



# Twenty Second Annual Report 2010-2011



**PHYTO CHEM (INDIA) LIMITED**



## PHYTO CHEM (INDIA) LIMITED

### **BOARD OF DIRECTORS**

Dr.P.Sreemannarayana	-	Chairman
Mr.Y.Nayudamma	-	Managing Director
Dr.Y.Venkateswarlu	-	Director
Mr.P.Anjaneyulu	-	Director
Mr.C.N.Chary	-	Director
Mr.T.A.Choudary	-	Director
Mr.N.Sudhakar	-	Director
Mr.M.Balaramakrishnaiah	-	Director

### **AUDITORS**

**M/s. T. Adinarayana & Co.,**  
Chartered Accountants  
806, Raghava Ratna Towers,  
Chirag Ali Lane,  
**HYDERABAD - 500 001.**

### **BANKERS**

**M/s. The Federal Bank Limited.**  
Orient Estate, Abids,  
**HYDERABAD - 500 001.**

### **COMMON SHARE TRANSFER AGENTS** **(Physical & Electronic)**

**M/s. Bigshare Services Pvt. Limited.**  
G-10, Left Wing, Amrutha Ville,  
Opp. Yashoda Hospital,  
Somajiguda, Raj Bhavan Road,  
**Hyderabad - 500 082.**  
Phone No.:040-23374967.

### **CORPORATE OFFICE**

No.8-3-319/8/11, Sai Saradhi Nagar,  
Behind Saradhi Studios, Yellareddyguda,  
**HYDERABAD - 500 073.**  
Phone No. : 040-23756684, 23756685.

### **REGISTERED OFFICE & FACTORY**

Survey No.628, Temple Street,  
**BONTHAPALLY - 502 313,**  
Jinnaram Mandal, Medak District,  
Andhra Pradesh.

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of M/s Phyto Chem (India) Limited will be held on Monday, the 26th day of September, 2011 at 11.30 A.M. at the Registered Office of the Company at Survey No.628, Temple Street, Bonthapally-502 313, Jinnaram Mandal, Medak District, Andhra Pradesh to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011, Profit and Loss Account and Cash Flow Statement for the year ending on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.Sudhakar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr.Y. Venkateswarlu, who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

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

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following Resolution with or without modifications as an Ordinary Resolution:

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

**For and on behalf of the Board**

Place: Hyderabad,  
Date : 29th July 2011.

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



## PHYTO CHEM (INDIA) LIMITED

### NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting . A proxy form is enclosed.
2. The Register of Members and the Register of Share Transfers will remain closed\ from 24th September, 2011 to 26th September,2011 (both days inclusive).
3. Members desirous of seeking any information on the accounts are requested to write to the Company at least a week in advance to facilitate compilation of the information.
4. All documents referred to in the above notice are open for inspection at the Registered Office of the Company during office hours.

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

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

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

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

Dr.Yadiapalli Venkateswarlu, aged about 65 years, is a graduate in Medicine (M.B.B.S). He is presently practicing Medicine in Sultanate of Oman and he is the promoter Director of the Company. He holds 95,000 Equity Shares in the Company.

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

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

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

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

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

**For and on behalf of the Board**

Place: Hyderabad,  
Date : 29th July 2011.

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

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### DIRECTOR'S REPORT

Dear Shareholders,

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

#### 1. FINANCIAL RESULTS :

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

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

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

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

During the year 2010-11, the turnover increased by 94.15% as compared to the turnover of 2009-10. The ratio of Manufacturing Expenses to the sales during the year 2010-2011 is 77.15.% as against 80.03% during 2009-2010. The ratio of Administrative, Selling and other expenses to the total expenditure is 22..48% during the year 2010-2011 as against 17.33% during 2009-2010. As on date, the Company's deployment of funds in Real estate is Rs. 109.02 lacs. However during the year, the Company has effected the sale of House plots to the extent of Rs. 86.14 lacs.

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

#### 3. FIXED DEPOSITS:

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

#### 4. AUDITORS :

M/s T. Adinarayana & Co., Chartered Accountants, Hyderabad, the Auditors of the Company retire at the conclusion of this Annual General Meeting and are recommended for reappointment. They have signified their willingness to accept the reappointment and have confirmed their eligibility under Section 224 (1B) of the Companies Act,1956.

#### 5. DIRECTORS:

Mr.N.Sudhakar and Dr.Y.Venkateswarlu Directors retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment. The approval of shareholders is being sought now as per the provisions of the Companies Act, 1956.

#### 6. DIRECTOR'S RESPONSIBILITY STATEMENT:

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



## PHYTO CHEM (INDIA) LIMITED

(I) That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures:

(II) That the Directors have selected such accounting policies and applied them consistently made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review:

(III) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

(IV) That the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

### **7. RISK MANAGEMENT:**

In line with Corporate Governance practices, during the current year an exclusive exercise is under way to bring in a model regulating risk management mechanism given the size and nature of Company's business.

### **8. INSURANCE:**

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

### **9. CORPORATE GOVERNANCE:**

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

### **10. SECRETARIAL COMPLIANCE IN TERMS OF SEC 383A OF COMPANIES ACT:**

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

### **11. PERSONNEL:**

None of the Employees is covered under Sec.217 (2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

### **12. PARTICULARS REGARDING ENERGY CONSUMPTION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUT GO:**

As required by Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the relevant data pertaining to consumption of Energy, Technology Absorption, Foreign Exchange earnings and outgo are given in the Annexure to this report.

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

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

### **14. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation for the esteemed support and co-operation received from M/s The Federal Bank Limited, Abids branch, Hyderabad. Your Directors also acknowledge the support and encouragement received from both Central and State Governments and also thank the Dealers, Distributors and Institutional Customers for their patronisation, support, feed back and encouragement. The Board also records its warm appreciation for the committed and dedicated services rendered by the employees and workers of the Company. The Board also thank the shareholders for their unstinted support and confidence reposed in us.

**For and on Behalf of the Board**

**N.Sudhakar**  
Director

**Y.Nayudamma**  
Managing Director

Place : Hyderabad,  
Date : 29th July, 2011

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## ANNEXURE TO DIRECTOR'S REPORT FORM A

The following are the particulars of the Company, as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

Form for Disclosure of Particulars with respect to Conservation of Energy.

### A) POWER AND FUEL CONSUMPTION:

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

### B) CONSUMPTION PER UNIT OF PRODUCTION:

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

### C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company has adopted Indigenous Technology for manufacture of pesticides formulations and no imported technology is involved.

