



DHANUKA PESTICIDES LIMITED

Report  junction.com

18th Annual Report

2002-2003



DHANUKA PESTICIDES LIMITED

'DHANUKA HOUSE', 861-862, Joshi Road, Karol Bagh, New Delhi-110 005

ATTENDANCE SLIP

SMT.VIDYA PRABHU
C/O MR.B.V.RAO,
IST FLOOR,FLAT NO.1,
MOHANLAL MANSION,MAHESHWARIUDYAN,
MATUNGA,MUMBAI
PIN - 400019.

Folio No.: 0007832

No. of Shares: 200.

I _____ (to be filled in if the proxy attends instead of the shareholder) hereby record my presence at the 18th Annual General Meeting of the Company held on Monday, the 29th day of September, 2003 at 10.30 A.M. at The Little Theatre Group, Copernicus Marg, New Delhi-110 001.

Signature of the Shareholder/Proxy *

*Strike out whichever is not applicable



DHANUKA PESTICIDES LIMITED

'DHANUKA HOUSE', 861-862, Joshi Road, Karol Bagh, New Delhi-110 005

PROXY FORM

Folio No.: 0007832

No. of Shares: 200.

I/We.....of..... in the district ofbeing a member/members of Dhanuka Pesticides Limited, hereby appoint.....of.....in the district of.....or failing him.....of.....as my/our proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company held on Monday, the 29th day of September, 2003 at 10.30 A.M. at The Little Theatre Group, Copernicus Marg, New Delhi-110 001 and at any adjournment thereof.

Signed this.....day of.....2003

Signature of Shareholder.....

Affix a
Revenue
Stamp

Note: This form duly filled & signed should be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

Shareholder/Proxy wishing to attend the meeting must bring the Attendance Slip to the venue of the meeting and hand over at the entrance, duly signed.

DIHANUKA PESTICIDES LIMITED

(AN ISO 9001:2000 COMPANY)

BOARD OF DIRECTORS

R.G. AGARWAL
Chairman

M.K. DHANUKA
Managing Director

K.B. KEJARIWAL
Director (Works)

PRIYA BRAT

K.K. JAIN

C.M. GUPTA

RAHUL DHANUKA

COMPANY SECRETARY
Suresh Sarawagi

BANKERS
STATE BANK OF PATIALA
Commercial Branch,
Chanderlok Building,
36, Janpath, New Delhi - 110 001.

AUDITORS
M/s. S. K. Jain Associates
Chartered Accountants
1/1293, Naiwala, Karol Bagh,
New Delhi - 110 005.

Contents	Page No.
Notice	2
Directors' Report	5
Management Discussion & Analysis Report	8
Secretarial Compliance Certificate	10
Compliance Report on Corporate Governance	13
Shareholders' Information	16
Auditors' Report	18
Balance Sheet	20
Profit & Loss Account	21
Schedules forming part of Accounts	22-29
Balance Sheet Abstract and Company's General Business Profile	30
Cash Flow Statement	31

NOTICE TO THE MEMBERS

Notice is hereby given that the 18th Annual General Meeting of the Company will be held at The Little Theatre Group, Copernicus Marg, New Delhi-110001 on Monday, the 29th day of September, 2003 at 10.30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date together with report of the Directors and Auditors thereon;
2. To declare dividend for the year ended 31st March, 2003;
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 office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Priya Brat, who was appointed as Additional Director with effect from 28th October, 2002 by the Board of Directors and who hold office under section 260 of the Companies Act, 1956 upto Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company; liable to retire by rotation.”

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**.

“RESOLVED THAT consent of the members be and is hereby accorded to the Board of Directors for the de-listing of shares of the Company from Ludhiana

Stock Exchange within the SEBI (Delisting of Securities) Guidelines, 2003.

Resolved Further that the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD
for DHANUKA PESTICIDES LIMITED

Suresh Sarawagi
Company Secretary

Regd. Office: ‘DHANUKA HOUSE’,
861-862, Joshi Road,
Karol Bagh, New Delhi – 110005.

