous year 31-03-2008 |
|---------------------------|----------------------------|-----------------------------|
| i) Electricity | | |
| Purchased Units | 56,585 | 52,520 |
| Total amount (Rs) | 3,45,444 | 2,27,653 |
| Rate per Unit | 6.10 | 4.33 |
| ii) Own Generation | | |
| Through Diesel | | |
| Generator (Units) | 18,910 | 32,816 |
| Units per Ltr of | | |
| Diesel Oil | 3.05 | 2.93 |
| Rate per Unit (Rs.) | 11.57 | 11.54 |

B) CONSUMPTION PER UNIT OF PRODUCTION:

| | Current Year 31-03-2009 | Previous Year 31-03-2008 |
|------------------------------------|----------------------------|-----------------------------|
| Production (Ltrs/Kgs) | 16,12,401 | 18,68,214 |
| Power Consumption per Litre/Kgs | 0.047 | 0.046 |

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.288.48 lacs (USD 6,30,254/-) 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

C.N. CHARY
DIRECTOR

Y.NAYUDAMMA
MANAGING DIRECTOR

Place : Hyderabad,
Date : 29th July, 2009



PHYTO CHEM (INDIA) LIMITED

SECRETARIAL COMPLIANCE CERTIFICATE

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

Name of the Company : **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
PHYTO CHEM (INDIA) LIMITED

We have examined the Registers, Records, Books and Papers of *PHYTO CHEM (INDIA) LIMITED* as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2009** 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 there under 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 there under.
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 **Six** times on **18th April 2008, 30th June 2008, 31st July 2008, 24th September 2008, 31st October 2008 and 30th January 2009** 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 during the financial year.
6. The Annual General Meeting for the financial year ended on **31st March 2008** was held on **24th September 2008** 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 not issued any Duplicate Share Certificates during the financial year.
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. Mr. M Balaramakrishnaiah was appointed as Additional Director w.e.f 30th June 2008 which was duly regularised in the Annual General meeting. There was no appointment of Directors to fill casual vacancy during the financial year.
15. There were no appointment/ reappointment of Managing Director and Wholetime Director during the financial year.
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 there under 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 there under.
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 fines or penalties 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 Company is remitting Employer and Employee's contribution to the Provident Fund Account of Central Government as per the provisions.

For PUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES

Date: 29-07-2009
Place: Hyderabad

K ANUPAMA
PARTNER
CP NO. 7738

ANNEXURES TO SECRETARIAL COMPLIANCE CERTIFICATE

Annexure 'A':

Registers as maintained by the Company:

- 1) Register of Charges u/s 143
- 2) Register of Members u/s 150
- 3) Minute Book containing Minutes of
-Board Meetings
-General Meetings (Section 193)
- 4) Register of Contracts u/s 301
- 5) Register of Directors u/s 303
- 6) Register of Directors shareholding u/s 307
- 7) Register of Loans/Investments u/s 372A (5)

Annexure 'B':

Returns / Documents / Forms filed with the Registrar of Companies, Regional Directors, Central Government or other authorities during the financial year ended March, 31, 2009.

I. Registrar of Companies

| Sl.No. | Form No. | Filed Under Section | Description | Date of Filing | Whether filed within prescribed time Yes/No | If delay in filing whether requisite additional fee paid Yes/ No |
|--------|----------|---------------------|---|----------------|---|--|
| 1. | 23AC& CA | 220(1) | Balance sheet & profit & loss account for the year ended 31-03-2008 | 27.09.2008 | Yes | NA |
| 2. | 32 | 303(2) | Appointment of Mr,M Balarama Krishnaiah as Director liable to retire by rotation. | 29.09.2008 | Yes | NA |
| 3. | 20(B) | 159(1) | Annual Return made upto 24 -09 -2008 | 17.11.2008 | Yes | NA |

II. REGIONAL DIRECTOR/CENTRAL GOVERNMENT & OTHER AUTHORITIES: NIL

For PUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES

Date: 29-07-2009
Place: Hyderabad

KANUPAMA
PARTNER
CP NO. 7738



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 8 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 2008 to March 2009 on the following dates:

18th April, 2008; 30th June, 2008; 31st July, 2008; 24th September, 2008; 31st October, 2008 and 30th January, 2009.

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&NI | -- | -- | 1 |
| 2. | Mr. Y. Nayudamma | M.D | E & NI | 6 | Yes | 2 |
| 3. | Dr. Y. Venkateswarlu | Director | NE&NI | 1 | -- | - |
| 4. | Mr. P. Anjaneyulu | Director | NE & NI | 2 | Yes | 2 |
| 5. | Mr. C.N. Chary | Director | NE & I | 6 | Yes | - |
| 6. | Mr. T.A. Choudary | Director | NE & I | 6 | Yes | 2 |
| 7. | Mr. N. Sudhakar | Director | NE & I | 6 | Yes | - |
| 8. | Mr. M. Balaramakrishnaih | Director | NE & I | 5 | Yes | 1 |

* NE = Non Executive I = Independent E = Executive NI = Non - Independent

3. Audit Committee:-

The Audit Committee comprises of Mr. N. Sudhakar as Chairman, Mr.C.N.Chary,Mr. T.A. Chowdary and Mr. M. Balaramakrisnaiah 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 5 meetings during the year 2008-2009 on 18th April, 2008; 28th June, 2008, 30th July, 2008, 31st October, 2008 and 29th January, 2009 and the attendance at the meeting was as under :

| S.No. | Name of the Director | Attendance Particulars |
|-------|-------------------------|------------------------|
| 1. | Mr.N.Sudhakar | 5 |
| 2. | Mr.C.N.Chary | 5 |
| 3. | Mr.T.A.Choudary | 5 |
| 4. | Mr.M.Balaramakrishnaiah | 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 Auditors 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 shareholder's approval and consists of Salary, allowances. Perquisites and benefits are in line with the Company's rules for Senior Managerial Personnel.

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2. For Non-Executive Directors :

Sitting Fees is paid 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 cases for appointments / reappointments of wholtime Directors / Managing Director.

The Remuneration Committee comprises of Mr. C.N. Chary as Chairman and Mr. T.A. Choudary Mr. N. Sudhakar & Mr.M.Balaramakrishniah 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 & Allowances Rs. | Perquisites Rs. | Total Rs. |
|--------|-------------------------|-----------------------------------|------------------|---------------------------|-------------------------|-----------------|-----------|
| 1. | Dr.P.Sreemannarayana | Relative | — | — | — | — | — |
| 2. | Mr.Y.Nayudamma | Relative | — | — | 300000 | — | 300000 |
| 3. | Dr.Y.Venkateswarlu | Relative | 1000 | — | — | — | 1000 |
| 4. | Mr.P.Anjaneyulu | Relative | 2000 | — | — | — | 2000 |
| 5. | Mr.C.N.Chary | — | 8500 | — | — | — | 8500 |
| 6. | Mr.T.A.Choudary | — | 8500 | — | — | — | 8500 |
| 7. | Mr.N.Sudhakar | — | 8500 | — | — | — | 8500 |
| 8. | Mr.M.Balarama-krishniah | — | 6500 | — | — | — | 6500 |

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

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

The Shareholders / Investor's Grievance & Redressel 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. 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 | 6 | 6 | -- |
| 2. | Non-receipt of Share Certs./Bonus Shares | 1 | 1 | -- |
| 3. | Issue of Duplicate Share Certificates | -- | -- | -- |
| 4. | Non-receipt of Demat Confirmations/Rejections | -- | -- | -- |
| 5. | Revalidation of Refund Orders | -- | -- | -- |
| 6. | Other Letters | 4 | 4 | -- |

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. Y.Janaki Ramaiah as Convenor and Compliance Officer.



PHYTO CHEM (INDIA) LIMITED

6. General Body Meetings:

The last three Annual General Meetings of the Company were held at the Registered Office of the Company at Survey No. 628, Temple Street, Bonthapally - 502313, Jinnaram Mandal, Medak District, Andhra Pradesh.

- (i) 28th September, 2006 at 11.30 A.M.
- (ii) 29th September, 2007 at 11.30 A.M.
- (iii) 24th September, 2008 at 11.30 A.M respectively.

No postal Ballots were used/invited for voting at these meetings in respect of the special resolutions required to be passed. Nor they are proposed at the ensuing Annual General Meeting.