### D) RESEARCH AND DEVELOPMENT (R&D):

The Company has an Inhouse R&D division for improving the quality, productivity and for developing the new viable products.

### E) FOREIGN EXCHANGE EARNINGS AND OUT GO

- a) **i) Activities relating to exports:-**  
Various types of Pesticides Formulations.
- ii) Initiative taken to increase exports:-**  
Maintain high quality standards and timely deliveries.
- iii) Development of new export markets for products and services :-**  
Efforts are being made to develop new export markets.
- iv) Export Plans :-**  
Proposes to have active plans for export
- b) **i) Total Foreign Exchange out flow :**  
Equivalent to Rs.287.77 lacs (USD 6,32,912.00) towards Raw materials.
- ii) Total Foreign exchange inflow:**  
Equivalent to Rs. Nil (USD Nil) towards Exports of Pesticides Formulations.

**For and on Behalf of the Board**

**N.Sudhakar**  
Director

**Y.Nayudamma**  
Managing Director

Place : Hyderabad,  
Date : 29th July, 2011



## PHYTO CHEM (INDIA) LIMITED

### SECRETARIAL COMPLIANCE CERTIFICATE

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

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

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

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

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



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



## PHYTO CHEM (INDIA) LIMITED

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

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

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

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

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### 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 (Section193)
- 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, 2011.

**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.	8	135	Creation of Charge	20-05-2010	No	Yes
2.	23AC & ACA	220 (1)	Balance sheet & Profit & Loss Account for the year ended 31st March, 2010	26-10-2010	Yes	N.A
3.	66	383A	Secretarial Compliance Certificate for the year ended 31st March, 2010	07-10-2010	Yes	N.A
4.	20B	159(1)	Annual Return for the year ended 31st March, 2010 and made upto 29th September, 2010	29-10-2010	Yes	N.A
5.	8	135	Creation of Charge	23-11-2010	No	Yes
6.	8	135	Creation of Charge	16-03-2011	No	Yes

**II. Regional Director/ Central Government & Other Authorities: Nil**

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

Date : 29-07-2011  
Place: Hyderabad

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



# 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.

Seven Board Meetings were held during period April 2010 to March 2011 on the following dates:

19th April 2010, 31st May 2010, 30th July 2010, 11th September 2010, 29th September 2010, 30th October, 2010 and 31st January, 2011.

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

\* 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. Choudary 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 4 meetings during the year 2010-2011 on 31st May 2010, 30th July 2010, 30th October, 2010 and 31st January, 2011 and the attendance at the meeting was as under :

S.No.	Name of the Member	Attendance Particulars
1.	Mr.N.Sudhakar	4
2.	Mr.C.N.Chary	4
3.	Mr.T.A.Choudary	4
4.	Mr.M.Balaramakrishnaiah	4

The Audit Committee discusses with the Statutory Auditors on the "Limited Review" of the quarterly / half-yearly / 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 :

#### (a) 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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### (b) 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.

The Remuneration Committee comprises of Mr. C.N. Chary as Chairman and Mr. T.A.Choudary, Mr.N.Sudhakar & Mr.M.Balaramakrishnaiah as its Members and considers the remuneration of Executive Directors. The Committee was not required to meet during the year.

The details of Remuneration of Directors during the period under review are as Follows:

Sl. No		Relationship with other Directors	Sitting Fees Rs.	Commission on Profits Rs.	Salary & Allowances Rs.	Perquisites Rs.	Total Rs.
1.	Dr.P.Sreemannarayana	Relative	6000.00	—	—	—	6000.00
2.	Mr.Y.Nayudamma	Relative	—	—	570000.00	—	570000.00
3.	Dr.Y.Venkateswarlu	Relative	3000.00	—	—	—	3000.00
4.	Mr.P.Anjaneyulu	Relative	2000.00	—	—	—	2000.00
5.	Mr.C.N.Chary	—	9000.00	—	—	—	9000.00
6.	Mr.T.A.Choudary	—	9000.00	—	—	—	9000.00
7.	Mr.N.Sudhakar	—	9000.00	—	—	—	9000.00
8.	Mr.M.Balarama-krishnaiah	—	9000.00	—	—	—	9000.00

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

### 3. (a) Shareholder(s) / Investor(s) Grievance & Redressal Committee:

The Shareholders / Investor's Grievance & Redressal Committee comprises of Mr. T. A. Choudary as Chairman, Mr. C.N. Chary, Mr. N. Sudhakar and Mr.Y.Nayudamma as Members. All the complaints were redressed and no complaints received during the year were pending either in the beginning or ending of the year. 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	1	1	--
2.	Non-receipt of Share Certs./Bonus Shares	--	--	--
3.	Issue of Duplicate Share Certificates	2	2	--
4.	Non-receipt of Demat Confirmations/Rejections	--	--	--
5.	Revalidation of Refund Orders	--	--	--
6.	Other Letters	11	11	--

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



## PHYTO CHEM (INDIA) LIMITED

### (b) Share Transfer Committee :

The Share Transfer Committee comprises of Mr. Y. Nayudamma as Chairman, Mr.N.Sudhakar as Member & Mr. Y.Janaki Ramaiah , CFO as Convenor and Compliance Officer.

### 4. 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) 24th September, 2008 at 11.30 A.M.
- (ii) 18th September 2009 at 11.30 A.M.
- (iii) 29th September 2010 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.

### 5. 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.13 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.

### 6. Means of Communication:

- (a) The Company publishes its quarterly, half yearly and annual results in the Business Standard , Financial Express (English) and Andhra Prabha (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](http://www.phytochemindia.com)
- (c) Email Id: [investorsrelations@phytochemindia.com](mailto:investorsrelations@phytochemindia.com)

### 7. General Shareholders Information:

#### a) Twenty Second Annual General Meeting :

Date, Time & Venue : Monday, the 26th day of September, 2011 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 2010 -11 were announced on	For 2011-12 will be announced by
First Quarter	30th July, 2010	14th August, 2011
Second Quarter/Half year	30th October, 2010	15th November, 2011
Third Quarter	31st January, 2011	14th February, 2012
Yearly - Audited Results	30th May, 2011	30th May, 2012

#### (c) Dates of Book Closure :

24th September, 2011 to 26th September, 2011 both 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

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

**(f) Market Price Data :**

The market price data High/Low during each month in the last financial year (2010-2011) at the Stock Exchange, Mumbai is as follows:-

