

# Phyto Chem - Annual Report - 2018-19

## 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, Senior Management and Key Managerial Personnel, 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, 2018 to March, 2019 on the following dates:

30th May, 2018, 13th August, 2018, 29th September, 2018, 12th November, 2018, 13th February, 2019 and 30th March, 2019,

### 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	3
3.	Mr. Y. Janaki Ramaiah	E.D	E&NI	6	Yes	1
4.	Dr. Y. Venkateswarlu	Director	NE&NI	-	-	-
	a. Mr. K. Srinivasa Rao	Alternate Director	NE&NI	4	Yes	1
5.	Mr. P. Anjaneyulu	Director	NE&NI	3	No	3
6.	Mr. T.A. Choudary	Director	NE & I	5	No	5
7.	Mr. N. Sudhakar	Director	NE & I	5	Yes	-
8.	Mr. M. Balarama Krishnaiah	Director	NE & I	6	Yes	5
9.	Mrs. S. Kavitha Rani	Director	NE & I	6	Yes	-
10.	Dr. G.S.R. Anjaneyulu	Director	NE & I	6	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, Senior Management and Key Managerial Personnel' (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, 2019.

### 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 Four meetings during the year 2018-19 i.e on 30th May, 2018, 13th August, 2018, 12th November, 2018 and 13th February, 2019 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.T.A.Choudary	4	Member
3.	Mr.M.Balarama Krishnaiah	4	Member
4.	Mrs.S.Kavitha Rani	4	Member
5.	Mr G.S.R.Anjaneyulu	4	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 held two meetings during the year 2018-19 i.e., 12-11-2018 and 30-03-2019 with the following members.

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

### Remuneration Policy :

Remuneration Policy of the Company is summarised as follows :

#### a. 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.

#### b. 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.

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

### c. Remuneration :

#### i. 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 and Key Managerial Personnel.

#### ii. 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	—	—	2549940.00	—	2549940.00
3.	Mr.Y. Janaki Ramaiah	Relative	—	—	1429956.00	—	1429956.00
4.	Dr. Y. Venkateswarlu	Relative	—	—	—	—	-
	a. Mr. K. Srinivasa Rao	Relative	14000.00	—	—	—	14000.00
5.	Mr. P. Anjaneyulu	Relative	10500.00	—	—	—	10500.00
6.	Mr. T.A. Choudary	—	30500.00	—	—	—	30500.00
7.	Mr. N. Sudhakar	—	34500.00	—	—	—	34500.00
8.	Mr. M. Balarama Krishnaiah	—	34000.00	—	—	—	34000.00
9.	Mrs. S. Kavitha Rani	—	34000.00	—	—	—	34000.00
10.	Dr. G.S.R. Anjaneyulu	—	34000.00	—	—	—	34000.00

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, Nomination and Remuneration Committee, Independent Directors and Share Transfer Committee meetings.

### 6. Performance Evaluation Committee :-

The Performance Evaluation Committee met once on 13-02-2019 during the year 2018-19. 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	1	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 met once on 13-02-2019 during the year 2018-19. 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	1
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, 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 13-02-2019 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.

All Independent Directors were present in the meeting.

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

The Stakeholders Relationship 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 30-05-2018 during the year 2018-19.

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	8	0	0
2.	Non-receipt of Share Certs./ Bonus Shares	0	0	0
3.	Issue of Duplicate Share Certificates	9	8	0
4.	Non-receipt of Demat Confirmations / Rejections	0	0	0
5.	Revalidation of Refund Orders/ Dividend Warrants	1	9	0
6.	Non - receipt of Dividend Warrant	0	1	0
7.	Other Letters	231	231	0

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

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

The Share Transfer Committee comprises of Mr. Y Nayudamma as Chairman, Mr.N.Sudhakar as Member, Mr.Y.Janaki Ramaiah, as Executive Director and Mr. PavanSingh Thakur as Compliance Officer and 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, Gummadidala Mandal, Sangareddy District, Telangana State.

- i 29th September, 2016 at 11:45 A.M
- ii 25th September, 2017 at 11:45 A.M
- iii 29th September, 2018 at 12:15 P.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 and Liquidity :-**

As on 31st March, 2019, 80.94% of the shares of your Company have been dematerialised. As the trading of / transfer of your Company shares are being conducted only in electronic form and all other members holding shares in physical form are requested to convert their shareholdings to electronic form at the earliest.

### **12. Disclosures under Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 :**

Our Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013. There are no cases filed / complaints lodged in the Company during the year under review in respect of the Sexual Harassment of Women at workplace.

### **13. 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.**

#### **f. Certificate from Company Secretary in Practice :**

M/s. Puttapparthi Jagannatham & Co., Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure - A.



## Phyto Chem (India) Limited

### 14. 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 permission of 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)

### 15. General information for members :-

#### a. Thirtieth Annual General Meeting :

Date, Time & Venue : Wednesday, the 25th day of September, 2019 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 2018-19 were announced on	For 2019-20 will be announced by
First Quarter	13th August, 2018	14th August, 2019
Second Quarter/Half year	12th November, 2018	14th November, 2019
Third Quarter	12th February, 2019	14th February, 2020
Yearly - Audited Results	30th May, 2019	30th May, 2020

#### c. Dates of Book Closure :

19th September, 2019 to 25th September, 2019 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 (2018-19) 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, 2018	76.50	60.00	121448
May, 2018	73.75	51.20	191468
June, 2018	58.80	43.20	74642
July, 2018	56.50	45.50	58144
August, 2018	57.90	45.60	42469
September, 2018	50.90	43.05	22822
October, 2018	50.40	32.30	13295
November, 2018	56.90	37.25	15216
December, 2018	50.90	41.10	11869
January, 2019	52.90	35.30	26414
February, 2019	46.60	30.55	42909
March, 2019	36.00	27.30	57311

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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 31-03-2019**

Sl.No.	Shareholding Pattern	Shares	Shareholding %
1.	Promoters	1667898	38.78
2.	Indian Public	2274947	52.90
3.	Mutual Funds	8000	0.19
4.	Body Corporates	252106	5.86
5.	NRI - Non Promoters	85945	2.00
6.	Clearing Member	11304	0.26
Total :		4300200	100.00

**i. Distribution of Shareholding by size as on 31-03-2019:**

Range of Shares	No.of Shareholders	No.of Shares	% of Shareholders	% of Holding
Upto 500	6592	894617	91.94	20.80
501-1000	262	220123	3.66	5.12
1001-2000	134	207970	1.87	4.83
2001-3000	51	126387	0.71	2.94
3001-4000	21	74498	0.29	1.73
4001-5000	15	68574	0.21	1.60
5001-10000	41	288904	0.57	6.72
10001 and above	54	2419127	0.75	56.26
Total:	7170	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. Pavasingh Thakur, 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, 2019.

Place : Hyderabad,

Date : 14th August, 2019

(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, 2019 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 : 14th August, 2019

Y. Nayudamma  
Chief Executive Officer  
DIN: 00377721

B. Sambasiva Rao  
Chief Financial Officer



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### Auditor's 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, 2019 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 S.T. Mohite & Co.,  
Chartered Accountants  
Firm Regn. No. 011410S**

**Place: Hyderabad,  
Date : 14th August, 2019**

**Sreenivasa Rao. T. Mohite  
Partner  
M.No. 015635**