Place : New Delhi
Dated: 29th July, 2003

NOTES: -

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 at least 48 hours before the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 23/09/2003 to 29/09/2003 (both days inclusive).
3. Payment of dividend for the financial year 2002-03, 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 29th September, 2003 or to their mandates; as the case may be.
4. In view of the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year 1995-96 shall be transferred to Investor Education and Protection Fund as and when it becomes due. No claim shall lie against the Company or the Fund upon such transfer.

5. Members are requested to notify change, if any, in their address at the Registered Office of the company quoting their folio number.
6. 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.
7. Shareholders/Proxies are requested to produce at the entrance the attached admission slip, 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 copy 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 so that the same may reach him at least seven days before the date of the meeting to enable the management to keep the information ready.
10. **Appointment/Re-appointment of Directors:-**

At the ensuing General Meeting, Mr. R.G. Agarwal and Mr. K.K. Jain will retire by rotation and being eligible offer themselves for re-appointment. Mr. Priya Brat is being proposed for appointment as Director liable to retire by rotation. The informations / details to be provided for the aforesaid Directors under Corporate Governance Code are as under :-

- (a) Mr. R.G. Agarwal, aged 54 years, is a commerce graduate and has more than 29 years of experience in Pesticides Industry. He took over the management of Northern Minerals Limited, a sick company, in the year 1980, which now has a turnover of approx. Rs. 100 crores with continuous profits. He promoted the Dhanuka Pesticides Limited in the year 1985. He is also serving the Pesticides Association of India in his capacity as Vice-Chairman. He is also on the Board of Northern Minerals Limited, Hindon Mercantile Limited and Pesticides Association of India.

- (b) Mr. K.K. Jain, aged 48 years, a commerce graduate is on the Board of Directors for the last 16 years. He is also on the Board of Jain Converter Pvt. Ltd.

- (c) Mr. Priya Brat, aged 67 years, M.Sc. (Hons.) in Physics is a Fellow Member of Indian Institute of Bankers. He has also completed diploma in international finance from the Development Management Institute, Geneva. He had a distinguished career as former Chief General Manager of State Bank of India and director on the Board of Bankers in SBI Group. He is also on the Board of Eicher Ltd., Eicher Motors Ltd., Vardhman Polytex Ltd. and Dhampur Sugar Ltd.

11. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 6 & 7 of the Notice (in respect of Special Business to be transacted at the meeting) is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following explanatory statement sets out all the material facts, relevant to the items of the Special Business contained in the notice.

ITEM NO.6

In the meeting of the Board of Directors of the company held on 28th October, 2002, Mr. Priya Brat has been appointed as Additional Director w.e.f. 28th October, 2002. Pursuant to Section 260 of the Companies Act, 1956, his term shall be expiring on 29th September, 2003 i.e. the date of Annual General Meeting. The company has received notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, liable to retire by rotation.

None of the directors, except Mr. Priya Brat, may be deemed to be interested or concerned in the Resolution.

ITEM NO.7

Equity shares of the Company have not been traded in Ludhiana Stock Exchange for the last few years. The Board of Directors in their meeting held on 29th July, 2003 considered and observed that in view of this, it would be better to de-list the shares from Ludhiana Stock Exchange as per The Securities and Exchange Board of India's SEBI (Delisting of Securities) Guidelines, 2003.

According to the provisions of the Guidelines, a Company can opt for voluntary de-listing of securities after getting the approval of the shareholders by way of a Special Resolution and complying with other formalities of the concerned stock exchange. Approval of the shareholders is sought for de-listing of the securities by way of special resolution.

None of the directors of the Company is concerned or interested in passing of the resolution.

BY ORDER OF THE BOARD
for DHANUKA PESTICIDES LIMITED

Suresh Sarawagi
Company Secretary

Regd. Office: 'DHANUKA HOUSE',
861-862, Joshi Road,
Karol Bagh, New Delhi-110005.