Period	Bombay Stock Exchange		
	High	Low	Volume
April, 2010	6.59	5.00	40710
May, 2010	8.23	5.38	209127
June, 2010	10.20	7.18	256038
July, 2010	8.50	6.20	21036
August, 2010	8.90	6.40	26840
September, 2010	11.79	6.21	334817
October, 2010	10.60	7.77	35449
November, 2010	15.03	7.64	418536
December, 2010	13.25	8.43	353289
January, 2011	14.00	9.30	77725
February, 2011	11.46	9.05	158706
March, 2011	10.89	7.83	13496

**(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 31-03-2011**

Sl.No.	Shareholding Pattern	Shares	Share Holding %
1.	Promoters	1416847	32.95
2.	Indian Public	1895557	44.08
3.	NRI/OCB'S	533910	12.41
4.	Mutual Funds	8500	0.20
5.	Body Corporates	445386	10.36
Total :		4300200	100.00

**(i) Distribution of Shareholding by size as on 31-03-2011 :**

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6791	922332	92.55	21.45
501-1000	218	191189	2.97	4.45
1001-2000	106	169897	1.44	3.95
2001-3000	53	132565	0.72	3.08
3001-4000	22	77312	0.30	1.80
4001-5000	18	84124	0.25	1.96
5001-10000	61	457340	0.83	10.63
10001 and above	69	2265441	0.94	52.68
Total:	7338	4300200	100.00	100.00

As on 31st March, 2011, 37.82% 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**



## PHYTO CHEM (INDIA) LIMITED

**k) Plant Location :**

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

**l) Compliance with clause 5A of the Listing Agreement :**

There are no shares issued pursuant to public issue or any other issue which remain unclaimed.

**(m) 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, 2011

**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, 2011 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, 2011, no investors grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

**For T.Adinarayana & Co.,  
Chartered Accountants  
Firm Regn. No. 000041S**

Place : Hyderabad,  
Date : 29th July, 2011

**Y.P.Rao  
Partner  
M.No. 25266**



## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

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

### **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.

In the agriculture sector, pesticides industry has been playing important role. The size of the Company as compared to bigger Companies, the competition from other SME's, increased cost of R & D are the major concerns. There has been little improvement in Real Estate activity.

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 continue 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.
- Improved Marketing Network throws doors for wider markets.

### **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.

### **Financial Analysis:**

- The Financial Analysis of the Company have been detailed in Director's Report under para of Review of Operations.

### **FUTURE OUTLOOK :**

The Company is optimistic about the trends in the economy.

### **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.

### **HUMAN RESOURCES:**

The Company has a team of able and experienced staff and executives and the relation with the employees remained cordial throughout the year. The management training schemes strive to develop business managers of tomorrow. In house training is given to the employees to induce contribution for enhanced productivity and development programmes for all levels of employees are being given as the company considers human resources are invaluable asset.

### **CAUTIONARY STATEMENT:**

The statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates or expectations may be "forward-looking" statements within the meaning of applicable Securities, Laws and Regulations. Actual results could differ materially from those expressed or implied and the achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and global market in which the Company operates, changes in the Government For Regulation of the Board/ other statutes and other incidental factors.

Place : Hyderabad  
Date : 29th July, 2011.

Y.Nayudamma  
Managing Director



## PHYTO CHEM (INDIA) LIMITED

**T. ADINARAYANA & CO.**  
CHARTERED ACCOUNTANTS  
806, RAGHAVA RATNA TOWERS,  
CHIRAGALI 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, 2011, the Profit & Loss Account and also the Cash Flow Statement 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, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report 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, 2011, and take on the record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 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 and Accounting policies 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, 2011.
    - ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
    - iii) in the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

**for T.Adinarayana & Co.,  
Chartered Accountants  
Firm Regn. No. 000041S**

Place : Hyderabad  
Date : 30th May, 2011

**Y.P.RAO  
Partner  
M.No.25266**

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

**Annexure referred to in paragraph 3 of Auditors report of even date to the Members of M/S PHYTO CHEM (INDIA) LIMITED on the accounts for the Year ended 31st March, 2011.**

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 of stocks are compared to book record, which in our opinion were not material, have been properly dealt with in the books of account.
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) and (d) 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 continuous failure to correct 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 or 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.  
(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.
- b) There are no undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs duty and cess which are outstanding at the year end for a period more than six months from the date they became payable.
- c) 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, 2011.
10. As per the information and explanations given to us and an overall examinations 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.Adiarayana & CO.,  
Chartered Accountants  
Firm Regn. No. 000041S**

Place:Hyderabad

Date: 30th May, 2011.

**Y.P.Rao  
Partner  
M.No.25266**

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### BALANCE SHEET AS AT 31-03-2011

	Schedule No.	AS AT 31-03-2011 Rs.	AS AT 31-03-2010 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS FUNDS:</b>			
Capital	I	4,30,02,000.00	4,30,02,000.00
Reserves & Surplus	II	1,91,82,133.00	1,33,74,615.00
<b>LOAN FUNDS</b>			
Secured Loans	III	5,07,70,288.00	2,84,76,619.00
Unsecured Loans	IV	2,16,32,177.00	2,21,00,972.00
Deferred Tax Liability	V	49,22,411.00	51,31,750.00
<b>TOTAL</b>		13,95,09,009.00	11,20,85,956.00
<b><u>APPLICATION OF FUNDS</u></b>			
Rs.			
<b>FIXED ASSETS</b>			
Gross Block	VI	4,45,39,414.00	4,43,73,515.00
Less: Depreciation		2,40,93,300.00	2,24,78,063.00
Net Block		2,04,46,114.00	2,18,95,452.00
<b>INVESTMENTS</b>	VII	32,15,668.00	8,38,387.00
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
A) Inventories		4,94,12,543.00	4,65,60,276.00
B) Sundry Debtors		10,90,15,251.00	6,98,79,517.00
C) Cash & Bank Balances		2,59,845.00	3,94,968.00
D) Loans & Advances		1,24,09,766.00	76,56,763.00
		17,10,97,405.00	12,44,91,524.00
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	IX	5,52,50,178.00	3,51,39,407.00
<b>NET CURRENT ASSETS:</b>		11,58,47,227.00	8,93,52,117.00
<b>TOTAL</b>		13,95,09,009.00	11,20,85,956.00