7. Disclosures:

- a) There were no transactions of material nature between the Company and the Directors or Management and their relatives or promoters that may have any potential conflict with interest of the Company. The details of the related party transactions have been given under Item No.11 of Note to Accounts.
- b) There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the stock exchanges or SEBI or any other statutory authority on such matters during the last 3 years.

8. Means of Communication:

(a) The Company publishes its quarterly, half yearly and annual results in the Business Standard (English) and Andhra Prabha, Andhra Bhoomi (Telugu). These results are submitted to the stock exchange in accordance with the Listing Agreement. Management Discussion and Analysis Report forms part of Director's report.

(b) Website : www.phytochemindia.com

(c) Email Id: investorsrelations@phytochemindia.com

9. General Shareholders Information:

a) Twentieth Annual General Meeting :

Date, Time & Venue : Friday, the 18th September, 2009 at 11.30 A.M.

Phyto Chem (India) Limited, Regd. Office : Survey No.628, Temple Street,
Bonthapally - 502 313, Jinnaram Mandal, Medak District, Andhra Pradesh.

(b) Financial Calender:

| Results | For 2008 -09 were announced on | For 2009-10 will be announced by |
|--------------------------|--------------------------------|----------------------------------|
| First Quarter | 31st July, 2008 | 31st July, 2009 |
| Second Quarter/Half year | 31st October, 2008 | 31st October, 2009 |
| Third Quarter | 30th January, 2009 | 31st January, 2010 |
| Yearly - Audited Results | 29th June, 2009 | 30th June, 2010 |

(c) Dates of Book Closure :

17th September, 2009 to 18th September, 2009 both the days inclusive.

(d) Dividend Payment Date : Not Applicable

(e) i) Stock Exchanges where listed :

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

ii) Stock Code (BSE) : 524808

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(f) Market Price Data :

The market price data High/Low during each month in the last financial year (2008-2009) at the Stock Exchange, Mumbai is as follows:-

| Period | Bombay Stock Exchange | | |
|-----------------|-----------------------|------|--------|
| | High | Low | Volume |
| April, 2008 | 4.71 | 3.85 | 3301 |
| May, 2008 | 7.89 | 4.48 | 17324 |
| June, 2008 | 8.38 | 6.78 | 1106 |
| July, 2008 | 7.50 | 6.18 | 2132 |
| August, 2008 | 7.90 | 6.36 | 1435 |
| September, 2008 | 7.18 | 4.38 | 28735 |
| October, 2008 | 5.42 | 4.28 | 12591 |
| November, 2008 | 6.68 | 4.46 | 1736 |
| December, 2008 | 8.38 | 6.99 | 410 |
| January, 2009 | 8.29 | 7.12 | 651 |
| February, 2009 | 7.50 | 7.25 | 580 |
| March, 2009 | -- | -- | -- |

(g) Share Transfer agent :

M/s Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville,
Opp : Yashoda Hospital, Somajiguda, Hyderabad - 500 082. Ph.No. 040-23374967.

(h) Distribution of Shareholding by ownership as on 31-03-2009

| Sl.No. | Shareholding Pattern | Shares | Share Holding % |
|---------|------------------------|---------|-----------------|
| 1. | Promoters | 1329226 | 30.91 |
| 2. | Indian Public | 2098271 | 48.79 |
| 3. | NRI/OCB'S | 565400 | 13.15 |
| 4. | Financial Institutions | 199000 | 4.63 |
| 5. | Mutual Funds | 8500 | 0.20 |
| 6. | Body Corporates | 99803 | 2.32 |
| Total : | | 4300200 | 100.00 |

(i) Distribution of Shareholding by size as on 31-03-2009 :

| Range of Shares | No.of Shareholders | No.of Shares | % of Shareholders | % of Holding |
|-----------------|--------------------|--------------|-------------------|--------------|
| Upto 500 | 7019 | 964935 | 92.92 | 22.44 |
| 501-1000 | 229 | 198745 | 3.03 | 4.62 |
| 1001-2000 | 99 | 158398 | 1.31 | 3.68 |
| 2001-3000 | 54 | 134369 | 0.71 | 3.13 |
| 3001-4000 | 15 | 51550 | 0.20 | 1.20 |
| 4001-5000 | 18 | 86101 | 0.24 | 2.00 |
| 5001-10000 | 56 | 419097 | 0.74 | 9.75 |
| 10001 and above | 64 | 2287005 | 0.85 | 53.18 |
| Total: | 7554 | 4300200 | 100.00 | 100.00 |

As on 31st March, 2009, 37.07% of shares were held in Dematerialised form and rest in physical form.

(j) Your Company has not issued any GDR's/ADR's/Warrants or any convertible instruments or ESOPS

(k) Plant Location :

Survey No.628, Temple Street, Bonthapally - 502 313. Jinnaram Mandal, Medak District, A.P.



PHYTO CHEM (INDIA) LIMITED

(I) Address for Correspondence :

Shareholders Correspondence may be made with the Company's share transfer agents at the address given at (g) above. In case of any difficulty, shareholders may contact Mr. Y. JanakiRamaiah, Compliance Officer at the Corporate Office at No. 8-3-319/8/11, Sai Saradhi Nagar, Behind Saradhi Studios, Yellareddyguda, Hyderabad, - 500 073, A.P.

The report has not covered the non-mandatory requirements of Clause 49 of the Listing Agreement.

DECLARATION BY MD (CEO) OF THE COMPANY ON CODE OF CONDUCT

As per the Revised Clause 49 of the Listing Agreement of the Stock Exchanges, I hereby declare that :

1. Code of conduct for the Board Members & Senior Management of the Company was approved by the Board of Directors in the Board meeting and the same was adopted by the Company.
2. Code of conduct adopted by the Company was circulated to the Members of the Board and Senior Management of the Company has been posted on the website of the Company.
3. All the Members of the Board and Senior Management of the Company have complied with all the provisions of the code of conduct.

For and on behalf of the Board

Place : Hyderabad,
Date : 29th July, 2009

**Y.NAYUDAMMA
MANAGING DIRECTOR**

AUDITORS REPORT ON CORPORATE GOVERNANCE

To
The Members of
M/s Phyto Chem (India) Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Phyto Chem (India) Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance it is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31st March, 2009, no investors grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for T.Adinarayana & Co.,
Chartered Accountants**

Place : Hyderabad,
Date : 29th July, 2009

**Y.P.RAO
Partner**

MANAGEMENT DISCUSSION AND ANALYSIS :

Phyto Chem (India) Limited is presently carrying on the business in two segments i.e. Pesticides Formulations and the Real Estate Activities.

Pesticides industry has pivotal role in Agriculture in India. The trends in the market are favourable to big size Companies. Global trends have their bearing on this Industry as well. The competition from SME's and prohibitive cost of Research and Development are causing concern. There has not been much activity in Real estate activity due to slow down in economy. The Subprime crisis and its negative impact is well known.

The SWOT Analysis are as follows:

STRENGTHS :

- The pragmatic thrust on Agriculture is a positive step to pesticides industry by the Government. Thrust is being continued on housing and Infrastructure.
- The Company products are well known and has good marketing net work. Demand for housing and Infrastructure continuous to exist.
- Promoters back ground.

WEAKNESS :

- Competition from SME manufacturers and other players.
- Realisation of dues from customers and dealers.
- High cost of Research and Development.
- Huge capital requirement for Infrastructure.
- Too many players in SME segment both in Pesticides Formulations and Real Estate.

OPPORTUNITIES :

- Encouraging Government policy on pesticides and infrastructure.
- Opportunities in real estate activity and increase of demand for housing.

THREATS :

- Competition from other players and change in Government policy may effect the prospects of the Company.
- Changes in the Government policy and change in the Bank rates have bearing on the demand for Housing and Infrastructure.
- The Financial Analysis of the Company have been detailed in Director's Report under para of Review of Operations.

FUTURE OUTLOOK :

The Company hopes that the revival of the economy may result in improved position of the Company. The Company hopes that activities could be improved and good results could be acheived.

INTERNAL CONTROL PROCEDURES :

The Company has Audit Committee and has the mechanism to review the Internal Audit Control procedures. Periodic Audits of the processes and accounts are carried out internally through internal procedures.



PHYTO CHEM (INDIA) LIMITED

T. ADINARAYANA & CO.
CHARTERED ACCOUNTANTS
806, RAGHAVA RATNA TOWERS,
CHIRAG ALI LANE,
HYDERABAD - 500 001.

AUDITOR'S REPORT

To
The Members of
PHYTO CHEM (INDIA) LIMITED.

