

# Phyto Chem - Annual Report - 2015 - 16

## Corporate Governance Report

### 1. Company's Philosophy on 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 10 Directors of which 3 are Promoter Directors. viz. Dr.P.Sreemannarayana, Mr.Y.Nayudamma and Dr.Y.Venkateswarlu. Five Board Meetings were held during the period from April, 2015 to March, 2016 on the following dates:

29th May, 2015, 06th August, 2015, 24th September, 2015, 14th November, 2015 and 10th February, 2016.

### 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	5	Yes	2
2.	Mr.Y. Nayudamma	M.D	E& NI	5	Yes	2
3.	Mr.Y.Janaki Ramaiah	E.D	E& NI	5	Yes	1
4.	Dr.Y. Venkateswarlu	Director	NE &NI	4	Yes	-
5.	Mr.P. Anjaneyulu	Director	NE &NI	3	No	3
6.	Mr.C.N. Chary	Director	NE & I	2	No	-
7.	Mr.T.A. Choudary	Director	NE & I	4	Yes	2
8.	Mr.N. Sudhakar	Director	NE & I	4	Yes	-
9.	Mr.M. Balarama Krishnaiah	Director	NE & I	4	No	7
10.	Mrs.S.Kavitha Rani	Director	NE & I	5	Yes	-

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

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which they are Directors.

### 3. Code of Conduct :-

Pursuant to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and erstwhile Clause 49 of the Listing Agreements with Stock Exchanges, the Board has suitably modified the 'Code of Conduct for Board of Directors and Senior Management' ("Code of Conduct") and is available on the Company's website. The Directors and senior management personnel have affirmed their compliance with the Code of Conduct as at 31st March, 2016.

### 4. Audit Committee:-

The Company has a qualified and independent Audit Committee comprising five non-executive independent Directors, constituted in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered with the Stock Exchange and Section 177 of the Companies Act, 2013. The role, terms of reference and authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 2013 and Listing Agreement. The Committee held Four meetings during the year 2015-16 i.e on 29th May, 2015, 06th August, 2015, 14th November, 2015 and 10th February, 2016 and the attendance at the meetings was as under :

S.No.	Name of the Member	Attendance Particulars	Category
1.	Mr.N.Sudhakar	3	Chairman
2.	Mr.C.N.Chary	2	Member
3.	Mr.T.A.Choudary	3	Member
4.	Mr.M.Balarama Krishnaiah	4	Member
5.	Mrs.S.Kavitha Rani	4	Member



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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. Mr N.Sudhakar, Chairman, Audit Committee was present in the last Annual General Meeting.

### **5. Nomination and Remuneration Committee:-**

The Nomination and Remuneration Committee comprises of Mr. C.N. Chary as Chairman and Mr. T.A.Choudary, Mr.N.Sudhakar & Mr.M.Balarama Krishnaiah as its Members and considers the remuneration of Executive Directors. The Committee has met once on 14-11-2015 during the year 2015-16 and except Mr.C.N.Chary, all other members attended the meeting.

#### **Remuneration Policy :**

Remuneration Policy of the Company is summarised as follows :

#### **i. Policy for Selection and Appointment of Directors and their Remuneration :**

The Remuneration Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Executive Directors and their remuneration.

#### **ii. Criteria of selection of Non Executive Directors :**

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, laws, governance and general management.

In case of appointment of Independent Directors, the Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- a. Qualification, expertise and experience of the Directors in their respective fields;
- b. Personal, Professional or business standing;
- c. Diversity of the Board.

In case of reappointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

#### **iii. Remuneration :**

##### **a. For Managing Director and Executive Director :**

The total remuneration payable to Managing Director and Executive Director is subject to Share-holders' approval and consists of Salary, allowances. Perquisites and benefits are in line with the Company's rules for Senior Managerial Personnel.

##### **b. For Non-Executive Directors:**

Sitting Fees is paid as per applicable provisions of the Companies Act, 2013 and rules made thereunder and the Articles of Association of the Company for attending meetings of the Board or any committees of the Board. The 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.

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**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	17500.00	—	—	—	17500.00
2.	Mr. Y. Nayudamma	Relative	—	—	1949940.00	—	1949940.00
3.	Mr.Y.Janaki Ramaiah	Relative	—	—	974970.00	—	974970.00
4.	Dr. Y. Venkateswarlu	Relative	14000.00	—	—	—	14000.00
5.	Mr. P. Anjaneyulu	Relative	10500.00	—	—	—	10500.00
6.	Mr. C.N. Chary	—	10000.00	—	—	—	10000.00
7.	Mr. T.A. Choudary	—	23000.00	—	—	—	23000.00
8.	Mr. N. Sudhakar	—	26000.00	—	—	—	26000.00
9.	Mr. M. Balarama Krishnaiah	—	22500.00	—	—	—	22500.00
10.	Mrs.S.Kavitha Rani	—	24500.00	—	—	—	24500.00

Sitting fee to Non-executive Directors is Rs.3,500/- per each Board meeting, Rs.1500/- per each Audit Committee, Nomination & Remuneration Committee meetings and Rs.1000/- per each Performance Evaluation Committee, Risk Management Committee, Independent Directors Meeting and Share Transfer Committee meetings.