Place : New Delhi
Dated: 29th July, 2003

Report  junction.com

DIRECTORS' REPORT

To,

ALL THE MEMBERS

Your Directors have pleasure in presenting the 18th Annual Report alongwith Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	For the year ended 31.3.2003	For the year ended 31.3.2002
Gross Turnover	3,016.41	2,890.60
- Profit / (Loss) before depreciation & tax	126.95	3.04
Less:		
- Depreciation	54.00	61.99
- Provision for Income Tax	-	-
- Deferred Tax Liability	27.01	-
	45.94	(58.95)
Add:		
- Provisions of earlier year written back	-	1.48
- Balance of Profit & Loss Account of previous year	348.18	357.05
- Deferred Tax Assets	-	48.60
AMOUNT AVAILABLE FOR APPROPRIATION	394.12	348.18
Appropriations:		
- Dividend	19.80	-
- Tax on dividend	2.54	-
SURPLUS CARRIED TO BALANCE SHEET	371.78	348.18

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% for the year ended 31st March, 2003. The dividend, when approved by the members at the Annual General Meeting, will absorb Rs. 19,80,000/- and tax on dividend will absorb Rs. 2,53,688/-.

OPERATIONS

The year 2002-2003 was not a good year for the Pesticides Industry as the monsoon, which is pre-requisite for the success of the Pesticides Industry, was not favourable during the year. There had been drought in many parts and flood in some parts of the country. Despite all these unfavourable conditions, your company was able to do well this year.

The company achieved gross turnover of Rs.3016.41 lacs as compared to Rs.2890.60 lacs of the previous year showing an increase of approx. 4.35%. There was a net profit of Rs.72.95 lacs as compared to a loss of Rs.57.47 lacs of the previous year. The management is continuously working hard for cutting down the overheads and interest cost through better management of Inventory and Receivables. The Company has also negotiated with technical suppliers for reduction in the prices of technical supplies.

FUTURE PROSPECTS

The outlook for current year appears to be optimistic due to prediction of normal monsoon by the Meteorological Department of India, throughout the country. It is expected that Industries like pesticides industry depending on good and widespread monsoon, are likely to register significant growth during the current year.

Due to wider acceptance of the existing products and aggressive marketing policies; the demand of existing products is likely to go up.

In view of the above, the future prospects of your company seem to be bright.

MEASURES FOR CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND DETAILS OF FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required u/s 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is given in Annexure 'A', forming part of this report.

PARTICULARS OF EMPLOYEES

The company has not employed any employee whose salary was in excess of limit as specified u/s 217 (2A) of the Companies Act, 1956.

DIRECTORS

Your Directors express their deep sorrow on the sad demise of Shri S.D. Ganda, Director of the Company on 17th February, 2003.

Shri S.D. Ganda was Director of your Company since March, 1991. He had a distinguished career as former Chief General Manager of State Bank of India and Managing Director of State Bank of Patiala.

The Board of Directors of the Company express their deep regard and pay tribute to its departed member.

During the year under review, Mr. Priya Brat has been inducted as Additional Director on the Board of Directors.

In accordance with the provisions of the Companies Act, 1956, and relevant articles of the Articles of Association of the Company, Shri R.G. Agarwal and Shri K.K. Jain, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent; so as to give a true and fair view of the state of affairs of the company at the end of financial year and of profit or loss of the company for that period;
3. That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. That the directors have prepared the annual accounts on going-concern basis.

AUDITORS

M/s. S.K. Jain Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

STATUS OF LISTING FEES

The Company has paid upto date listing fees to Mumbai, Delhi and Ludhiana Stock Exchanges; where its shares are listed.

ACKNOWLEDGEMENT

Your Directors take this opportunity to record their deep sense of gratitude for the valuable support and co-operation extended to the Company by the Central Insecticides Board, Director of Agriculture, Haryana, other Government Agencies and State Bank of Patiala.

Your Directors wish to place on record their appreciation for the continuing support by investors, cordial industrial relations maintained by the workmen and also for devoted and dedicated efforts put in by the staff of the Company, for its continuous growth and success.

