

# Phyto Chem - Annual Report - 2017-18

## 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, 2017 to March, 2018 on the following dates:

30th May, 2017, 04th August, 2017, 26th August, 2017, 25th September, 2017, 13th December, 2017 and 12th February, 2018.

#### 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	6	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	4	Yes	-
5.	Mr. P. Anjaneyulu	Director	NE&NI	4	No	3
6.	Mr. T.A. Choudary	Director	NE & I	6	Yes	4
7.	Mr. N. Sudhakar	Director	NE & I	6	Yes	-
8.	Mr. M. Balarama Krishnaiah	Director	NE & I	4	No	6
9.	Mrs. S. Kavitha Rani	Director	NE & I	6	Yes	-
10.	Mr. G.S.R. Anjaneyulu	Director	NE & I	3	Yes	1

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, 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, 2018.

### 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.



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The Committee held Five meetings during the year 2017-18 i.e on 30th May, 2017, 04th August, 2017, 06th November, 2017, 13th December, 2017 and 12th February, 2018 and the attendance at the meetings was as under :

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

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 Nomination and Remuneration Committee was reconstituted in the Board of Directors meeting held on 26-08-2017 and the Committee held three meetings during the year 2017-18 i.e., 30-05-2017, 04-08-2017 and 26-08-2017 with the following members.

Sl.No	Name of he Member	Attendance	Category
1.	Mr.T.A.Choudary	3	Chairman
2.	Mr.M.Balarama Krishnaiah	3	Member
3.	Mr.N.Sudhakar	3	Member
4.	Mr.S.Kavitha Rani	-	Member
5.	Mr.G.S.R. Anjaneyulu	-	Member

## 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 functions 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	21000.00	—	—	—	21000.00
2.	Mr. Y. Nayudamma	Relative	—	—	1949940.00	—	1949940.00
3.	Mr.Y.Janaki Ramaiah	Relative	—	—	1394970.00	—	1394970.00
4.	Dr. Y. Venkateswarlu	Relative	14000.00	—	—	—	14000.00
5.	Mr. P. Anjaneyulu	Relative	14000.00	—	—	—	14000.00
6.	Mr. T.A. Choudary	—	37000.00	—	—	—	37000.00
7.	Mr. N. Sudhakar	—	54000.00	—	—	—	54000.00
8.	Mr. M. Balarama Krishnaiah	—	24500.00	—	—	—	24500.00
9.	Mrs. S.Kavitha Rani	—	31500.00	—	—	—	31500.00
10.	Dr. G.S.R.Anjaneyulu	—	16500.00	—	—	—	16500.00

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 Performance Evaluation Committee, Risk Management Committee, Stakeholders Relationship Committee Meeting, Nomination and Remuneration Committee, Independent Directors Meeting and Share Transfer Committee meetings.

### 6. Performance Evaluation Committee :-

The Performance Evaluation Committee was reconstituted in the Board of Directors meeting held on 26-08-2017 with the following members and the committee met once on 12-02-2018 during the year 2017-18. The attendance record of the members at the meeting were as follows:

Sl.No.	Name of the Member	Attendance	Designation
1.	Mr.M.Balarama Krishnaiah	-	Chairman
2.	Mr. N. Sudhakar	1	Member
3.	Mr. T. A. Choudary	1	Member
4.	Mrs. Kavitha Rani	1	Member
5.	Dr. G.S.R.Anjaneyulu	1	Member



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## 7. Risk Management Committee :-

The Risk Management Committee was reconstituted in the Board of Directors meeting held on 26-08-2017 with the following members and the committee met once on 12-02-2018 during the year 2017-18. The attendance record of the members at the meeting were as follows:

Sl.No.	Name of the Member	Designation	Attendance
1.	Mr. Y. Nayudamma	Chairman	1
2.	Mr. N. Sudhakar	Member	1
3.	Mr. T.A.Choudary	Member	1
4.	Mr. M. Balaramakrishnaiah	Member	-
5.	Mrs S.Kavitha Rani	Member	1
6.	Dr G.S.R.Anjaneyulu	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 comprises 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, Independent Directors Committee was reconstituted in the Board of Directors meeting held on 26-08-2017 and the Committee comprises of Mrs S.Kavitha Rani as Chairperson, Mr T.A.Choudary, Mr. Balarama Krishnaiah, Mr N.Sudhakar and Dr G.S.R.Anjaneyulu as its members. The members met once on 12-02-2018 inter alia, to discuss the following items of business:

- 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 M. Balarama Krishnaiah, all other Independent Directors were present in the meeting.