### **6. Performance Evaluation Committee :-**

The Company has formed a Performance Evaluation Committee consisting of the following members and the committee has met once on 10-02-2016 during the financial year 2015-16. The attendance record of the members at the meeting were as follows:

Sl.No.	Name of the Member	Designation	No. of Meetings Attended
1.	Mr. N. Sudhakar	Chairman	1
2.	Mr. T. A. Choudary	Member	1
3.	Mr. C. N. Chary	Member	-

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment and Remuneration Committees.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of Judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

### **Directors Performance Evaluation:**

On evaluation of the performance of the Board, it has been evaluated that

- a. Mr. Y. Nayudamma as Managing Director and Mr.Y.Janaki Ramaiah as Executive Director of the Company have been playing key role in the overall operations of the Company and their contribution has been rated as good.
- b. The Non Executive Directors have extended their suggestions and esteemed guidance in the smooth running of the Company and their contribution has been rated as good.
- c. Mrs. S. Kavitha Rani, Independent Director - Women is looking after the general welfare of the employees including women employees and her contribution has been rated as good.
- d. All other Independent Directors with their visionary guidance and proficiency in their respective fields have contributed for proper compliance of the provisions of the Act and there contribution has been rated as good.

The Directors expressed their satisfaction with the evaluation process and the ratings.



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### 7. Risk Management Committee :-

The Company has formed a business risk management committee consisting of the following members and met on 10-02-2016 during the financial year 2015-16.

Sl.No.	Name of the Member	Designation	No.of Meetings Attended
1.	Mr. Y. Nayudamma	Managing Director	1
2.	Mr. N. Sudhakar	Member	1
3.	Mr. T.A. Choudary	Member	1

Business Risk and Management is ongoing process within the Organization. The Company has proper risk management framework to identify, monitor and minimise risks and also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of :

- Oversight of risk management performed by the Executive Management;
- Reviewing the Business Risk and Management Policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a predefined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks; Within its overall scope as aforesaid, the Committee shall review risks, trends, exposure and potential impact analysis and mitigation plan.

### 8. Independent Directors' Meeting :-

During the year under review, the Independent Directors met on 10-02-2016 inter alia, to discuss:

- Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- Evaluation of the quality, contents and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Except Mr. C.N.Chary, all other Independent Directors were present in the meeting.

### 9. a. Stakeholders Relationship Committee :-

The Stakeholders Relationship Committee comprises of Mr. T. A. Choudary as Chairman, Mr. C.N. Chary, Mr. N. Sudhakar and Mr.Y.Nayudamma as its 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 Resolved / Replied	Pending / Remarks
1.	No. of requests for Change of Address	9	9	0
2.	Non-receipt of Share Certs./ Bonus Shares	0	0	0
3.	Issue of Duplicate Share Certificates	2	2	0
4.	Non-receipt of Demat Confirmations / Rejections	0	0	0
5.	Revalidation of Refund Orders/ Dividend Warrants	16	16	0
6.	Non - receipt of dividend warrant	10	10	0
7.	Other Letters	38	38	0

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During the year, there are no other investors grievances pending in respect of transfers, letters from SEBI & Stock Exchange

### **b. Share Transfer Committee :-**

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

### **10. 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, Telangana.

- i 30th September, 2013 at 12:30 P.M.
- ii 29th September, 2014 at 11:45 A.M
- iii 24th September, 2015 at 11:45 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.

### **11. Dematerialisation of Shares :-**

As on 31st March 2016, 72.76% Equity Shares have been dematerialised and 27.24% Equity Shares have not yet been dematerialised and they are in physical form. The shareholders are advised to contact the depository participants i.e., National Securities Depository Services Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for dematerialising the shares of the Company (ISIN-INE 037C01010).

### **12. Disclosures :-**

#### **Pecuniary disclosure with regard to interested Directors:-**

#### **a. Disclosures on materially significant related party transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or Relatives, that may have potential conflict with the interests of the Company at large:-**

None of the transactions with any of related parties was in conflict with interest of the Company.

#### **b. Details of non-compliance by the Company and the penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to Capital Markets during the last three years:-**

There were no instances of non-compliance of any matter related to Capital Market during the last three years and no penalties or times imposed by any Statutory Authorities.

#### **c. Compliance Certificate of the Auditors:**

Certificate of the Statutory Auditor's has been obtained on the compliance of the conditions of Corporate Governance in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with stock exchanges and the same is annexed.

#### **d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:**

The Company has fully complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Stock Exchange. Further, the Company has adopted non-mandatory requirement of Listing Agreement viz., Remuneration Committee of the Board which has been constituted to determine the remuneration package of the Executive Directors.