**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  
Firm Regn. No. 000041S

**For and on behalf of the Board of Directors**

**Y.P.Rao**  
Partner, M.No. 25266

**N. Sudhakar**  
Director

**Y. Nayudamma**  
Managing Director

Place : Hyderabad,  
Date : 30th May, 2011



## PHYTO CHEM (INDIA) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule No.	YEAR ENDED 31-03-2011 Rs.	YEAR ENDED 31-03-2010 Rs.
<b>INCOME:</b>			
Gross Sales	X	33,67,10,004.00	17,33,64,476.00
Less Excise Duty		3,33,63,805.00	1,55,63,679.00
Net Sales		30,33,46,199.00	15,78,00,797.00
Other Income	XI	23,27,262.00	12,61,770.00
Increase/Decrease in Stock of Finished Goods	XII	49,42,603.00	-48,22,455.00
<b>Total</b>		<b>31,06,16,064.00</b>	<b>15,42,40,112.00</b>
<b>EXPENSES:</b>			
Manufacturing Expenses	XIII	22,64,14,767.00	12,31,79,195.00
Administrative and Selling Expenses	XIV	6,94,08,320.00	2,21,36,865.00
Financial Charges	XV	34,77,942.00	49,18,671.00
Depreciation		23,93,725.00	20,33,274.00
Loss on sale of vehicles		46,833.00	0.00
<b>Total</b>		<b>30,17,41,587.00</b>	<b>15,22,68,005.00</b>
Profit before Tax		88,74,477.00	19,72,107.00
Bad Debts Recovered		0.00	1,12,780.00
Net Profit before Tax		88,74,477.00	20,84,887.00
Provision for Income Tax		32,76,298.00	8,15,000.00
Deffered Tax Asset		(2,09,339.00)	0.00
Profit after Tax		58,07,518.00	12,69,887.00
Prior Period Adjustments	XVI	0.00	7,856.00
Profit after prior period Adjustments		58,07,518.00	12,62,031.00
<b>Net Profit</b>		<b>58,07,518.00</b>	<b>12,62,031.00</b>
Profit brought forwarded		1,33,74,615.00	1,21,12,584.00
Surplus carried to Balance Sheet		1,91,82,133.00	1,33,74,615.00
<b>EARNINGS PER EQUITY SHARE</b> (Face value of Rs. 10/- per Share)	XVII		
Basic and Diluted earning per Share		1.35	0.29
<b>Notes to Accounts</b>	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  
Firm Regn. No. 000041S

**Y.P.Rao**  
Partner, M.No. 25266

Place : Hyderabad,  
Date : 30th May, 2011

**For and on behalf of the Board of Directors**

**N.Sudhakar**  
Director

**Y. Nayudamma**  
Managing Director

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2011

<b>SCHEDULE - I</b>	<b>AS AT 31-03-2011 Rs.</b>	<b>AS AT 31-03-2010 Rs.</b>
<b>SHARE HOLDERS FUNDS</b>		
<b>SHARE CAPITAL :</b>		
<b><u>AUTHORISED CAPITAL</u></b>		
47,50,000 Equity Shares of Rs.10/- each	4,75,00,000.00	4,75,00,000.00
	<u>4,75,00,000.00</u>	<u>4,75,00,000.00</u>
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</u></b>		
43,00,200 Equity Shares of Rs.10/- fully paid up	4,30,02,000.00	4,30,02,000.00
	<u>4,30,02,000.00</u>	<u>4,30,02,000.00</u>
<b><u>SCHEDULE - II</u></b>		
<b>RESERVES &amp; SURPLUS</b>		
Surplus : Balance in Profit & Loss A/c as per last Balance Sheet	1,33,74,615.00	1,21,12,584.00
Add : Profit for the year	<u>58,07,518.00</u>	<u>12,62,031.00</u>
	<u>1,91,82,133.00</u>	<u>1,33,74,615.00</u>
<b><u>SCHEDULE - III</u></b>		
<b>SECURED LOANS</b>		
<b>A) Loans &amp; Advances from Banks :</b>		
OD/CC-114 The Federal Bank Ltd., (Secured by Hypothication of Stock in Trade & Book Debts and further guaranteed by Managing Director in his personal capacity)	4,98,82,231.00	2,71,14,147.00
<b>B) Vehicle Loans from Banks :</b>		
(Secured by Hypothication of Vehicles)	8,88,057.00	13,62,472.00
	<u>5,07,70,288.00</u>	<u>2,84,76,619.00</u>
<b><u>SCHEDULE - IV</u></b>		
<b>UNSECURED LOANS</b>		
Commercial Tax Dept., A.P.	2,16,32,177.00	2,21,00,972.00
	<u>2,16,32,177.00</u>	<u>2,21,00,972.00</u>
<b><u>SCHEDULE - V</u></b>		
<b>DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability (Refer Note No. 14 of XVIII)	49,22,411.00	51,31,750.00
	<u>49,22,411.00</u>	<u>51,31,750.00</u>



# PHYTO CHEM (INDIA) LIMITED

## SCHEDULE - VI FIXED ASSETS

SL NO.	Assets	Gross Block		Depreciation			Net Block			
		As on 01-04-2010 (Rs.)	Additions (Rs.)	Deductions (Rs.)	As on 31-03-2011 (Rs.)	As on 01-04-2010 (Rs.)	For the Period (Rs.)	Adjustments (Rs.)	As on 31-03-2011 (Rs.)	As on 31-03-2010 (Rs.)
1.	Land	730705.00	0.00	0.00	730705.00	0.00	0.00	0.00	730705.00	730705.00
2.	Buildings	9721683.00	49890.00	0.00	9771573.00	4137803.00	325492.00	0.00	4463295.00	5308278.00
	Plant & Machinery	24058920.00	420451.00	0.00	24479371.00	13658040.00	1153123.00	0.00	14811163.00	10400880.00
4.	Furniture - I	333815.00	0.00	0.00	333815.00	333815.00	0.00	0.00	333815.00	0.00
5.	Furniture - II	21224.00	0.00	0.00	21224.00	1112.00	1343.00	0.00	2455.00	18769.00
6.	Vehicles	5572808.00	376008.00	1185321.00	4763495.00	1868592.00	550947.00	778488.00	1641051.00	3704215.00
7.	Office equipment	1097408.00	77846.00	0.00	1175254.00	849513.00	185401.00	0.00	1034914.00	247895.00
8.	Generator	870650.00	0.00	0.00	870650.00	585486.00	41356.00	0.00	626842.00	285164.00
9.	Electrical equipment	874063.00	0.00	0.00	874063.00	770055.00	61796.00	0.00	831851.00	104008.00
10.	Lab equipment	938344.00	3040.00	0.00	941384.00	271796.00	44593.00	0.00	316389.00	666549.00
11.	Computers	153895.00	423985.00	0.00	577880.00	1861.00	29674.00	0.00	31525.00	546355.00
	Total	44373515.00	1351220.00	1185321.00	44539414.00	22478063.00	2393725.00	778488.00	24093300.00	20446114.00

