

Phyto Chem - Annual Report - 2016 - 17

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, 2016 to March, 2017 on the following dates:

30th May, 2016, 13th August, 2016, 30th August, 2016, 29th September, 2016, 14th November, 2016 and 11th February, 2017.

The Attendance of the Directors at Meetings and 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	6	Yes	4
3.	Mr. Y. Janaki Ramaiah	E.D	E&NI	6	Yes	1
4.	Dr. Y. Venkateswarlu	Director	NE&NI	6	Yes	-
5.	Mr. P. Anjaneyulu	Director	NE&NI	5	No	3
6.	Mr. C.N.Chary *	Director	NE & I	4	Yes	-
7.	Mr. T.A. Choudary	Director	NE & I	4	Yes	3
8.	Mr. N. Sudhakar	Director	NE & I	6	Yes	-
9.	Mr. M. Balarama Krishnaiah	Director	NE & I	6	Yes	7
10.	Mrs. S.Kavitha Rani	Director	NE & I	6	Yes	-

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

* Mr. C.N.Chary is ceased to be the Director of the Company with effect from 11-02-2017 due to his death.

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, 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, 2017.

4. Audit Committee:-

The Company has a qualified and independent Audit Committee comprising four 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.



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The Committee held Four meetings during the year 2016-17 i.e on 30th May, 2016, 13th August, 2016, 14th November, 2016 and 11th February, 2017 and the attendance at the meetings was as under :

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

* Mr. C.N.Chary is ceased to be the Member of the Audit Committee of the Company with effect from 11-02-2017 due to his death.

The Audit Committee discussed 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 Composition of Nomination and Remuneration Committee during the year 2016-17 and no meeting was held during the year 2016-17.

Sl.No	Name of the Member	Category
1.	Mr C.N.Chary *	Chairman
2.	Mr.T.A.Choudary	Member
3.	Mr.N.Sudhakar	Member
4.	Mr.M.Balarama Krishnaiah	Member

* Mr.C.N.Chary, Member and Chairman of Nomination and Remuneration Committee of the Company is ceased to be the Chairman of Nomination and Remuneration Committee with effect from 11-02-2017 due to his death.

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.

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

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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 Shareholders' 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.

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	21000.00	—	—	—	21000.00
5.	Mr. P. Anjaneyulu	Relative	17500.00	—	—	—	17500.00
6.	Mr. C.N. Chary *	—	18000.00	—	—	—	18000.00
7.	Mr. T.A. Choudary	—	17000.00	—	—	—	17000.00
8.	Mr. N. Sudhakar	—	38000.00	—	—	—	38000.00
9.	Mr. M. Balarama Krishnaiah	—	28000.00	—	—	—	28000.00
10.	Mrs. S.Kavitha Rani	—	28000.00	—	—	—	28000.00

Sitting fee to Non-executive Directors is Rs.3,500/- for each Board meeting, Rs.1500/- for each Audit Committee, and Rs.1000/- for each Stakeholders Relationship Committee Meeting, Independent Directors Meeting and Share Transfer Committee meetings.

* Mr. C.N.Chary is ceased to be the Director of the Company with effect from 11-02-2017 due to his death.

6. Performance Evaluation Committee :-

The Company formed a Performance Evaluation Committee consisting of the following members and no meeting was held during the year 2016-17.

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

* Mr. C.N.Chary is ceased to be the Member of the Performance Evaluation Committee of the Company with effect from 11-02-2017 due to his death.



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7. Risk Management Committee :-

The Company has formed a business risk management committee consisting of the following members: and no meeting was held during the year 2016-17.

Sl.No.	Name of the Member	Designation
1.	Mr. Y. Nayudamma	Chairman
2.	Mr. N. Sudhakar	Member
3.	Mr. T.A. Choudary	Member

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 11-02-2017 inter alia, to discuss the following items of business:

- Taken note of the Cessation Mr. C.N.Chary, Independent Director of the Company, consequent to his sad demise.
- 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 and Mr T.A.Choudary, 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. Consequent to death of Mr. C. N Chary on 05-02-2017, he ceased to be a member of Stakeholders Relationship Committee w.e.f 11-02-2017.

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	3	3	0
4.	Non-receipt of Demat Confirmations / Rejections	0	0	0
5.	Revalidation of Refund Orders/ Dividend Warrants	5	5	0
6.	Non - receipt of dividend warrant	5	5	0
7.	Other Letters	15	15	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, Mr.Y.Janaki Ramaiah, CFO as Convenor and Mr. Mohammad Firoj as Compliance Officer.

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, Gummadidala Mandal, Sangareddy District, Telangana State.

- i 29th September, 2014 at 11:45 A.M
- ii 24th September, 2015 at 11:45 A.M
- iii 29th September, 2016 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 2017, 73.56% Equity Shares have been dematerialised and 26.44% 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 fines 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., Nomination & 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.
- Website : www.phytochemindia.com
- Email Id : investorsrelations@phytochemindia.com

14. General information for members :-

a. Twenty Eight Annual General Meeting :

Date, Time & Venue : Monday, the 25th day of September, 2017 at 11:45 A.M
M/s Phyto Chem (India) Limited, Regd. Office : Survey No.628, Temple Street,
Bonthapally - 502 313, Gummadidala Mandal, Sangareddy District, Telangana
State.

b. Financial Calender:

Results	For 2016-17 were announced on	For 2017-18 will be announced by
First Quarter	13th August, 2016	14th August, 2017
Second Quarter/Half year	14th November, 2016	14th November, 2017
Third Quarter	11th February, 2017	14th February, 2018
Yearly - Audited Results	30th May, 2017	30th May, 2018

c. Dates of Book Closure :

23th September, 2017 to 25th September, 2017 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 (2016-17) 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, 2016	39.95	29.50	132978
May, 2016	43.50	33.65	127935
June, 2016	41.90	33.00	56217
July, 2016	37.85	26.55	119833
August, 2016	29.60	22.10	47574
September, 2016	30.80	24.15	70797
October, 2016	34.10	26.40	33392
November, 2016	46.45	25.05	245199
December, 2016	60.35	47.20	128595
January, 2017	65.00	55.85	81152
February, 2017	64.00	42.00	111017
March, 2017	62.90	47.00	100407

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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 31-03-2017

Sl.No.	Shareholding Pattern	Shares	Shareholding %
1.	Promoters	1636598	38.06
2.	Indian Public	2254548	52.43
3.	Mutual Funds	8500	0.20
4.	Body Corporates	299719	6.97
5.	NRI - Non Promoters	90856	2.11
6.	Clearing Member	9979	0.23
Total :		4300200	100.00

i. Distribution of Shareholding by size as on 31-03-2017:

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6531	880216	92.70	20.47
501-1000	237	202323	3.36	4.71
1001-2000	101	156308	1.43	3.63
2001-3000	42	103320	0.60	2.40
3001-4000	21	74585	0.30	1.73
4001-5000	12	54466	0.17	1.27
5001-10000	43	295382	0.61	6.87
10001 and above	59	2533600	0.84	58.92
Total:	7046	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. Gummadidala Mandal, Sangareddy 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. Mohammad Firoj, 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 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 31st March, 2017.

**Place : Hyderabad,
Date : 04th August, 2017**

**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, 2017 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,

Date : 04th August, 2017

Y. Nayudamma

Chief Executive Officer

Y. Janaki Ramaiah

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, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 : 04th August, 2017**