

14 th ANNUAL REPORT 1998-99

Report



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1998-99



DHANUKA PESTICIDES LTD.



DHANUKA PESTICIDES LIMITED

BOARD OF DIRECTORS

R.G. AGARWAL

Chairman

M.K. DHANUKA

Managing Director

K.B. KEJARIWAL

Director (Works)

S.D. GANDA

K.K. JAIN

L.N. KALRA

•

V.G. GUPTA

Vice President (Fin.) cum Co. Secretary

•

BANKERS

STATE BANK OF PATIALA

THE HONGKONG AND SHANGHAI
BANKING CORPORATION LTD.

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AUDITORS

M/s. S.K. JAIN ASSOCIATES

Chartered Accountants

1/1293, Naiwala, Karol Bagh,
New Delhi-110 005.

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REGISTERED OFFICE

'Dhanuka House', 861-862, Joshi Road,
Karol Bagh, New Delhi-110 005.

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FACTORY

Village Atta, Sohna Mandkola Road,
Tehsil-Nuh, Distt. Gurgaon (Haryana)

SHARES LISTED AT :

The Delhi Stock Exchange Assn. Ltd.

West Plaza, I.G. Stadium,
Indraprastha Estate,
New Delhi-110 002.

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers,
Dala! Street,
Mumbai-400 001.

The Ludhiana Stock Exchange Assn. Limited

Feroze Gandhi Market,
Ludhiana-141 001

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14TH ANNUAL GENERAL MEETING

Date : 23rd September, 1999
Day : Thursday
Time : 11.00 a.m.
Place : Peareylal Bhawan Association,
Bahadurshah Zafar Marg,
New Delhi-110 002.



DHANUKA PESTICIDES LIMITED

NOTICE TO THE MEMBERS

By order of the Board
For **DHANUKA PESTICIDES LTD.**

Notice is hereby given that the 14th Annual General Meeting of the Company will be held at Peareylal Bhawan Association, Bahadurshah Zafar Marg, New Delhi-110 002 on Thursday, the 23rd day of September, 1999 at 11.00 a.m. to transact the following business as:

V.G. GUPTA
Company Secretary

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with reports of the Directors and Auditors thereon;
2. To declare dividend for the year ended 31st March, 1999;
3. To appoint a Director in place of Shri R.G. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Shri K.K. Jain, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint Auditors, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Regd. Office :

'Dhanuka House', 861-862, Joshi Road,
Karol Bagh, New Delhi-110 005

Place : New Delhi

Dated : 28th July, 1999

NOTES :

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 198 & 269 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, the consent of the company be and is hereby accorded to the re-appointment of Shri M.K. Dhanuka, as Managing Director of the company for a period of 5 years w.e.f. 14.08.1999 to 13.08.2004 (both days inclusive) in accordance with the terms and conditions, as set out in the draft agreement submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification and subject to such modification(s) or variation thereof (not being a modification or variation more advantageous to Shri M.K. Dhanuka) as may be agreed to by the Board of Directors and Shri M.K. Dhanuka."

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the company. Proxies in order to be effective, must be received by the company at its registered office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 17.09.99 to 23.09.99 (both days inclusive).
3. Payment of dividend for the financial year 1998-99, as recommended by the Board, if approved at the ensuing Annual General Meeting, will be made only to those members whose names are registered in the Register of Members of the company as on 23rd September, 1999 or to their mandates.
4. Members are requested to notify immediately changes in their address and mandate forthwith at the Registered Office of the company quoting their folio number so that dividend warrants are correctly despatched.
5. Members who are holding shares in identical order of names in more than one folio are requested to intimate to the Share Department, the ledger folio of such accounts together with the share certificates to enable the company to consolidate all the holdings into one account. The share certificates will be returned to the members after making the necessary endorsement in due course of time.
6. (a) The amount of unclaimed dividends for and upto financial year 1992-93 has already been transferred to the General Revenue Account of the Central Government in terms of the



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provisions of Section 205A of the Companies Act, 1956. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form II to the Registrar of Companies, N.C.T. of Delhi and Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi – 110 003.