## SCHEDULE - VII

### INVESTMENTS:

#### A) In Govt. Securities (Quoted) Long Term

National Saving Certificates

#### B) Quoted & Non Trade Investments: (Equity Shares) (at cost)

34	HDFC Bank	65,400.00	65,400.00
500	Kale Consultants Ltd.	15,045.00	15,045.00
500	Hindustan Lever Ltd.	49,840.00	49,840.00
48	Silver Line Animation Tech &	85,440.00	85,440.00
120	Silver Line Technologies	3,33,358.80	3,33,359.00
3700	Anjani Portland	42,540.00	42,540.00
1000	Abhishek Industries	37,291.20	37,291.00
1000	Alok Industries	70,700.00	70,700.00
5000	Computech International	65,942.00	65,942.00
1000	Ginni Filaments	22,830.00	22,830.00
70000	Bheema Cements Ltd of Rs.10/- each	23,77,281.00	23,77,281.00
	Aggregate Book Value of Quoted Investments	31,00,268.00	31,00,268.00
	(Aggregate Market Value of Quoted Investments Rs. 24,13,115.00 (Previous year Rs. 4,14,818.00))		

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

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

50,000.00	50,000.00
32,15,668.00	8,38,387.00



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<b>SCHEDULE - VIII</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>AS AT</b>	<b>AS AT</b>
	<b>31-03-2011</b>	<b>31-03-2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>A) Inventories</b>		
(As taken, valued & certified by the Management)		
Raw materials	95,36,637.00	1,72,31,187.00
Finished goods	1,73,51,107.00	88,00,104.00
Packing Materials	1,16,22,799.00	60,18,585.00
House Plots	1,09,02,000.00	1,45,10,400.00
	<u>4,94,12,543.00</u>	<u>4,65,60,276.00</u>
<b>B) Sundry Debtors</b>		
Unsecured, Considered goods	10,90,15,251.00	6,98,79,517.00
	<u>10,90,15,251.00</u>	<u>6,98,79,517.00</u>
<b>C) Cash &amp; Bank Balances</b>		
Cash in Hand	1,69,983.00	2,40,874.00
Balances with Scheduled Banks :		
In Current Accounts	89,862.00	1,54,094.00
	<u>2,59,845.00</u>	<u>3,94,968.00</u>
<b>D) Loans &amp; Advances</b>		
(Unsecured, considered goods		
Advances recoverable in cash or		
in kind for the value to be received)		
1. Advance for Raw Materials	31,58,511.00	22,06,627.00
2. Other Advances	41,40,075.00	9,82,365.00
3. Deposits with Govt.Depts & with others	10,72,494.00	5,22,494.00
4. Prepaid Expenses	2,50,706.00	1,55,942.00
5. M/s. Central Warehousing Corporation	0.00	1,60,714.00
6. Cenvat, EC & SHEC Cr. receivable on Cenvat	27,403.00	5,96,199.00
7. PLA, EC & SHEC on PLA	0.00	2,817.00
8. Service Tax, EC & SHEC Credit on Services	1,94,728.00	77,854.00
9. Sales Tax Appeal - 2003-04	6,33,046.00	2,33,046.00
10. Sales Tax Appeal - 2004-05	18,705.00	18,705.00
11. Income Tax Appeal - F.y. 2005 - 06	29,14,098.00	27,00,000.00
	<u>1,24,09,766.00</u>	<u>76,56,763.00</u>
<b>SCHEDULE - IX</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities:</b>		
1. Creditors for Raw Materials	2,79,54,363.00	3,05,58,106.00
2. Advances from Customers	85,95,941.00	12,68,785.00
3. Outstanding Liabilities	0.00	14,54,351.00
4. E.D, EC & SHEC on finished goods payable	0.00	1,65,001.00
5. Security Deposits	30,000.00	30,000.00
6. Other Current Liabilities	1,53,93,576.00	9,86,167.00
	<u>5,19,73,880.00</u>	<u>3,44,62,410.00</u>
<b>(B) Provisions:</b>		
Income Tax	32,76,298.00	6,76,997.00
	<u>32,76,298.00</u>	<u>6,76,997.00</u>
	<u>5,52,50,178.00</u>	<u>3,51,39,407.00</u>



## PHYTO CHEM (INDIA) LIMITED

<b>SCHEDULE - X</b>	<b>FOR THE YEAR ENDED</b>	<b>FOR THE YEAR ENDED</b>
	<b>31st March, 2011</b>	<b>31st March, 2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SALES</b>		
Pesticides Formulations	32,80,96,004.00	16,86,84,476.00
Real Estate - House Plots	86,14,000.00	46,80,000.00
	<u>33,67,10,004.00</u>	<u>17,33,64,476.00</u>
<b>SCHEDULE - XI</b>		
<b>OTHER INCOME:</b>		
Interest	0.00	6,70,148.00
Discounts	14,82,004.00	2,77,022.00
Dividends	10,385.00	10640.00
Exchange Fluctuations	8,34,873.00	3,03,960.00
	<u>23,27,262.00</u>	<u>12,61,770.00</u>
<b>SCHEDULE - XII</b>		
<b>INCREASE / DECREASE IN STOCK OF FINISHED GOODS / HOUSEPLOTS</b>		
Closing Stock	2,82,53,107.00	2,33,10,504.00
Less: Opening Stock	2,33,10,504.00	2,81,32,959.00
	<u>49,42,603.00</u>	<u>-48,22,455.00</u>
<b>SCHEDULE - XIII</b>		
<b>MANUFACTURING EXPENSES:</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	1,72,31,187.00	1,93,72,698.00
Add: Purchases	19,48,51,498.00	10,58,42,882.00
	21,20,82,685.00	12,52,15,580.00
Less: Closing Stock	95,36,637.00	1,72,31,187.00
	<u>20,25,46,048.00</u>	<u>10,79,84,393.00</u>
<b>Packing Materials Consumed</b>		
Opening Stock	60,18,584.00	50,89,226.00
Add: Purchases	2,07,08,226.00	93,52,803.00
	2,67,26,810.00	1,44,42,029.00
Less: Closing Stock	1,16,22,799.00	60,18,585.00
	<u>1,51,04,011.00</u>	<u>84,23,444.00</u>
	21,76,50,059.00	11,64,07,837.00
Diesel for Generator	5,28,948.00	5,88,320.00
Customs Duty	24,89,363.00	10,36,214.00
Factory Repairs & Maintenance	6,81,934.00	7,87,914.00
First Aid & Medical Expenses	29,464.00	5,924.00
Freight Charges Inward	16,16,467.00	22,35,480.00
Insurance	1,53,089.00	1,44,836.00
Import Clearing Charges	2,30,945.00	1,11,261.00
Lab Consumables	61,558.00	50,327.00
Power	4,23,707.00	3,48,200.00
Safety Devices	82,210.00	50,298.00
Factory Salaries	17,04,216.00	11,07,942.00
Wages	4,73,764.00	2,43,508.00
E.D, EC & SHEC on difference in Opening & Closing of Finished Goods	2,89,043.00	61,134.00
	<u>22,64,14,767.00</u>	<u>12,31,79,195.00</u>