- 1) We have audited the attached Balance Sheet of M/S PHYTO CHEM (INDIA) LIMITED, as at 31st March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) order 2004, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure referred to paragraph above, we state that :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.
 - (iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion the Profit & Loss Account and Balance Sheet comply with the accounting standards referred to in sub Section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (v) On the basis of the written representations received from the Directors, as on 31st March, 2009, and take on the record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Schedules and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.

**for T.Adinarayana & Co.,
Chartered Accountants**

Place : Hyderabad
Date : 29th June, 2009

**Y.P.RAO
Partner**

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Annexure referred to in paragraph one of the report of even date to the Auditors to the members of M/S PHYTO CHEM (INDIA) LIMITED on the accounts for the Year ended 31st March, 2009.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
b) As explained to us, the Fixed Assets have been physically verified by the management according to the phased programme designed to cover all the Fixed Assets on rotation basis. In respect of Fixed Assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.
c) The Company has not disposed off substantial part of Fixed Assets which affects the going concern concept of the Company.
2. a) The inventories of the Company have been physically verified by the management during the year at reasonable intervals.
b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification stocks are compared to book record, which in our opinion were not material, have been properly dealt with in the books of accounts.
3. (a) The Company has not granted / taken any loan, secured or unsecured, to / from Companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956. As such the provisions of 4 (iii) (b) (c) (e) (f) and (g) of the Companies (Auditor's Report) order, 2003 are not applicable to this Company in this year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, Fixed Assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in the internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the contracts arrangements referred to in sec 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section 301 of the Companies Act 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, or arrangements entered in the register maintained under Section 301 of Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, where such prices are available.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the Public covered by the directions issued by the Reserve Bank of India and provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under by the Company Law Board in this regard are not applicable.
7. In our opinion the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed without making a detailed examination of the records maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been made and maintained.



PHYTO CHEM (INDIA) LIMITED

9. a) According to the records of the Company and as per the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duties, Excise Duties and Cess and other material statutory dues. There are no outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of sales tax, Income tax, Customs duty, Wealth Tax, Service tax, Excise duty and Cess which have not been deposited on account of any dispute as on 31st March, 2009.
10. As per the information and explanations given to us and an overall examination of the financial statements of the Company for the current and immediately preceding financial year, we report that the Company does not have any accumulated losses at the end of the current financial year nor incurred cash losses in the current and the immediately preceding financial year.
11. According to the records of the Company, during the year, the Company has not defaulted in repayment of dues to financial institutions or banks or debentures holders.
12. As per the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4 (xii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. In our opinion, as the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for this year.
14. According to the records of the Company, the investments made in the nature of shares in other Companies are held in the name of the Company and necessary records recording the transaction and relevant entries have been maintained.
15. As per the information and explanations given to us, the Company has not given any guarantees for the Loans taken by others from Banks or financial institutions.
16. According to record of the Company, the company has not raised any term loans during the year.
17. As per the information and explanation given to us and on an overall examination of the Balance Sheet and the Cash Flow statements of the Company, we are opinion that no funds raised on short term basis have been used for long term investment.
18. As per the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year, which requires the creation of security or charge.
20. During the year the Company has not made any public issue for which the Management has to disclose the end use of money raised through that public issue.
21. As per the representation given by the Company and relied on by us, no fraud on or by the Company has been noticed or reported during the year.

for **T.ADINARAYANA & CO.,**
Chartered Accountants

Place:Hyderabad

Date : 29th June, 2009.

Y.P.RAO
PARTNER

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BALANCE SHEET AS AT 31-03-2009

| | Schedule No. | AS AT 31-03-2009 Rs. | AS AT 31-03-2008 Rs. |
|---|-----------------|----------------------------|----------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS FUNDS: | | | |
| Capital | I | 4,30,02,000.00 | 4,30,02,000.00 |
| Reserves & Surplus | II | 1,21,12,584.07 | 1,12,29,630.30 |
| LOAN FUNDS | | | |
| Secured Loans | III | 4,38,95,579.05 | 5,73,15,544.64 |
| Unsecured Loans | IV | 1,89,10,935.62 | 2,34,86,062.95 |
| Deferred Tax Liability | V | 51,31,750.00 | 51,31,750.00 |
| TOTAL | | <u>12,30,52,848.74</u> | <u>14,01,64,987.89</u> |
| APPLICATION OF FUNDS | | | |
| | | Rs. | |
| FIXED ASSETS | | | |
| | VI | | |
| Gross Block | | 4,13,20,467.88 | |
| Less: Depreciation | | <u>2,07,81,878.73</u> | |
| Net Block | | 2,05,38,589.15 | 2,03,42,490.20 |
| Capital work In Progress | | 2,44,113.00 | 0.00 |
| | VII | 8,37,386.76 | 8,37,386.76 |
| INVESTMENTS | | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| | VIII | | |
| A) Inventories | | 5,25,94,882.12 | 4,55,82,047.41 |
| B) Sundry Debtors | | 6,01,84,073.02 | 8,60,71,742.21 |
| C) Cash & Bank Balances | | 2,80,640.07 | 6,48,498.17 |
| D) Loans & Advances | | <u>74,07,212.60</u> | <u>65,35,621.81</u> |
| | | 12,04,66,807.81 | 13,88,37,909.60 |
| Less: CURRENT LIABILITIES & PROVISIONS | IX | | <u>1,98,52,798.67</u> |
| NET CURRENT ASSETS: | | 10,14,32,759.83 | 11,89,85,110.93 |
| TOTAL | | <u>12,30,52,848.74</u> | <u>14,01,64,987.89</u> |

Notes to Accounts

XVIII

Schedule I to IX and Notes to Accounts in schedule XVIII form part of the Balance Sheet.

Per our Report of even date annexed.

**For T. Adinarayana & Co.,
Chartered Accountants**

For and on behalf of the Board of Directors

**Y.P.RAO
PARTNER**

**C.N.CHARY
DIRECTOR**

**Y. NAYUDAMMA
MANAGING DIRECTOR**

Place : Hyderabad,
Date : 29th June, 2009



PHYTO CHEM (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| | Schedule No. | YEAR ENDED 31-03-2009 Rs. | YEAR ENDED 31-03-2008 Rs. |
|---|--------------|---------------------------------|---------------------------------|
| <u>INCOME:</u> | | | |
| Sales | X | 12,72,82,576.81 | 14,85,95,021.84 |
| Other Income | XI | 3,80,970.51 | 8,62,914.90 |
| Increase/decrease in Stock of Finished Goods | XII | 5,20,131.97 | -1,03,19,915.91 |
| TOTAL | | 12,81,83,679.29 | 13,91,38,020.83 |
| <u>EXPENSES:</u> | | | |
| Manufacturing Expenses | XIII | 9,50,36,297.61 | 10,81,79,224.36 |
| Administrative and selling expenses | XIV | 1,79,77,934.90 | 1,76,23,082.17 |
| Financial Charges | XV | 75,89,994.30 | 81,20,175.39 |
| Depreciation | | 20,89,985.00 | 18,87,491.00 |
| Bad debts | | 36,35,255.71 | 21,64,896.08 |
| TOTAL | | 12,63,29,467.52 | 13,79,74,869.00 |
| Net Profit before Tax | | 18,54,211.77 | 11,63,151.83 |
| Provision for Taxation | | 8,40,000.00 | 5,51,500.00 |
| Provision for Fringe Benefit Tax | | 74,000.00 | 96,420.00 |
| Profit After Tax | | 9,40,211.77 | 5,15,231.83 |
| Prior period adjustments | XVI | 57,258.00 | 35,295.00 |
| Profit after prior period adjustments | | 8,82,953.77 | 4,79,936.83 |
| Differed tax | | 0.00 | 0.00 |
| Net Profit | | 8,82,953.77 | 4,79,936.83 |
| Profit brought forwarded | | 1,04,55,130.30 | 99,75,193.47 |
| Surplus carried to Balance Sheet | | 1,13,38,084.07 | 1,04,55,130.30 |
| <u>EARNINGS PER EQUITY SHARE</u> | XVII | | |
| (Face value of Rs.10/- per share) | | | |
| Basic and Diluted earning per share | | 0.21 | 0.11 |

Notes to Accounts

XVIII

Schedule X to XVII and Notes to Accounts in schedule XVIII form part of the Profit & Loss Account.

Per our Report of even date annexed.