- (b) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Bill, 1998, the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to unpaid dividend account in respective years from financial year 1993-94 and subsequent dividend payment(s), shall be transferred to the "Investor Education and Protection Fund".
7. Shareholders/Proxies are requested to produce at the entrance, the admission slip forwarded to them, duly completed and signed in accordance with the specimen signatures registered with the company, for admission to the meeting hall.
 8. Members are requested to bring their copy of the Annual Report, as no copies will be distributed at the venue of the Annual General Meeting.
 9. Members desirous of getting any information about the accounts under reference and operations of the company are required to address their query to the Company Secretary well in advance so that the same may reach him at least seven days in advance of the date of the meeting to enable the management to keep the information required readily available at the meeting.
 10. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 of the Notice (in respect of Special Business to be transacted at the meeting) is annexed hereto.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6

The shareholders had, in the 9th Annual General Meeting held on 30.09.94 approved the appointment of Shri M.K. Dhanuka as Managing Director of the company for a period of 5 years from 14.8.94 to 13.8.99. During the last five years, the company has made outstanding progress and its turnover and profitability, both have

improved substantially. Shri M.K. Dhanuka has a rich and varied experience in the field of pesticides and has played pivotal role in bringing the company to its present position. The company hopes to achieve new heights in the dynamic leadership of Shri M.K. Dhanuka. The Board of Directors considers that Shri M.K. Dhanuka be reappointed as Managing Director of the company for a further period of 5 years from 14.8.1999 to 13.8.2004 as per the draft agreement and recommend the shareholders for their approval. The material terms and conditions contained in the said agreement are mentioned below for consideration of the members:

- A. Salary: Rs. 50,000/- p.m.
- B. Perquisites :

CATEGORY 'A' :

- i) The Managing Director shall be provided with a furnished accommodation subject to the condition that the expenditure to the company on rent shall not exceed 60% of the salary over and above 10% payable by the Managing Director himself;
- ii) Gas, electricity, water and furnishings subject to a ceiling of 10% of the salary of Managing Director. The monetary value of the same shall be valued as per the provisions of the Income Tax Rules, 1962;
- iii) Reimbursement of medical expenses for self and family, actually incurred, subject to the limit that the total cost to the company shall not exceed one month's salary in a year or three months' salary in a block of three years excluding perquisites and subject to the scheme framed by the company;
- iv) Leave travel concession for self and family once in a year in accordance with the rules of the company;
- v) Membership fees of not more than two clubs provided no life membership fee or admission fee shall be paid by the company; and
- vi) Personal accident insurance subject to the condition that the annual premium shall not exceed Rs. 4,000/- per annum.

CATEGORY 'B' :

- i) Company's contribution towards provident fund subject to the ceiling of 12% of the salary;
- ii) Company's contribution towards pension/ superannuation fund, such contribution together with contribution to the provident fund shall not exceed 25% of the salary as laid down in the Income Tax Rules, 1962;



DHANUKA PESTICIDES LIMITED

- iii) Gratuity payable in accordance with an approved Gratuity Fund and shall not exceed one half month's salary for each completed year of service, subject to a ceiling of Rs. 3,50,000/- or as laid down in the Income Tax Rules, 1962, whichever is lower.

CATEGORY 'C' :

- i) Provision of car for use of company's work subject to the condition that personal use of car shall be billed by the company to the Managing Director;
- ii) Provision of telephone at residence for use of company's work, subject to the condition that personal long distance calls on telephone shall be billed by the company to the Managing Director.

MINIMUM REMUNERATION:

Notwithstanding anything to the contrary contained herein where in any financial year, during the currency of tenure of Managing Director, the company has no profit or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above.

Except Shri M.K. Dhanuka and Shri R.G. Agarwal, no other director is interested in the aforesaid resolution.

A copy of draft agreement referred to in the resolution is available for inspection of the members at the Registered Office of the company on any working day during business hours and shall also be available for inspection throughout the continuance of the Annual General Meeting.

This memorandum may be treated as an abstract of the draft agreement between the company and Shri M.K. Dhanuka for the purpose of Section 302 of the Companies Act, 1956.