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<b>SCHEDULE - XIV</b>	<b>FOR THE YEAR ENDED</b>	<b>FOR THE YEAR ENDED</b>
	<b>31st March, 2011</b>	<b>31st March, 2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement	1,52,702.00	60,578.00
A G M Expenses	1,14,442.00	1,06,562.00
Annual Maintenance Contracts	60,300.00	60,660.00
Audit fee	85,000.00	80,000.00
Books & Periodicals	220.00	740.00
Director's Remuneration	5,70,000.00	4,00,000.00
Director's Sitting Fee	47,000.00	41,000.00
Donations	6732.00	29,532.00
Electricity Charges	57,231.00	45,034.00
Insurance	1,08,158.00	95,619.00
Legal & Professional Charges	2,61,946.00	1,46,960.00
Licences & fees	1,84,695.00	1,52,138.00
Office expenses	3,54,487.00	1,21,064.00
Petrol & Diesel	4,67,345.00	3,08,066.00
Postage & Courier charges	52,433.00	27,758.00
Printing & Stationery	11,46,339.00	2,93,070.00
Rent	4,66,316.00	3,03,789.00
Salaries	47,26,125.00	35,21,013.00
Share Transfer Charges	36,000.00	27,831.00
Professional Tax	5,000.00	5,000.00
Telephone charges	2,13,982.00	1,91,055.00
Travelling & Conveyance	20,52,854.00	10,18,890.00
Vehicle maintenance	3,39,841.00	3,00,865.00
ESI Contribution	2,05,202.00	1,47,119.00
Earn Leaves	15,384.00	2,150.00
Gratuity	13,225.00	70,444.00
Bonus	3,50,091.00	2,70,158.00
Provident Fund	5,84,973.00	4,45,778.00
Staff Welfare Expenses	6,59,461.00	5,36,559.00
Business Promotional expenses	17,45,234.00	5,36,783.00
Scheme Expenditure	66,50,000.00	0.00
Rates & Taxes	58,609.00	0.00
Discount	1,53,48,141.00	35,14,501.00
Freight Outward	3204518.00	10,98,642.00
Director's Travelling & Conveyance	2,60,971.00	2,21,674.00
Service Tax EC & SHEC	36,408.00	26,633.00
Bad Debts	1,51,64,010.00	20,40,180.00
VAT	1,20,32,493.00	50,13,353.00
C.S.T.	15,70,452.00	8,75,667.00
	<u>6,94,08,320.00</u>	<u>2,21,36,865.00</u>
<b>SCHEDULE - XV</b>		
<b>FINANCIAL CHARGES</b>		
Bank charges	4,39,616.00	3,27,376.00
Interest	30,38,326.00	45,91,295.00
	<u>34,77,942.00</u>	<u>49,18,671.00</u>
<b>SCHEDULE - XVI</b>		
<b>PRIOR PERIOD ADJUSTMENTS</b>		
Pertaining to previous year	0.00	7,856.00
	<u>0.00</u>	<u>7,856.00</u>



## PHYTO CHEM (INDIA) LIMITED

<b>SCHEDULE - XVII</b>	<b>FOR THE YEAR</b>	<b>FOR THE YEAR</b>
<b>EARNINGS PER EQUITY SHARE</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>31st March, 2011</b>	<b>31st March, 2010</b>
	<b>Rs.</b>	<b>Rs.</b>
Annualised earning for Equity Shares have been calculated based on the net Profit after tax and prior period adjustments of Rs.58.08 lakhs (Previous year Rs.12.62 lacs) and number of Equity Shares in issue during the year of 43,00,200 (Previous year 43,00,200)		
<b>Basic and diluted earning per share</b>	1.35	0.29
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 unless otherwise stated.
- 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 and lying in the Factory 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.
- 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.

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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 service.

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. Necessary disclosures as required under AS15 are furnished in Notes to Accounts.

m) The Company has taken into consideration the Provisions AS28- Impairment of assets. The Company assesses at the each Balance sheet date whether there is any indication that an asset may be impaired. If any such indication is there, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. If recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount

2. Contingent Liabilities:

(i) Import Letter of credit of USD: Nil equivalent to Rs. Nil Lacs

( Previous Year - USD Nil equivalent to Rs. Nil Lacs)

(ii) Inland Letter of credit of Rs. NIL (Previous year - Rs. Nil Lacs)

(iii)Unexpired Bank Guarantees Rs. NIL (Previous Years - Nil Lacs)

	FOR THE YEAR ENDED 31st March, 2011 Rs.	FOR THE YEAR ENDED 31st March, 2010 Rs.
3. Remuneration of Managing Director:		
Managing Director	5,70,000	4,00,000
	5,70,000	4,00,000
4. Auditors Remuneration:		
Audit Fee(Statutory & Internal)	75,000	75,000
Tax Audit fee	5,000	5,000
Service Tax	8,240	8,240
	88,240	88,240

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>Particulars</u>	<u>Amount in Rs.</u>
Principal amount due as on 31.3.2011	36,98,238.00
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 : The above said outstanding amount to MS&ME are for due for less than 45 days as on 31-03-2011.