**For T. Adinarayana & Co.,
Chartered Accountants**

For and on behalf of the Board of Directors

**Y.P.RAO
PARTNER**

**C.N.CHARY
DIRECTOR**

**Y. NAYUDAMMA
MANAGING DIRECTOR**

Place : Hyderabad,
Date : 29th June, 2009

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2009

| SCHEDULE - I | AS AT 31-03-2009 Rs. | AS AT 31-03-2008 Rs. |
|--|-------------------------------------|-------------------------------------|
| SHARE HOLDERS FUNDS | | |
| SHARE CAPITAL : | | |
| AUTHORISED CAPITAL | | |
| 47,50,000 Equity Shares of Rs.10/- each | <u>4,75,00,000.00</u> | <u>4,75,00,000.00</u> |
| | <u>4,75,00,000.00</u> | <u>4,75,00,000.00</u> |
| ISSUED, SUBSCRIBED & PAID UP CAPITAL | | |
| 43,00,200 Equity Shares of Rs.10/- fully paid up | <u>4,30,02,000.00</u> | <u>4,30,02,000.00</u> |
| | <u>4,30,02,000.00</u> | <u>4,30,02,000.00</u> |
| SCHEDULE - II | | |
| RESERVES & SURPLUS | | |
| Capital Reserve: | | |
| Capital Subsidy (as per last Balance Sheet) | 7,74,500.00 | 7,74,500.00 |
| Surplus: Balance in Profit or Loss A/c as per last Balance Sheet | | |
| | 1,04,55,130.30 | 99,75,193.47 |
| Add : Profit earned during the year | <u>8,82,953.77</u> | <u>4,79,936.83</u> |
| TOTAL | <u>1,21,12,584.07</u> | <u>1,12,29,630.30</u> |
| SCHEDULE - III | | |
| SECURED LOANS | | |
| A) Loans & Advances from Banks : | | |
| 1. OD/CC-114 The Federal Bank Ltd., | 4,33,23,827.81 | 4,16,15,141.55 |
| 2. OD/CC-223 The Federal Bank Ltd., | 0.00 | 1,02,60,158.00 |
| 3. OD/CC-270 The Federal Bank Ltd., (Secured by Hypothication of Stock in Trade & Book Debts and further guaranteed by Managing Director in his personal capacity) | 0.00 | 50,10,056.00 |
| B) Vehicle Loans from Banks : (Secured by Hypothication of Vehicles) | <u>5,71,751.24</u> | <u>4,30,189.09</u> |
| | <u>4,38,95,579.05</u> | <u>5,73,15,544.64</u> |
| SCHEDULE - IV | | |
| UNSECURED LOANS | | |
| Other Loans and Advances: | | |
| a) Inter corporate Loans | 0.00 | 67,47,081.34 |
| b) Commercial Tax Dept., A.P. | <u>1,89,10,935.62</u> | <u>1,67,38,981.61</u> |
| | <u>1,89,10,935.62</u> | <u>2,34,86,062.95</u> |
| SCHEDULE - V | | |
| DEFERRED TAX LIABILITY | | |
| Deferred Tax Liability (2001-2002) | 2,30,000.00 | 2,30,000.00 |
| Deferred Tax Liability (2002-2003) | <u>49,01,750.00</u> | <u>49,01,750.00</u> |
| | <u>51,31,750.00</u> | <u>51,31,750.00</u> |



PHYTO CHEM (INDIA) LIMITED

SCHEDULE - VI

A. FIXED ASSETS

| SL NO. | Assets | Gross Block | | | Depreciation | | | Net Block | | |
|--------|----------------------|------------------------|-----------------|------------------|------------------------|------------------|----------------------|-------------------|------------------------|------------------------|
| | | As on 01-04-2008 (Rs.) | Additions (Rs.) | Deductions (Rs.) | As on 31-03-2009 (Rs.) | 01-04-2008 (Rs.) | For the Period (Rs.) | Adjustments (Rs.) | As on 31-03-2009 (Rs.) | As on 31-03-2008 (Rs.) |
| 1. | Land | 730705.00 | 0.00 | 0.00 | 730705.00 | 0.00 | 0.00 | 0.00 | 730705.00 | 730705.00 |
| 2. | Buildings | 8484438.82 | 361907.00 | 0.00 | 8846345.82 | 3544653.18 | 287122.00 | 0.00 | 3831775.18 | 4939785.64 |
| 3. | Plant & Machinery | 21793505.84 | 1361260.00 | 0.00 | 23154765.84 | 11482802.09 | 1051019.00 | 0.00 | 12533821.09 | 10310703.75 |
| 4. | Furniture | 333815.02 | 0.00 | 0.00 | 333815.02 | 333815.02 | 0.00 | 0.00 | 333815.02 | 0.00 |
| 5. | Vehicles | 4163824.02 | 566886.00 | 523124.00 | 4207586.02 | 1408474.07 | 395355.00 | 337089.49 | 1466739.58 | 2755349.95 |
| 6. | Office equipment | 926112.58 | 135115.46 | 0.00 | 1061228.04 | 584152.94 | 214081.00 | 0.00 | 798233.94 | 341959.64 |
| 7. | Generator | 870650.00 | 0.00 | 0.00 | 870650.00 | 502773.75 | 41356.00 | 0.00 | 544129.75 | 367876.25 |
| 8. | Electrical equipment | 800438.06 | 46950.00 | 0.00 | 847388.06 | 652142.70 | 58835.00 | 0.00 | 708977.70 | 148295.36 |
| 9. | Lab equipment | 930894.59 | 0.00 | 0.00 | 930894.59 | 183079.98 | 44217.00 | 0.00 | 227296.98 | 747814.61 |
| | Total | 39034383.93 | 2472118.46 | 523124.00 | 40983378.39 | 18691893.73 | 2089985.00 | 337089.49 | 20444789.24 | 20538589.15 |

B. CAPITAL WORK IN PROGRESS

- i) Buildings
- ii) Plant & Machinery

1,12,686.00
1,31,427.00
2,44,113.00

SCHEDULE - VII

INVESTMENTS:

A) In Govt. Securities (Unquoted) (Long Term) (at cost)

National Saving Certificates

AS AT
31-03-2009
Rs.
64,400.00

B) In Equity Shares fully paid (Quoted & Trade) (Long Term) (at cost)

- 1000 Centurian Bank Ltd.
- 500 Kale Consultants Ltd.
- 500 Hindustan Lever Ltd.
- 1200 Silver Line Technologies
- 3700 Shej Cement Ltd.
- 1000 Abhishek Industries
- 1000 Alok Industries
- 5000 Computech International
- 1000 Ginni Filaments

AS AT
31-03-2008
Rs.
64,400.00
15,045.00
49,840.00
85,440.00
3,33,358.80
42,540.00
37,291.20
70,700.00
65,941.76
22,830.00
7,22,986.76

Aggregate Book Value of Quoted Investments

(Aggregate Market Value of Quoted Investments Rs. 3,73,438/-)
(Previous year Rs. 4,11,758/-)

C) In Equity Shares fully paid (Unquoted & Non Trade) (at cost)