The aforesaid appointment falls within the terms and conditions as prescribed in Schedule XIII to the Companies Act, 1956 as amended upto date; hence approval of shareholders is only required and no approval of Central Government is necessary in this case.

By order of the Board
For **DHANUKA PESTICIDES LTD.**

V.G. GUPTA
Company Secretary

Regd. Office :

'Dhanuka House', 861-862, Joshi Road,
Karol Bagh, New Delhi-110 005

Place : New Delhi

Dated : 28th July, 1999



DHANUKA PESTICIDES LIMITED

DIRECTORS' REPORT

To,

ALL THE MEMBERS

Your Directors have pleasure in presenting the 14th Annual Report alongwith audited accounts of the Company for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	For the year ended 31.3.99	For the year ended 31.3.98
Gross Profit for the year after meeting all expenses but before providing for depreciation	360.92	336.61
From which is deducted :		
Depreciation	82.74	70.18
Share issue expenses written off	0.49	0.49
Provision for Income Tax	67.00	62.00
	210.69	203.94
To which is added :		
Liabilities no longer required written back/previous year adjustment	0.21	1.86
Balance of Profit & Loss Account of previous year	280.66	140.92
AMOUNT AVAILABLE FOR APPROPRIATION	491.56	346.72
Appropriations :		
The Directors now recommend :		
• Transfer to General Reserve	22.50	22.50
• Payment of Dividend @ Rs.2/- per Equity Share to the shareholders absorbing (Previous year Rs.2/- per Equity Share)	39.60	39.60
• Tax on dividend	3.96	3.96
• Leaving a balance, which is carried forward	425.50	280.66
	491.56	346.72

DIVIDEND

Your Directors are pleased to recommend a dividend of 20% for the year ended 31st March, 1999. The dividend, when approved by the members at the Annual General Meeting, will absorb Rs. 39,60,000/- (Previous year

Rs. 39,60,000/-) and tax on dividend will absorb Rs. 3,96,000/- (Previous year Rs. 3,96,000/-).

OPERATIONS

During the year 1998-99, the pesticide industry in India suffered set backs due to unfavorable monsoon in major pesticide consuming areas, leading to loss of crops, specially of cotton in Andhra Pradesh, Karnataka, Maharashtra and Punjab, major liquidity crunch and because of low infestation of plant diseases and pests.

During the year, the company has been able to sustain last year's level of turnover and achieved a gross turnover of Rs. 3403.32 lacs in comparison to Rs. 3358.48 lacs of previous year. However, the Profit before tax was higher at Rs. 278.46 lacs in comparison to Rs. 265.95 lacs of previous year. The Net Profit after tax also grew over to Rs.210.73 lacs from a level of Rs.205.81 lacs of the previous year.

In the backdrop of adverse circumstances mentioned above, the performance of our company can be termed as satisfactorily.

Due to late realisation of receivables and blocking of huge funds in inventory, the company faced major liquidity crunch during the year, forcing it to borrow from the market to meet its commitments thereby increasing the interest outgo substantially by 61%. Due to developmental and extension activities on launching of new and existing products, the company had to spend heavily on marketing and publicity expenses, affecting the profitability of the company to some extent. But for these, the profitability of the company would have been much higher. However, the benefit of such developmental activities, is likely to accrue in near future.

During the year, the company successfully launched Nukil 10% EC in technical association with M/s. Mitsui Chemicals Inc., Japan. This product is eco-friendly & safe molecule with widespread application to control the insects in paddy. The company also launched a systematic antibiotic, Validamycin 3L in technical tie-up with M/s.Takeda Chemical Industries Ltd., Japan. Both the products have been very well accepted in the market. In addition to it, the company continued to formulate and market Methomyl 12.5L in technical tie-up with M/s. E.I.Dupont De Nemours Inc., USA and Caldan 4G & 50 SP in technical tie-up with M/s.Takeda Chemical & Industries Ltd., Japan.

FUTURE PROSPECTS

The outlook for current year appears to be optimistic due to prediction of normal monsoon throughout the country. It is expected that industries depending on good and widespread monsoon like pesticides etc. are likely to register significant growth during the current year.