#### **e. The Management Discussion and Analysis is a part of this Annual Report.**



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### 13. Means of Communication:-

- The Company publishes its quarterly, half yearly and annual results in the Business Standard and Andhra Prabha (Telugu). These results are submitted to the Stock Exchange in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Management Discussion and Analysis Report forms part of Directors' report.
- Website : [www.phytochemindia.com](http://www.phytochemindia.com)
- Email Id : [investorsrelations@phytochemindia.com](mailto:investorsrelations@phytochemindia.com)

### 14. General information for members :-

#### a. Twenty Seventh Annual General Meeting :

Date, Time & Venue : Thursday, the 29 th day of September, 2016 at 11:45 A.M

M/s Phyto Chem (India) Limited, Regd. Office : Survey No.628, Temple Street,  
Bonthapally - 502 313, Jinnaram Mandal, Medak District, Telangana State.

#### b. Financial Calender:

Results	For 2015-16 were announced on	For 2016-17 will be announced by
First Quarter	06th August, 2015	14th August, 2016
Second Quarter/Half year	14th November, 2015	14th November, 2016
Third Quarter	10th February, 2016	14th February, 2017
Yearly - Audited Results	30th May, 2016	30th May, 2017

#### c. Dates of Book Closure :

27th September, 2016 to 29th September, 2016 both days inclusive.

#### d. Dividend Payment Date : Not Applicable e. i.

#### Stock Exchanges where listed :

Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, MUMBAI - 400 001.

ii. Stock Code (BSE) : 524808

#### f. Market Price Data :

The market price data High/Low during each month in the last financial year (2015-16) at the Bombay Stock Exchange Limited, Mumbai is as follows:-

Period	Bombay Stock Exchange Limited		
	High-in Rs.	Low-in Rs.	Volume - No.of Shares
April, 2015	33.55	27.00	212877
May, 2015	35.40	26.75	153670
June, 2015	36.80	23.30	389724
July, 2015	42.00	30.40	382717
August, 2015	39.85	28.20	288077
September, 2015	33.60	28.00	129556
October, 2015	32.50	26.15	99368
November, 2015	30.90	24.15	113844
December, 2015	37.00	27.00	56913
January, 2016	40.00	26.00	86834
February, 2016	31.40	22.50	81949
March, 2016	32.00	23.00	70140

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**g. Share Transfer Agent :**

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

**h. Distribution of Shareholding by ownership as on 31-03-2016**

Sl.No.	Shareholding Pattern	Shares	Shareholding %
1.	Promoters	1637598	38.08
2.	Indian Public	2073579	48.22
3.	Mutual Funds	8500	0.20
4.	Body Corporates	312895	7.28
5.	NRI - Non Promoters	263179	6.12
6.	Clearing Member	4449	0.10
Total :		4300200	100.00

**i. Distribution of Shareholding by size as on 31-03-2016:**

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6428	858449	92.88	19.96
501-1000	220	188573	3.18	4.39
1001-2000	98	155490	1.42	3.62
2001-3000	41	99536	0.59	2.31
3001-4000	15	52806	0.22	1.23
4001-5000	17	78844	0.24	1.83
5001-10000	37	268635	0.53	6.25
10001 and above	65	2597867	0.94	60.42
Total:	6921	4300200	100.00	100.00

**j. Your Company has not issued any GDRs/ADRs/Warrants or any convertible instruments or ESOPS**

**k. Plant Location :**

Survey No.628, Temple Street, Bonthapally - 502 313. Jinnaram Mandal, Medak District, Telangana State.

**l. Compliance with the Regulation 39(4) read with Schedule VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :**

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. Ashok Kumar Pipalwa, Compliance Officer at the Corporate Office at No.8-3-229/23, First Floor, Thaherville, Yousufguda Checkpost, Hyderabad - 500 045, Telangana / at email : [compliances@phytochemindia.com](mailto:compliances@phytochemindia.com).

**The Report has not covered the non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Declaration by M.D. (CEO) of the Company on Code of Conduct**

**DECLARATION**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2016.

Place : Hyderabad,

Date : 30th August, 2016

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



## Phyto Chem (India) Limited

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To

**The Board of Directors**

**M/s. Phyto Chem (India) Limited**

We certify that :

We have reviewed the financial statements and the cash flow statement of M/s. Phyto Chem (India) Limited for the year ended March 31, 2016 and that to the best of our knowledge and belief:

- a. i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- ii. These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and the steps taken or proposed to be taken to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
  - i. Significant changes, if any, in internal control over financial reporting during the year;
  - ii. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. That there were no instances of significant fraud of which we have become aware and involvement therein, if any of management or other employees having a significant role in the Company's internal control system over financial reporting.

**Place : Hyderabad,**

**Y. Nayudamma**

**Y.Janaki Ramaiah**

**Date : 30th August, 2016**

**Chief Executive Officer**

**Chief Financial Officer**



**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, 2016 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Regulations. 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 and the representations made by the Director and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

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

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

**Place: Hyderabad,  
Date : 30th August, 2016**