- 500 Jeedimetla Effluent Treatment Ltd. of Rs. 100/- each

50,000.00
8,37,386.76
8,37,386.76

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| SCHEDULE - VIII | AS AT | AS AT |
|--|-----------------------|-----------------------|
| CURRENT ASSETS, LOANS & ADVANCES | 31-03-2009 | 31-03-2008 |
| | Rs. | Rs. |
| A) Inventories | | |
| (As taken, valued & certified by the Management) | | |
| Raw materials | 1,93,72,697.59 | 1,38,21,906.97 |
| Finished goods | 1,14,82,558.76 | 1,09,62,426.79 |
| Packing Materials | 50,89,225.77 | 41,47,313.65 |
| Real Estate - House Plots | <u>1,66,50,400.00</u> | <u>1,66,50,400.00</u> |
| | <u>5,25,94,882.12</u> | <u>4,55,82,047.41</u> |
| B) Sundry Debtors | | |
| (Unsecured, Considered goods) | | |
| Debts Outstanding for more than six months | 94,16,438.00 | 1,68,53,840.00 |
| Other Debts | <u>5,07,67,635.02</u> | <u>6,92,17,902.21</u> |
| | <u>6,01,84,073.02</u> | <u>8,60,71,742.21</u> |
| C) Cash & Bank Balances | | |
| Cash in Hand | 1,84,928.11 | 1,57,267.22 |
| Balances with Scheduled Banks : | | |
| In Current Accounts | 95,711.96 | 1,49,038.95 |
| In Deposit Accounts | 0.00 | 3,42,192.00 |
| | <u>2,80,640.07</u> | <u>6,48,498.17</u> |
| D) Loans & Advances | | |
| (Unsecured, considered goods) | | |
| Advances recoverable in cash or in kind for the value to be received.) | | |
| Advance for Raw Materials | 22,62,319.74 | 28,75,012.88 |
| Other Advances | 31,89,163.03 | 22,57,463.93 |
| Deposits with Govt.Depts & with others | 5,22,494.00 | 4,85,494.00 |
| Prepaid Expenses | 1,34,038.00 | 1,41,238.00 |
| Interest receivable | 0.00 | 19,498.00 |
| P.L.A. Deposit | 31,096.00 | 47,937.00 |
| M/s. Central Warehousing Corporation | 1,60,714.00 | 1,60,714.00 |
| Education cess receivable on services | 0.00 | 6,342.00 |
| S.H. Edn. Cess receivable on services | 0.00 | 1,009.00 |
| E.C & S.H.Edn. Cess on PLA | 4,417.00 | 3,669.00 |
| Cenvat Credit Receivable | 66,702.00 | 5,208.00 |
| E.C & S.H.Edn.Cess Cr Receivable | 2,006.00 | 0.00 |
| Service Tax Cr Receivable | 0.00 | 3,18,566.00 |
| Sales Tax Appeal - 2003-04 | 2,33,046.00 | 2,13,470.00 |
| VAT Cr. Receivable | 1,82,511.83 | 0.00 |
| Income Tax Appeal - F.y. 2005 - 06 | 6,00,000.00 | 0.00 |
| Sales Tax Appeal - 2004-05 | <u>18,705.00</u> | <u>0.00</u> |
| | <u>74,07,212.60</u> | <u>65,35,621.81</u> |
| SCHEDULE - IX | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| (A) Current Liabilities: | | |
| Creditors-I. Total outstanding dues to small scale industries undertakings (Ref. Note No.8) | 8,76,439.29 | 0.00 |
| II. Total Outstanding dues to otherthan small scale industries undertakings (Ref. Note No.8) | 1,42,80,387.13 | 1,68,82,321.67 |
| Advances from Customers | 10,79,856.30 | 9,17,061.84 |
| Outstanding Liabilities | 13,29,346.54 | 11,66,325.47 |
| E.D, E.C & S.H.E.C payable | 1,03,867.00 | 97,567.00 |
| Security Deposits | 30,000.00 | 10,000.00 |
| Other Current Liabilities | <u>4,20,151.72</u> | <u>1,31,602.69</u> |
| | <u>1,81,20,047.98</u> | <u>1,92,04,878.67</u> |
| (B) Provisions: | | |
| Income Tax - F.Y.2008-2009 | 8,40,000.00 | 0.00 |
| Fringe Benefit Tax - F.Y.-2008-2009 | 74,000.00 | 0.00 |
| Income Tax - F.Y. - 2007-2008 | 0.00 | 5,51,500.00 |
| Freight Benefit Tax - F.Y. - 2007-2008 | 0.00 | 96,420.00 |
| | <u>9,14,000.00</u> | <u>6,47,920.00</u> |
| | <u>1,90,34,047.98</u> | <u>1,98,52,798.67</u> |



PHYTO CHEM (INDIA) LIMITED

| SCHEDULE - X | FOR THE YEAR ENDED 31st March, 2009 | FOR THE YEAR ENDED 31st March, 2008 |
|--|--|--|
| SALES | Rs. | Rs. |
| Domestic Sales - Pesticides | 12,40,32,576.81 | 13,10,55,021.84 |
| Export & Deemed Export Sales | 32,50,000.00 | 65,00,000.00 |
| Sale of House plots | 0.00 | 1,10,40,000.00 |
| | <u>12,72,82,576.81</u> | <u>14,85,95,021.84</u> |
| SCHEDULE - XI | | |
| OTHER INCOME: | | |
| Interest Received | 9,230.64 | 36,609.90 |
| Discount Received | 63,136.36 | 1,51,290.00 |
| Dividend Received | 11,174.15 | 10,725.00 |
| Profit on sale of Vehicles | 3965.49 | 0.00 |
| Exchange Fluctuations | 2,93,463.87 | 6,64,290.00 |
| | <u>3,80,970.51</u> | <u>8,62,914.90</u> |
| SCHEDULE - XII | | |
| INCREASE/DECREASE IN STOCK OF FINISHED GOODS / HOUSE PLOTS. | | |
| Closing Stock | 2,81,32,958.76 | 2,76,12,826.79 |
| Less: Opening Stock | 2,76,12,826.79 | 3,79,32,742.70 |
| TOTAL | <u>5,20,131.97</u> | <u>-1,03,19,915.91</u> |
| SCHEDULE - XIII | | |
| MANUFACTURING EXPENSES: | | |
| Raw Materials Consumed | | |
| Opening Stock | 1,38,21,906.97 | |
| Add: Purchases | 7,14,87,283.36 | |
| | <u>8,53,09,190.33</u> | |
| Less: Closing Stock | 1,93,72,697.59 | 6,59,36,492.74 |
| | | <u>7,59,01,340.00</u> |
| Packing Materials Consumed | | |
| Opening Stock | 41,47,313.65 | |
| Add: Purchases | 81,75,812.55 | |
| | <u>1,23,23,126.20</u> | |
| Less: Closing Stock | 50,89,225.77 | 72,33,900.43 |
| | | <u>79,40,864.94</u> |
| Diesel for Generator | 2,18,870.00 | 8,38,42,204.94 |
| Customs Duty | 27,18,975.86 | 3,78,548.41 |
| Excise Duty, E.C & SHEC | 1,47,77,339.50 | 16,08,482.82 |
| Excise Duty on difference in Opening & Closing of finished Stock | 6,300.00 | 1,82,70,589.46 |
| Factory Maintenance | 8,82,731.50 | 11,438.00 |
| First Aid & Medical Expenses | 33,998.00 | 9,71,573.23 |
| Freight Charges Inward | 12,04,574.00 | 1,657.50 |
| Insurance | 1,41,516.07 | 13,66,760.80 |
| Import Clearing Charges | 2,74,326.00 | 0.00 |
| Lab Consumables | 33,092.26 | 2,53,059.20 |
| Power | 4,56,444.00 | 68,586.00 |
| Safety Devices | 38,722.00 | 2,27,653.00 |
| Factory Salaries | 8,59,390.55 | 30,918.00 |
| Wages | 2,19,624.70 | 9,00,064.00 |
| | <u>9,50,36,297.61</u> | <u>2,47,689.00</u> |
| | | <u>10,81,79,224.36</u> |

