

Phyto Chem - Annual Report - 2014 - 15

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. Six Board Meetings were held during the period from April, 2014 to March, 2015 on the following dates:

26th May, 2014, 21st June, 2014, 29th July, 2014, 29th September, 2014, 12th November, 2014 and 9th February, 2015.

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

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

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

3. Audit Committee:-

The Company has a qualified and independent Audit Committee comprising five non-executive independent Directors, constituted in accordance with the provisions of Clause 49 of the Listing Agreement 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 4 meetings during the year 2014-15 i.e on 26th May, 2014, 29th July, 2014, 12th November, 2014 and 9th February, 2015 and the attendance at the meetings was as under :

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

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.

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4. Nomination and Remuneration Committee:-

The nomenclature of Remuneration Committee has been changed to 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 held one meeting on 29-07-2014 during the year 2014-15 and all the 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, law, 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 re-appointment 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	21000.00	—	—	—	21000.00
2.	Mr. Y. Nayudamma	Relative	—	—	1949940.00	—	1949940.00
3.	Mr.Y.Janaki Ramaiah	Relative	—	—	649980.00	—	649980.00
4.	Dr. Y. Venkateswarlu	Relative	14000.00	—	—	—	14000.00
5.	Mr. P. Anjaneyulu	Relative	3500.00	—	—	—	3500.00
6.	Mr. C.N. Chary	—	18500.00	—	—	—	18500.00
7.	Mr. T.A. Choudary	—	23500.00	—	—	—	23500.00
8.	Mr. N. Sudhakar	—	28500.00	—	—	—	28500.00
9.	Mr. M. Balarama Krishnaiah	—	23500.00	—	—	—	23500.00
10.	Mrs.S.Kavitha Rani	—	13500.00	—	—	—	13500.00

Sitting fee to Non-executive Directors is Rs. 3,500/- per each Board meeting & Rs.1500/- per each Committee meeting.

5. Performance Evaluation Committee :-

The Company has formed a Performance Evaluation Committee consisting of the following members and the committee has met 2 times during the financial year ended 31st March, 2015. 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	2
2.	Mr. T. A. Choudary	Member	1
3.	Mr. C. N. Chary	Member	1

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, 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 pivotal role in the operations and the marketing of the Company's products and their contribution has been rated as good.
- b. The Non Executive Directors have given valuable suggestions and their constructive appreciation of the performance has yielded positive results and their contribution has been rated as good.
- c. Mrs. S. Kavitha Rani, Woman Director is overseeing the General welfare of the employees including Women employees and her contribution has been rated good.
- d. All other Independent Directors by their contribution and presence made justification to the corporate governance and there contribution has been rated as good.

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

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6. Risk Management Committee :-

The Company has formed a business risk management committee consisting of the following members:

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

Business Risk and Management is ongoing process within the Organization. The Company has a robust 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 :

- a. Oversight of risk management performed by the executive management;
- b. Reviewing the Business Risk and Management policy and framework in line with local legal requirements and SEBI guidelines;
- c. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a predefined cycle;
- d. 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.

7. Independent Directors' Meeting :-

During the year under review, the Independent Directors met on 09-02-2015 inter alia, to discuss:

- a. Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
- b. Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non Executive Directors;
- c. 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. T. A. Choudary and Mr. M. Balarma Krishnaiah, all other Independent Directors were present in the meeting.

8. a. Stakeholders Relationship Committee :-

The nomenclature of Shareholder(s) / Investor(s) Grievance and Redressal Committee has been changed to 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	35	35	0
2.	Non-receipt of Share Certs./ Bonus Shares	1	1	0
3.	Issue of Duplicate Share Certificates	8	8	0
4.	Non-receipt of Demat Confirmations / Rejections	0	0	0
5.	Revalidation of Refund Orders/ Dividend Warrants	32	32	0
6.	Other Letters	29	29	0

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During the year, there are no other investor's grievances pending in respect of transfers, revalidation of refund orders, letters from SEBI & Stock Exchange and Non-Receipt of Dividend Warrants.

b. Share Transfer Committee :-

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

9. 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 27th September, 2012 at 11:30 A.M.
- ii 30th September, 2013 at 12:30 P.M.
- iii 29th September, 2014 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.

10. Dematerialisation of Shares :-

As on 31st March 2015, 72.08% Equity Shares have been dematerialised and 27.92% Equity Shares have not yet been dematerialised and they are in physical form. The shareholders are advised to contact the depository participants of National Securities Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dematerialising the shares of the Company (ISIN-INE 037C01010).

11. 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.

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 Clause 49 of the Listing Agreement 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 Clause 49 of the listing agreement of the stock exchange. Further, the Company has adopted non-mandatory requirement of Clause 49 of the 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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12. Means of Communication:-

- a. 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 Listing Agreement. Management Discussion and Analysis Report forms part of Directors' report.
- b. Website : www.phytochemindia.com
- c. Email Id : investorsrelations@phytochemindia.com

13. General information for members :-

a. Twenty Sixth Annual General Meeting :

Date, Time & Venue : Thursday, the 24th day of September, 2015 at 11:45 A.M.

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

b. Financial Calender:

Results	For 2014-15 were announced on	For 2015-16 will be announced by
First Quarter	29th July, 2014	14th August, 2015
Second Quarter/Half year	12th November, 2014	14th November, 2015
Third Quarter	9th February, 2015	14th February, 2016
Yearly - Audited Results	29th May, 2015	30th May, 2016

c. Dates of Book Closure :

22nd September, 2015 to 24th September, 2015 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 (2014-15) 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, 2014	14.00	10.46	41700
May, 2014	14.65	12.50	95397
June, 2014	15.85	13.11	28572
July, 2014	17.40	13.50	57971
August, 2014	20.00	15.00	22692
September, 2014	20.80	15.00	55925
October, 2014	20.65	14.20	5615
November, 2014	25.45	15.55	63383
December, 2014	28.45	21.15	17693
January, 2015	47.90	22.00	387492
February, 2015	39.00	27.45	180796
March, 2015	37.45	23.15	223476

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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 31-03-2015

Sl.No.	Shareholding Pattern	Shares	Shareholding %
1.	Promoters	1637622	38.08
2.	Indian Public	2025839	47.11
3.	NRIs	0	0.00
4.	Mutual Funds	8500	0.20
5.	Body Corporates	361972	8.42
6.	NRI - Non Promoters	266267	6.19
Total :		4300200	100.00

i. Distribution of Shareholding by size as on 31-03-2015:

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6569	886654	93.40	20.62
501-1000	209	179775	2.98	4.18
1001-2000	98	149769	1.39	3.48
2001-3000	40	98770	0.57	2.30
3001-4000	19	67101	0.27	1.56
4001-5000	15	69374	0.21	1.61
5001-10000	25	191524	0.36	4.46
10001 and above	58	2657233	0.82	61.79
Total:	7033	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 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. 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.

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

Declaration by M.D. (CEO) of the Company on code of conduct

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchange, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2015.

Place : Hyderabad,
Date : 06th August, 2015

Y. Nayudamma
Managing Director
DIN : 00377721

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

To the Board of Directors of 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, 2015 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 : 06th August, 2015

Chief Executive Officer

Chief Financial Officer

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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, 2015 as stipulated in Clause 49 of the Listing Agreement 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 clause. 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 clause 49 of the above mentioned Listing Agreement.

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

**Place: Hyderabad,
Date : 06th August, 2015**

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