## PHYTO CHEM (INDIA) LIMITED

9. The Company has earned a profit of Rs.8,34,873.00 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.

### 11. Disclosure pursuant to Accounting Standards 15(Revised 2005)

Employee Benefits:

A. Defined Contribution Plan:

Contribution to defined contribution plan recognized as expenditure in profit and loss account is as under: The provident fund contributions are remitted to Regional Provident Fund Commissioner, Hyderabad.

B. Defined Benefit Plan:

The company has Employees Group Gratuity Fund through a policy with LIC and contributes to the fund through annual premium determined based on actuarial valuation using projected unit credit method as 31.03.2011. The company has funded current service cost obligation and contribution made are recognized as expenses. The disclosure in respect of funded defined benefit obligation as by Accounting Standard 15 is given below:

1. Table showing changes in present value of obligation as on 31.03.2011:	
Present value of obligation as at beginning of the year	405547.00
Interest cost	32444.00
Current service cost	76211.00
Benefits paid	(276.00)
Actuarial (gain)/ loss on obligations	35633.00
Present value of obligations as at end of year	549559.00
2. Table showing changes in fair value of plan asset as on 31.03.2011:	
Fair value of plan asset as at beginning of the year	573634.00
Expected return on plan asset	51609.00
Contributions	0.00
Benefits paid	(276.00)
Actuarial (gain)/ loss on plan asset	NIL
Fair value of plan asset as at end of year	624967.00
3. Table showing in fair value of plan asset	
Fair value of plan asset as at beginning of the year	573634.00
Actual return on plan asset	51609.00
Contributions	0.00
Benefits paid	(276.00)
Fair value of plan asset as at end of year	624967.00
Funded status	75408.00
Excess of actual over estimated return on plan asset	NIL
(Actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> march 2011)	
4. Actuarial gain/loss recognized as on 31.03.2011	
Actuarial gain/loss on obligations	(35633.00)
Actuarial gain/loss for the year- plan asset	NIL
Total gain/loss for the year	35633.00
Actuarial gain/loss recognized in the year	35633.00
5. a) Financial Assumptions	
Discount rate	8.00%
Salary Escalation	4.00%
b) Demographic Assumption	
Retirement age of the employees of the Company are assumed at 58 years.	

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### 12. Segment Reporting as per Accounting Standard 17:-

#### A. Geographical Segment Reporting:-

Particulars	For the year 2010-2011 (Rs. in Lacs)			For the year 2009-2010 (Rs. in Lacs)		
	A.P.	Others	Total	A.P.	Others	Total
Sales	2716.85	650.25	3367.10	1733.64	-	1733.64
Segment Expenses	2080.34	468.02	2548.36	298.00	-	298.00
Segment Revenue	636.51	182.23	818.74	94.02	-	94.02
Unallocated Corporate Expenses	-	-	718.48	203.98	-	203.98
			100.26	147.69	-	147.69
Interest expenses	-	-	34.78	56.29	-	56.29
Operating profit	-	-	65.48	49.18	-	49.18
Add : Other Income	-	-	23.27	7.11	-	7.11
	-	-	88.75	13.74	-	13.74
Less : Income Tax	-	-	30.67	20.85	-	20.85
Profit from ordinary	-	-	58.08	8.15	-	8.15
Extra ordinary Activity	-	-	-	12.70	-	12.70
(Prior Period adjustments)	-	-	-	0.08	-	0.08
profit after tax	-	-	58.08	12.62	-	12.62
Segment Assets	1690.62	125.00	1815.62	1380.53	-	1380.53
Unallocated Corporate Assets	-	-	139.17	-	-	91.73
Total			1947.59	1380.53		1472.26
Segment Liabilities	360.00	5.50	365.50	319.93		319.93
Unallocated Corporate Liabilities	-	-	1582.09	-	-	1152.33
Total			1947.59			1472.26

#### 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 asunder.

#### Information about Product Segment

(Rs. in Lacs.)

S.No.	Particulars	2010-2011			2009-2010		
		Pesticides	Real Estate	Total	Pesticides	Real Estate	Total
1.	Sales	3280.96	86.14	3367.10	1686.84	46.80	1733.64
2.	Other Income	23.27	--	23.27	13.74	--	13.74
3.	Increase / Decrease in stock	85.51	-36.08	49.43	-26.82	-21.40	-48.22
4.	Segment Revenue (1+2+3)	3389.74	50.06	3439.80	1673.77	25.40	1699.17
5.	Segment Expenses	3349.05	2.00	3351.05	1678.32	--	1678.32
6.	Segment Results						
	Net Profit before Tax (4-5)	40.69	48.06	88.75	-4.56	25.40	20.85
7.	Income Tax Provision	--	--	30.67			8.15
8.	Profit before ordinary activities (6-7)	--	--	58.08			12.70
9.	Extraordinary items (Prior Period adjustments)			0			0.08
10.	Net Profit (8-9)			58.08			12.62



## PHYTO CHEM (INDIA) LIMITED

13. **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 :

<u>Name of the Related Party</u>	<u>Nature of Relationship</u>
1. M/S. Rasasri Developers (Private) Ltd., Bangalore.	Associate Company
2. M/S. Rasasri Infrastructures (Private) Ltd., Hyderabad.	Associate Company

B) Key Management Personnel :

<u>Name of the Related Party</u>	<u>Nature of Relationship</u>
Mr.Y.Nayudamma	Managing Director
Mr.P.Anjaneyulu	Director

C) Transactions with Associate Company :

	31-3-2011	31-3-2010
1) Advance for capital works	23,00,000.00	--
Rasasri Infrastructures Pvt. Ltd		

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

1) Mr. Y. Nayudamma - Remuneration	5,70,000.00	4,00,000.00
2) Mr. P. Anjaneyulu - Sitting Fee	2,000.00	1,000.00

14. The Company follows Accounting Standard (AS22) "Accounting for Taxes on Income" as notified by Companies Accounting Standard Rules 2006. The Company has deferred tax asset with difference in depreciation in block of fixed assets as per tax books and financial books. The calculations of defferd tax liability is as under.

	2010-11 (In Rs.)	2009-10 (In Rs.)
Deffered Tax Liability (opening balance)	51,31,750.00	51,31,750.00
Less: Deffered Tax Asset for the year:		
Difference of depreciation as per Companies Act and Income tax Act	Rs.6,77,472.00	
Current rate of tax @ 30.9%	2,09,339.00	00.00
<b>Differed tax liability as on 31-03-2011</b>	<b>49,22,411.00</b>	<b>51,31,750.00</b>

15. 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.

16. 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,

	31-03-2011	31-03-2010
production and Turnover		
i) <b>Licenced Capacity</b>	N.A.	N.A.



## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

ii) Installed Capacity (Ltrs)	36,50,000.00		36,50,000.00
iii) Production (Ltrs)			
Pesticides Formulations	26,26,836.00		25,34,391.00
iv) Sales	(Ltrs/Kgs)	Rs. (in Lacs)	(Ltrs/Kgs) Rs. (in Lacs)
i) Pesticides Formulations	25,56,492.00	32,80.96	25,39,836.00 16,86.84
ii) Real Estate (Sft.)	18,042.00	86.14	10,700.00 46.80
		33,67.10	17,33.64

**B) Details of Opening and Closing Stock:**

		Year ended 31-03-2011 Qty. (Ltrs/Kgs)	Rs. (in lacs)		Year ended 31-03-2010 Qty. (Ltrs/Kgs)	Rs. (in lacs)
<b>Finished Goods</b>						
Pesticides Formulations						
Opening Stock		65,879.00	88.00		74,403.00	1,14.83
Closing Stock		1,36,223.00	1,73.51		65,879.00	88.00
<b>Land</b>						
Opening Stock		72,552.00 (Sft)	1,45.10		83,252.00 (Sft)	1,66.50
Closing Stock		54,510.00 (Sft)	1,09.02		72,552.00 (Sft)	1,45.10

**C. Raw Materials Consumption**

Technicals	5,27,293.00	18,56.98	2,42,740.00	9,59.35
Solvents, Emulsifiers & Others	23,91,713.00	1,68.48	24,17,397.00	1,20.49
<b>TOTAL :</b>	29,19,006.00	20,25.46	26,60,137.00	10,79.84

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

1) Raw materials	58,000.00	248.45	20,080.00	102.49
2) Expenditure incurred in foreign currency	NIL	NIL	NIL	NIL

**II) Raw Materials Consumption (Percentage)**

	Year ended 31-03-2011			Year ended 31-03-2010		
	Qty. (Kgs.)	Rs. (in lakhs)	% of Consumption	Qty. (Kgs.)	Rs. (in lakhs)	% of Consumption
1) Imported	73,368.00	331.13	2.51	17,525.00	94.76	0.66
2) Indigenous	28,45,638.00	1,694.33	97.49	26,42,612.00	9,85.08	99.34
	29,19,006.00	2,025.46	100.00	26,60,137.00	10,79.84	100.00

**III) Earnings in foreign exchange:**

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

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

Per our Report of even date annexed

**For T. Adinarayana & CO.,**  
Chartered Accountants  
Firm Regn. No. 000041S

**Y.P.Rao**  
Partner, M.No.25266  
Place : Hyderabad  
Date :30th May, 2011

**For and on behalf of the Board of Directors**

**N. Sudhakar**  
Director

**Y.Nayudamma**  
Managing Director



## PHYTO CHEM (INDIA) LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I Registrartion Details</b>		<b>State code</b>	
Registration No.	01-09500/88-89		
Balance Sheet date	31	03	2011
	Date	Month	Year
<b>II Capital raised during the year (Rs. in thousands)</b>			
Public Issue	- Nil	Right Issue	- Nil
Bonus Issue	- Nil	Private Placement	- Nil
<b>III Position of Mobilisation and Deployment of Funds (Rs.in thousands)</b>			
Total Liabilities	- 1,39,509	Total Assets	- 1,39,509
<b>SOURCES OF FUNDS:</b>			
Paid-up Capital	- 43,002	Reserves & Surplus	- 19,182
Secured Loans	- 50,770	Unsecured Loans	- 21,632
Deferred Tax	- 4,923		
<b>APPLICATION OF FUNDS:</b>			
Net Fixed Assets	- 20,446	Investments	- 3,216
Net Current Assets	- 1,15,847	Misc. Expenditure	- ---
<b>IV Performance of Company (Rs.in thousands)</b>			
Turnover	- 3,43,980	Total Expenditure	- 3,35,105
(Including other income and increase/decrease in stock.)			
Profit before Tax	- 8,874	Profit after Tax	- 5,807
		& Prior Period Adjustments	
Earning per share in Rs.10/-	- 1.35	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 : 30th May, 2011

**N. Sudhakar**  
Director

**Y. Nayudamma**  
Managing Director

## PHYTO CHEM - ANNUAL REPORT - 2010 - 2011

### CASH FLOW STATEMENT FOR THE YEAR 2010-2011

	2010-2011 (Rs. In Lacs)	2009-2010 (Rs. In Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax and Extraordinary item	88.74	20.85
<b>Adjustment for:</b>		
Depreciation	23.94	20.33
Interest Paid	30.38	45.91
Less Other Income	-23.27	-12.62
Operating Profit before working capital changes	119.79	74.47
<b>Adjustment for:</b>		
Trade and other receivables	-438.88	-99.46
Inventories	-28.53	60.35
Trade Payables	201.11	161.05
Cash generated from operations	-146.51	196.41
Interest Paid	-30.38	-45.91
Direct Taxes paid & provided	-32.76	-8.51
Cash flow before extra-ordinary items	-209.65	142.35
Extra-ordinary items (differed tax)	2.09	-0.08
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	-207.56	142.27
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	-13.51	-31.46
Purchase of Investments	-23.78	---
Sale of Fixed Assets	1.98	---
Add: Other Income	23.27	12.62
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	-12.04	-18.84
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of share capital (State Subsidy)	---	---
Proceeds from short term borrowings	222.93	31.90
Proceeds from long term borrowings	-4.68	-154.19
	218.25	-122.29
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		
Net increase in cash and cash equivalents (A+B+C)	-1.35	1.14
Cash and Cash equivalents (Opening Balance)	3.95	2.81
Cash and Cash equivalents (Closing Balance)	2.60	3.95

**For and on behalf of the Board of Directors**

Place : Hyderabad  
Date : 30th May, 2011

**N.SUDHAKAR**  
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, 2011, 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  
Firm Regn. No. 000041S

Place : Hyderabad  
Date : 30th May, 2011

**Y.P.Rao**  
Partner



# PHYTO CHEM (INDIA) LIMITED



## 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 Twenty Second 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 Monday , the 26 th day of September, 2011 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 Twenty Second Annual General Meeting of the Company, to be held on Monday, the 26 th day September, 2011 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.....2011.

Affix  
Re. 1/-  
Revenue  
Stamp

Signature.....

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. 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.

**PHYTO CHEM - ANNUAL REPORT - 2010 - 2011**

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