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| SCHEDULE - XIV | FOR THE YEAR ENDED | FOR THE YEAR ENDED |
|--|---------------------------|---------------------------|
| | 31st March, 2009 | 31st March, 2008 |
| | Rs. | Rs. |
| ADMINISTRATIVE EXPENSES | | |
| Advertisement | 37,980.00 | 67,432.00 |
| A G M Expenses | 1,02,630.00 | 91,151.00 |
| Annual Maintenance Contracts | 1,14,680.00 | 93,060.40 |
| Audit fee | 38,605.00 | 22,472.00 |
| Books & Periodicals | 0.00 | 1,000.00 |
| Director's Remuneration | 3,00,000.00 | 3,00,000.00 |
| Director's Sitting Fee | 35,000.00 | 27,000.00 |
| Donations | 12,198.00 | 0.00 |
| Electricity Charges | 40,139.78 | 49,447.00 |
| Insurance | 43,790.00 | 2,92,479.00 |
| Legal & Professional Charges | 1,06,750.00 | 78,970.00 |
| Licences & fees | 1,68,271.00 | 2,36,978.00 |
| Office expenses | 1,81,738.11 | 1,28,804.00 |
| Petrol & Diesel | 4,76,422.11 | 2,63,368.19 |
| Postage & Courier charges | 30,251.75 | 35,910.00 |
| Printing & Stationery | 2,80,955.05 | 2,75,078.00 |
| Rates & Taxes | 0.00 | 1,000.00 |
| Rent | 4,18,550.00 | 3,44,760.00 |
| Salaries | 8,34,137.00 | 7,62,475.00 |
| Share Transfer Charges | 31,025.00 | 34,549.00 |
| Professional Tax | 7,500.00 | 5,000.00 |
| Telephone charges | 2,46,155.17 | 3,38,029.06 |
| Travelling & Conveyance | 74,693.00 | 1,84,995.00 |
| Vehicle maintenance | 3,69,341.57 | 1,48,014.44 |
| ESI Contribution | 1,22,939.75 | 1,48,036.00 |
| Earn Leaves | 71,572.00 | 15,000.00 |
| Gratuity | 8,879.00 | 0.00 |
| Bonus | 3,08,462.00 | 2,41,330.00 |
| Provident Fund | 3,52,243.00 | 3,96,514.00 |
| Staff Welfare Expenses | 96,859.00 | 1,44,620.50 |
| Business Promotional expenses | 48,853.00 | 1,33,319.00 |
| C & F Agents Commission | 42,000.00 | 71,250.00 |
| Leakage & Shortages | 13,344.93 | 16,249.80 |
| Discounts - Trade | 35,25,698.70 | 30,66,620.00 |
| Freight Outward | 12,83,056.36 | 11,54,504.79 |
| Price Variations | 0.00 | 74,668.56 |
| Salaries - Marketing | 31,70,763.00 | 29,32,077.00 |
| Director's Travelling & Conveyance | 2,18,345.23 | 2,88,445.00 |
| Travelling & Conveyance Expenses (Mrkt.) | 2,64,377.47 | 2,29,030.00 |
| VAT | 38,79,817.00 | 42,31,282.83 |
| C.S.T. | 6,19,911.92 | 6,98,162.60 |
| | <u>1,79,77,934.90</u> | <u>1,76,23,082.17</u> |
| SCHEDULE - XV | | |
| FINANCIAL CHARGES | | |
| Bank charges | 7,12,926.44 | 6,22,668.36 |
| Interest | 68,77,067.86 | 74,97,507.03 |
| | <u>75,89,994.30</u> | <u>81,20,175.39</u> |
| SCHEDULE - XVI | | |
| PRIOR PERIOD ADJUSTMENTS | | |
| Pertaining to previous year | 57,258.00 | 35,295.00 |
| | <u>57,258.00</u> | <u>35,295.00</u> |



PHYTO CHEM (INDIA) LIMITED

| SCHEDULE - XVII | FOR THE YEAR ENDED 31st March, 2009 | FOR THE YEAR ENDED 31st March, 2008 |
|--|--|--|
| EARNINGS PER EQUITY SHARE | Rs. | Rs. |
| Annualised earning for Equity Shares have been calculated based on the net Profit after tax and prior period adjustments of Rs.8.83 lakhs (Previous year Rs.4.80 lacs) and number of Equity Shares in issue during the year of 43,00,200 (Previous year 43,00,200) | | |
| Basic and diluted earning per share | 0.21 | 0.11 |
| Basic earnings per Equity Shares have been computed by dividing net Profit after tax and prior period adjustments by the number of Equity Shares outstanding for the period. | — | — |
| Diluted earning per Equity Share does not arise since there is no additions to Equity Share capital during the period. | | |

SCHEDULE - XVIII

NOTES TO ACCOUNTS:

1. Significant Accounting Policies:

- a) System of Accounting : The company follows Mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and applicable accounting standards.
- b) Use of Estimates: The preparation of financial statements is in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of such assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from the estimates.
- c) Fixed Assets : Fixed Assets are stated at cost less depreciation and cost of assets includes acquisition and installation expenses which are directly attributable for bringing the assets into working condition.
- d) Depreciation : Depreciation has been provided on straight line method at the rates specified in the schedule XIV of the Companies Act, 1956.
- e) Inventories : i) Stocks of raw materials, packing materials, house plots and consumables are valued at lower of cost and net realisable value. Rates are determined on FIFO basis
ii) Finished goods are valued at cost of conversion and other cost incurred in bringing the inventories to their present location and condition (plus other overheads) or net realisable value, whichever is lower.
- f) Revenue Recognition: Revenue from sales of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customer. Sales are stated including sales tax and excise duty excluding returns.
- g) Borrowing Costs : Borrowing Costs are charged to profit & loss account, except in cases where the borrowings are directly attributable to the acquisition, construction or production of the qualifying asset.
- h) Cenvat : Cenvat benefit is accounted for by reducing from the purchase cost of raw materials and adjusted against the excise duty liability.
- i) Excise Duty: Excise duty in respect of goods manufactured by the company is accounted on accrual basis.
- j) Investments : Investments are stated at cost. All the investments are long term and diminution in market value is not considered unless diminution is permanent.

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- k) Foreign Currency Transaction : Foreign currency transactions are recorded at the exchange rates prevailing as on the date of transaction. Earning or losses due to fluctuations in exchange rates are recorded as income or expenditure in the year of settlement and charged to Profit & Loss A/c.
- l) Employees Benefits
- A) Short term employee Benefits :All employee benefits payable within twelve months of rendering services are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards exgratia, performance pay etc., and the same are recognized in the period in which the employee renders the related service.
- B) Post Employment Benefits :
- i) Defined contribution plans : Central government Provident Fund Scheme, is defined Contribution plan of the company. The contributions paid or payable under the schemes are recognized during the period in which the employee renders the related services.
- ii) Defined benefit plans : The employee's gratuity scheme is defined benefit plan of the company. The present value of the obligations under such defined benefit plan is determined based on the actuarial valuation provided by LIC of India at the date of Balance Sheet

2. Contingent Liabilities:

- (i) Import Letter of credit of USD 1,05,000/- equivalent to Rs. 50.61 Lacs
(Previous Year - USD 98,254/- equivalent to Rs. 42.50 Lacs)
- (ii) Inland Letter of credit of Rs. NIL (Previous year - Rs. 30.45 Lacs)
- (iii) Unexpired Bank Guarantees Rs. NIL (Previous Years - 14.12 Lacs)

| | FOR THE YEAR ENDED 31st March, 2009 Rs. | FOR THE YEAR ENDED 31st March, 2008 Rs. |
|--|---|---|
| 3. Remuneration of Managing Director: | | |
| Managing Director | 3,00,000 | 3,00,000 |
| | 3,00,000 | 3,00,000 |
| 4. Auditors Remuneration: | | |
| Audit Fee | 30,000 | 15,000 |
| Tax Audit fee | 5,000 | 5,000 |
| Service Tax | 3,605 | 2,472 |
| | 38,605 | 22,472 |

5. The Sales Tax liability is being accumulated in view of sanction of deferment by the Government of Andhra Pradesh and the same is shown under unsecured loans.
6. Confirmation of balances of certain parties for amounts due to them/due from them as per the accounts of the company have not been received. However the values in the book of accounts are final as it is indicated that the balances will be treated as final if balance confirmation is not made before particular date.
7. In the opinion of Board of Directors of the company, current assets loans and advances and deposits are approximately of the value stated in the accounts, if realized in ordinary course of business, unless otherwise stated. The provisions for all known liabilities are adequate and not in excess of the amounts reasonably necessary
8. Disclosure in respect of principal and interest pertaining to the Micro, Small and Medium Enterprises Dev ACT, 2006 based on available details is as under

| <u>Particular</u> | <u>Amount in Rs.</u> |
|---|----------------------|
| Principal amount due as on 31.3.2009 | 876439/- |
| Interest on above and unpaid interest | — |
| Interest paid | — |
| Payment made beyond the appointed date | — |
| Interest due and payable for the period of delay | — |
| Interest accrued and remaining unpaid at the year end | — |
| Amount of further interest due and payable in succeeding year | — |

Note: In the previous year, the company had not received any communication from any of its suppliers regarding the applicability of MS&ME Dev ACT, 2006 to them. As such information under this act could not be complied and therefore was not disclosed for that year.

9. The Company has earned a profit of Rs.2,93,464/- due to fluctuation in foreign exchange rate and the same is credited to P&L A/c.
10. No provision has been made in the books of accounts for the diminution in the market value of quoted shares as it is felt that the diminution is not permanent in nature.