## 9. a. Stakeholders Relationship Committee :-

The Stakeholders Relationship Committee was reconstituted in the Board of Directors meeting held on 26-08-2017 and the Committee comprises of Mr G.S.R . Anjaneyulu as Chairman, Mr. T. A. Choudary, Mr. N. Sudhakar, Mr M. Balarama Krishnaiah, Mrs S.Kavitha Rani and Mr.Y.Nayudamma as its Members. The Committee met once on 30-05-2017 during the year 2017-18.

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	1	1	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	1	1	0
6	Non - receipt of Dividend Warrant	0	0	0
7.	Other Letters	18	18	0

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. Pawan Kumar Tiwary 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 24th September, 2015 at 11:45 A.M
- ii 29th September, 2016 at 11:45 A.M
- iii 25th September, 2017 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 2018, 79.81% of Equity Shares have been dematerialised and 20.19% of 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.

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



# Phyto Chem (India) Limited

## 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](http://www.phytochemindia.com)
- Email Id : [investorsrelations@phytochemindia.com](mailto:investorsrelations@phytochemindia.com)

## 14. General information for members :-

### a. Twenty Ninth Annual General Meeting :

Date, Time & Venue : Saturday, the 29th day of September, 2018 at 12:15 P.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 Calendar:

Results	For 2017-18 were announced on	For 2018-19 will be announced by
First Quarter	04th August, 2017	14th August, 2018
Second Quarter/Half year	13th December, 2017	14th November, 2018
Third Quarter	12th February, 2018	14th February, 2019
Yearly - Audited Results	30th May, 2018	30th May, 2019

### c. Dates of Book Closure :

27th September, 2018 to 29th September, 2018 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 (2017-18) 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, 2017	85.00	49.00	145949
May, 2017	71.70	50.80	81510
June, 2017	66.00	55.60	66598
July, 2017	62.90	50.00	39678
August, 2017	66.50	40.60	106868
September, 2017	60.00	44.00	67941
October, 2017	69.90	48.45	80213
November, 2017	64.80	54.00	84365
December, 2017	75.00	49.00	377692
January, 2018	80.70	69.25	456677
February, 2018	74.00	58.40	117557
March, 2018	66.80	57.60	74479

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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 31-03-2018**

Sl.No.	Shareholding Pattern	Shares	Shareholding %
1.	Promoters	1669098	38.81
2.	Indian Public	2151092	50.02
3.	Mutual Funds	8500	0.20
4.	Body Corporates	271619	6.32
5.	NRI - Non Promoters	180709	4.20
6.	Clearing Member	19182	0.45
Total :		4300200	100.00

**i. Distribution of Shareholding by size as on 31-03-2018:**

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6711	910230	92.18	21.16
501-1000	273	230593	3.75	5.36
1001-2000	126	196946	1.73	4.58
2001-3000	42	104596	0.58	2.43
3001-4000	19	68678	0.26	1.60
4001-5000	16	7224	0.22	1.68
5001-10000	40	283785	0.55	6.60
10001 and above	53	2433132	0.73	56.59
Total:	7280	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. Pawan Kumar Tiwary, 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, 2018.

**Place : Hyderabad,**  
**Date : 13th August, 2018**

**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,**  
Survey No. 628, Temple Street,  
Bonthapally - 502 313,  
Gumadidala Mandal, Sangareddy District,  
Telangana State.

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, 2018 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 : 13th August, 2018

Y. Nayudamma  
Chief Executive Officer  
DIN: 00377721

Y.Janaki Ramaiah  
Chief Financial Officer  
DIN: 06949910



## Auditors' Report on Corporate Governance

To

The Members of

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

Survey No. 628, Temple Street,

Bonthapally - 502 313,

Gumadidala Mandal, Sangareddy District,

Telangana State.

We have examined the compliance of conditions of Corporate Governance by M/s Phyto Chem (India) Limited, for the year ended 31st March, 2018 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 R.B.Associates  
Chartered Accountants  
Firm Regn. No.009112S**

**Place: Hyderabad,  
Date : 13th August, 2018**

**K.Ramesh Babu  
Partner  
M.No.028304**