PHYTO CHEM (INDIA) LIMITED

11. Segment Reporting as per Accounting Standard 17:-

A. Geographical Segment Reporting:-

| Particulars | For the year 2008-2009 | | | For the year 2007-2008 | | |
|---|------------------------|--------|---------|------------------------|--------|---------|
| | A.P. | Others | Total | A.P. | Others | Total |
| Sales | 1193.45 | 79.37 | 1272.82 | 1127.88 | 358.07 | 1485.95 |
| Revenue | 307.23 | 20.43 | 327.66 | 228.44 | 72.52 | 300.96 |
| Segment Expenses | 66.47 | 5.17 | 71.64 | 51.33 | 13.44 | 64.77 |
| Segment Results | 240.76 | 15.26 | 256.02 | 177.11 | 59.08 | 236.19 |
| Unallocated | | | | | | |
| Corporate Expenses | — | — | 172.52 | — | — | 158.22 |
| Operating Profit | — | — | 83.50 | — | — | 77.97 |
| Interest expenses | — | — | 68.77 | — | — | 74.97 |
| | — | — | 14.73 | — | — | 3.00 |
| Other Income | — | — | 3.81 | — | — | 8.63 |
| | — | — | 18.54 | — | — | 11.63 |
| Income Tax | — | — | 9.14 | — | — | 6.48 |
| Profit from ordinary activities | — | — | 9.40 | — | — | 5.15 |
| Extra ordinary items (Prior Period adjustments) | — | — | 0.57 | — | — | 0.35 |
| | — | — | 8.83 | — | — | 4.80 |
| Segment Assets | 674.24 | 42.43 | 716.67 | 739.16 | 112.98 | 852.14 |
| Unallocated | | | | | | |
| Corporate Assets | — | — | 513.86 | — | — | 549.51 |
| Total | 674.24 | 42.43 | 1230.53 | 739.16 | 112.98 | 1401.65 |
| Segment Liabilities | 9.81 | 0.98 | 10.79 | 1.21 | 0.51 | 1.72 |
| Unallocated Corporate | | | | | | |
| Liabilities | — | — | 1219.74 | — | — | 1399.93 |
| Total | 9.81 | 0.98 | 1230.53 | 1.21 | 0.51 | 1401.65 |

Other Information:-

The Company is manufacturing Pesticides Formulations operating its marketing activity of Pesticides Formulations in the State of Andhra Pradesh. The products of the Company are being sold at large scale in Andhra Pradesh through its dealers and distributors network.

B. Information about product Segmentation:-

The Company has entered in real estate market and sold some Land (House Plots). Product segmentation is as under.

Information about Product Segment

(Rs. in Lacs.)

| S.No. | Particulars | 2008-2009 | | | 2007-2008 | | |
|-------|--|------------|-------------|---------|------------|-------------|----------|
| | | Pesticides | Real Estate | Total | Pesticides | Real Estate | Total |
| 1. | Sales | 1272.83 | 0.00 | 1272.83 | 1375.55 | 110.40 | 1485.95 |
| 2. | Other Income | 3.81 | 0.00 | 3.81 | 8.63 | 0.00 | 8.63 |
| 3. | Increase / Decrease in stock | 5.20 | --- | 5.20 | (48.00) | (55.20) | (103.20) |
| 4. | Segment Revenue (1+2+3) | 1281.84 | 0.00 | 1281.84 | 1336.18 | 55.20 | 1391.38 |
| 5. | Segment Expenses | 1263.29 | 0.00 | 1263.29 | 1379.75 | 0.00 | 1379.75 |
| 6. | Segment Results Net Profit before Tax (4-5) | 18.54 | 0.00 | 18.54 | (43.57) | 55.20 | 11.63 |
| 7. | Income Tax Provision | 9.14 | 0.00 | 9.14 | 6.48 | 0.00 | 6.48 |
| 8. | Profit before ordinary activities (6-7) | 9.40 | 0.00 | 9.40 | (50.05) | 55.20 | 5.15 |
| 9. | Extraordinary items (Prior Period adjustments) | 0.57 | 0.00 | 0.57 | 0.35 | 0.00 | 0.35 |
| 10. | Net Profit (8-9) | 8.83 | 0.00 | 8.83 | (50.40) | 55.20 | 4.80 |

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12. **Related parties disclosure :** The Company has the transactions with the following related parties on account of share holdings by key management personnel and their relatives .

A) Particulars of Associate Company :

| Name of the Related Party | Nature of Relationship |
|--|------------------------|
| 1. M/S. Rasasri Developers (P) Ltd., Bangalore. | Associate Company |
| 2. M/S. Rasasri Infrastructures (P) Ltd., Hyderabad. | Associate Company |

B) Key Management Personnel :

| Name of the Related Party | Nature of Relationship |
|---------------------------|------------------------|
| Mr.Y.Nayudamma ... | Managing Director |
| Mr.P.Anjaneyulu ... | Director |

| C) Transactions with Associate Company : | 31-3-2009 | 31-3-2008 |
|--|-----------|---------------|
| 1) Purchase of Land (House Plots) | Nil | 1,66,50,400/- |
| 2) Unsecured Loan taken | --- | 18,23,560/- |
| 3) Advance for capital works | --- | 12,00,000/- |

D) Details of Transactions relating to persons referred to in Item No. (B) above..

| | | |
|------------------------------------|------------|------------|
| 1) Mr. Y. Nayudamma - Remuneration | 3,00,000/- | 3,00,000/- |
| 2) Mr. P. Anjaneyulu - Sitting Fee | 2,000/- | 5,500/- |

13. Provision for Deferred taxation for the period ended 31st March, 2009 has not been made in view of "Permanent Difference".

14. The Company assessed at the Balance Sheet date, the value of the Fixed Assets in order to comply with the provisions of A.S -28. The Company was of the opinion that the assets of the Company will generate adequate benefits in future. The Company has arrived to this opinion considering the present condition of the assets and its withstanding capacity even for increased capacity by four times to that of present capacity. The Company has also considered net cash flow before tax and also present value of future cash flow. The future cash flows were taken into account based on the budgeted turnovers fixed for future five years in recent budget meeting. In view of continuous profits, the discounting rate is taken at 15%. In view of this position, the Company has felt that the "Value in use" of the fixed Assets is more than carrying cost of the fixed assets, Hence no provision for impairment of Loss of fixed assets has been made.

15. Additional information required under part-II of schedule-VI to the Companies Act,1956 (As certified by the management of the Company).

| A) Particulars of capacity, production and Turnover | 31-03-2009 | 31-03-2008 |
|---|------------|------------|
| i) Licenced Capacity | N.A. | N.A. |
| ii) Installed Capacity (Ltrs) | 36,50,000 | 27,50,000 |
| iii) Production (Ltrs) | | |
| Pesticides Formulations | 16,12,401 | 18,68,214 |



PHYTO CHEM (INDIA) LIMITED

| iv) Sales | (Ltrs/Kgs) | Rs. (in Lacs) | (Ltrs/Kgs) | Rs. (in Lacs) |
|----------------------------|--------------|------------------|--------------|------------------|
| i) Pesticides Formulations | 16,25,606.00 | 1,272.83 | 18,13,609.38 | 1,375.55 |
| ii) Real Estate (Sft.) | --- | --- | 27,600.00 | 110.40 |
| | | 1,272.83 | | 1,485.95 |

B) Details of Opening and Closing Stock:

| | Year ended Qty. (Ltrs/Kgs) | 31-03-2009 Rs. (in lacs) | Year ended Qty. (Ltrs/Kgs) | 31-03-2008 Rs. (in lacs) |
|---------------|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Finished Goods | | | |
| Opening Stock | 87,608.00 | 109.62 | 89,038.00 | 157.62 |
| Closing Stock | 74,403.00 | 114.83 | 87,608.00 | 109.62 |

Land

| | | | | |
|---------------|--------------|--------|----------------|--------|
| Opening Stock | 83,252 (Sft) | 166.50 | 1,10,852 (Sft) | 221.70 |
| Closing Stock | 83,252 (Sft) | 166.50 | 83,252 (Sft) | 166.50 |

C. Raw Materials Consumption

| | | | | |
|--------------------------------|---------------------|---------------|---------------------|---------------|
| Technicals | 1,37,823.00 | 566.36 | 2,26,200.00 | 642.39 |
| Solvents, Emulsifiers & Others | 15,20,225.00 | 93.00 | 17,54,135.00 | 116.62 |
| TOTAL : | 16,58,048.00 | 659.36 | 19,80,335.00 | 759.01 |

D.I) Value of Imports on CIF Basis (As Certified by the Management)

| | | | | |
|---|--------|--------|--------|--------|
| 1) Raw materials | 60,000 | 299.80 | 39,975 | 160.67 |
| 2) Expenditure incurred in foreign currency | NIL | NIL | NIL | NIL |

II) Raw Materials Consumption (Percentage)

| | Year ended 31-03-2009 | | | Year ended 31-03-2008 | | |
|---------------|-----------------------|-------------------|---------------------|-----------------------|-------------------|---------------------|
| | Qty. (Kgs.) | Rs. (in lakhs) | % of Consumption | Qty. (Kgs.) | Rs. (in lakhs) | % of Consumption |
| 1) Imported | 47,187.00 | 224.95 | 2.85 | 40,680.00 | 164.44 | 2.05 |
| 2) Indigenous | 16,10,861.00 | 434.41 | 97.15 | 19,39,655.00 | 594.57 | 97.95 |
| | 16,58,048.00 | 659.36 | 100.00 | 19,80,335.00 | 759.01 | 100.00 |

III) Earnings in foreign exchange:

| | In USD | Rs. in Lakhs |
|---------------------------------|--------|--------------|
| a) Export of goods on FOB Value | Nil | Nil |

16. Previous Year figures have been regrouped / rearranged / reclassified wherever necessary.

Per our Report of even date annexed

**For T. ADINARAYANA & CO.,
CHARTERED ACCOUNTANTS**

For and on behalf of the Board of Directors

**Y.P.RAO
PARTNER**

**C.N.CHARY
DIRECTOR**

**Y.NAYUDAMMA
MANAGING DIRECTOR**

PLACE : Hyderabad
Date : 29th June, 2009

PHYTO CHEM - ANNUAL REPORT - 2008 - 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

| | | | |
|---|----------------------|----------------------------|------------|
| I Registrartion Details | | State code | |
| Registration No. | 01-09500/88-89 | | |
| Balance Sheet date | 31 | 03 | 2009 |
| | Date | Month | Year |
| II Capital raised during the year (Rs. in thousands) | | | |
| Public Issue | - Nil | Right Issue | - Nil |
| Bonus Issue | - Nil | Private Placement | - Nil |
| III Position of Mobilisation and Deployment of Funds (Rs.in thousands) | | | |
| Total Liabilities | - 1,23,052 | Total Assets | - 1,23,052 |
| SOURCES OF FUNDS: | | | |
| Paid-up Capital | - 43,002 | Reserves & Surplus | - 12,112 |
| Secured Loans | - 43,895 | Unsecured Loans | - 18,911 |
| Deferred Tax | - 5,132 | | |
| APPLICATION OF FUNDS: | | | |
| Net Fixed Assets | - 20,783 | Investments | - 837 |
| Net Current Assets | - 1,01,432 | Misc. Expenditure | - --- |
| IV Performance of Company (Rs.in thousands) | | | |
| Turnover | - 1,28,184 | Total Expenditure | - 1,26,329 |
| (Including other income and increase/decrease in stock.) | | | |
| Profit before Tax | - 1,854 | Profit after Tax | - 883 |
| | | & Prior Period Adjustments | |
| Earning per share in Rs.10/- | - 0.21 | Divident Rate | - Nil |
| V Generic Names of three principal | | | |
| Products of the Company. | | | |
| Product Description | Item Code (ITC Code) | | |
| Pesticides Formulations | 38081090 | | |

For and on behalf of the Board of Directors

PLACE : Hyderabad
DATE : 29th June, 2009

C.N.CHARY
DIRECTOR

Y. NAYUDAMMA
MANAGING DIRECTOR



PHYTO CHEM (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR 2008-2009

| A. CASH FLOW FROM OPERATING ACTIVITIES: | 2008-2009 (Rs. In Lacs) | 2007-2008 (Rs. In Lacs) |
|---|----------------------------|----------------------------|
| Net Profit before Tax and Extraordinary item | 18.54 | 11.63 |
| Adjustment for: | | |
| Depreciation | 20.90 | 18.87 |
| Interest Paid | 68.78 | 74.98 |
| Less Other Income | -3.81 | -8.63 |
| Operating Profit before working capital changes | 104.41 | 96.85 |
| Adjustment for: | | |
| Trade and other receivables | 250.17 | -207.77 |
| Inventories | -70.13 | 75.34 |
| Trade Payables | -8.19 | -31.07 |
| Cash generated from operations | 276.26 | -66.65 |
| Interest Paid | -68.78 | -74.98 |
| Direct Taxes paid & provided | -9.14 | -6.47 |
| Cash flow before extra-ordinary items | 198.34 | -148.10 |
| Extra-ordinary items (Previous year adjustments) | -0.57 | -0.35 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | <u>197.77</u> | <u>-148.45</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets / Sale of Fixed Assets | -25.30 | -9.36 |
| Purchase of Investments | --- | -0.02 |
| Loss of Fixed Assets | --- | 0.00 |
| Add: Other Income | 3.81 | 8.63 |
| NET CASH USED IN INVESTING ACTIVITIES | <u>-21.49</u> | <u>-0.75</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Proceeds from issue of share capital (State Subsidy) | --- | --- |
| Proceeds from short term borrowings | -45.75 | 52.03 |
| Proceeds from long term borrowings | -134.20 | 89.65 |
| NET CASH USED IN FINANCING ACTIVITIES | <u>-179.95</u> | <u>141.68</u> |
| Net increase in cash and cash equivalents (A+B+C) | -3.67 | -7.52 |
| Cash and Cash equivalents (Opening Balance) | 6.48 | 14.00 |
| Cash and Cash equivalents (Closing Balance) | <u>2.81</u> | <u>6.48</u> |

For and on behalf of the Board of Directors

PLACE : Hyderabad
DATE : 29th June, 2009

C.N. CHARY
DIRECTOR

Y. NAYUDAMMA
MANAGING DIRECTOR

Notes : 1) The Cash Flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow statements", issued by the Institute of Chartered Accountants of India.

2) Previous figures have been regrouped / rearranged/reclassified wherever necessary.

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement of M/s. Phyto Chem (India) Ltd., derived from the Audited Annual Financial Statements for the year ended 31st March, 2009, and found the same drawn in accordance with and also with the requirements of Clause 32 of the Listing Agreement with Bombay Stock Exchange.

For T. ADINARAYANA & CO.,
Chartered Accountants

Place : Hyderabad
Date : 29th June, 2009

Y.P.RAO
Partner

PHYTO CHEM - ANNUAL REPORT - 2008 - 2009



PHYTO CHEM (INDIA) LTD.

Sy.No.628, Temple Street, Bonthapally-502 313,
Jinnaram Mandal, Medak Dist., Andhra Pradesh.

ATTENDANCE SLIP

THE COMPANY DOES NOT HAVE THE PRACTICE OF PROVIDING GIFTS TO MEMBERS AT THE ANNUAL GENERAL MEETING.

Particulars to be completed by Member/Proxy

Name of the Member.....

Member's Regd., Folio

No. of Shares held

Name of Proxy, if attending on behalf of a member.....

I hereby record my presence at the Twentieth Annual General Meeting to be held at the Registered Office of M/s **Phyto Chem (India) Ltd.**, Sy.No.628, Temple Street, Bonthapally-502 313, Jinnaram Mandal, Medak District. Andhra Pradesh on Friday, the 18th day of September, 2009 at 11.30 a.m.

Signature of Member/Proxy.



PHYTO CHEM (INDIA) LTD.

Sy.No.628, Temple Street, Bonthapally-502 313,
Jinnaram Mandal, Medak Dist., Andhra Pradesh.

PROXY FORM

I/We.....being member of M/s **PHYTO CHEM (INDIA) LTD**, bearing Folio No.....hereby appoint.....of.....or failing him/her.....of.....as my/our proxy to attend and vote for me/us and on my/our behalf as indicated below at the Twentieth Annual General Meeting of the Company, to be held on Friday, the 18th day September, 2009 at 11.30 a.m. at Registered Office of the Company at Sy.No.628, Temple Street, Bonthapally - 502313, Jinnaram Mandal, Medak District, Andhra Pradesh and at any adjournment thereof. Signed this.....day of.....2009.

Affix
Re. 1/-
Revenue
Stamp

Signature.....

Note: A member entitled to attend and vote is entitled to appoint a proxy. Proxy need not be a member. Proxies to be valid should be lodged with the Company atleast 48 hours before the commencement of the meeting.

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PHYTO CHEM (INDIA) LIMITED

Survey No. 628, Temple Street, Bonthapally-502 313,
Jinnaram Mandal, Medak Dist, Andhra Pradesh.

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