For and on behalf of the Board

Place: New Delhi
Dated: 25th June, 2003

R.G.Agarwal
Chairman

ANNEXURE 'A'**A) CONSERVATION OF ENERGY**

- a&b) Wherever possible, energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means are being continued on an on-going basis.
- c) The energy consumption and the cost of production is being kept under control.
- d) Requisite data in respect of energy conservation is given below:

	<u>2002-03</u>	<u>2001-02</u>
Electricity (KWH)		
a) Purchased Units	113764	110057
Total Amount (Rs.)	6,27,355	7,01,970
Rate per Unit (Rs.)	5.51	6.37
b) Own Generation through Diesel (Generator) Units	105406	115583
Unit/Lit of diesel oil	2.90	2.89
Cost/Unit (Rs.) (Incl. overhead)	7.58	7.22

Electricity ConsumptionFormulation Plant

Formulation of Caldan 4G (Granules) Rs./MT	373	466
Formulation of Caldan 50 SP (Powder) Rs./MT	787	823
Formulation of EC/Liquids Rs./KL	409	426

B) RESEARCH & DEVELOPMENT**i) Specific areas in which Research & Development carried out by the Company:**

- R&D efforts of the company are directed towards quality assurance, improvement of existing products and cost reduction.
- Studies for cost reduction, improvement of product quality, import substitutions and introduction of new eco-friendly products are carried out on an on-going basis.

ii) Benefits derived as a result of R&D Activities:

- Improvement in production, cost effectiveness and reduction in process losses.
- Improvement in raw material efficiency of the existing products/processes.
- Introduction of eco-friendly products.

iii) Future Plan of Action:

The R&D unit proposes to work for cost reduction, process optimization, products' quality standardization, analytical method development and the technology development of pesticides.

iv) Expenditure on R&D:

a) Capital	-
b) Recurring	9,29,394
c) Total	9,29,394
d) Total R&D expenditure as a percentage of total turnover	0.31%

C) TECHNOLOGY ABSORPTION

The technology developed as a result of R&D efforts were properly absorbed which has resulted in product improvement, introduction of new formulation processes and cost reduction.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, we have imported materials worth Rs.7,47,50,355/- (CIF). We have also received Rs.4,79,375/- in foreign currency on account of reimbursement of advertisement & publicity expenses.

For and on behalf of the Board

Place: New Delhi
Dated: 25th June, 2003

R.G.Agarwal
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Indian economy is an agrarian economy whose 67% population's livelihood is directly dependent on agriculture. Indian Agriculture contributes around 27% of the GDP. India is the second largest manufacturer of pesticides in Asia, next only to China and occupies 12th position in the world.

Indian Agriculture is having the most diverse agro-climatic regions of the world. The cultivable land to total land ratio is highest in the world and almost all the known species of crops are cultivated here, inspite of the fact that Indian Agriculture is highly dependent on monsoon.

Presently, the granaries of the country are brimming with the stock of more than 60 million MT of food grains primarily because the food grain production has crossed the level of 200 million MTs. However, population of the country is increasing @ 1.7% per annum and is expected to rise to 130 crores by the year 2020 and to feed this population, food production will have to scale upto 280 million MTs by that time. According to the FAO, India with nearly 2.2% of global geographical area supports nearly 1/6th of human population of the world. It is a matter of great concern that arable land has plummeted from 0.48 ha in 1950 to about 0.15 ha in 2000 and is anticipated to reduce further to 0.09 ha by 2050. This clearly reveals that there is no scope for horizontal expansion of arable land for agriculture production and the only alternative left is the vertical expansion through increased crop productivity.

Bio-pesticides and integrated pest management are the two major areas of growth in the future, the attributable reason being the increasing environmental concerns. So, there is a good potential for joint ventures and entry of foreign majors in these areas.

OPPORTUNITIES AND THREATS:

In order to make the trade more competitive globally, the custom duty on raw materials is expected to decline as per WTO guidelines. WTO proposes to bring custom duty at the level of 20%. Indian Govt. is working in the same direction to bring the custom duty upto that level, which at present is 25%. This decline has direct impact on the cost of the product. With imports becoming cheaper, companies can now provide world-class molecules to farmers at cheaper rates. Besides this, there are fewer chances for companies to follow monopolistic trade practices following which the companies used to charge quite exorbitant prices for its products, as every company can now go for imports.

In the year 2000-01, the Haryana Govt. had levied an entry tax called Local Area Development Tax of 4% for goods imported in the state of Haryana. The Govt. has now reduced this levy to 2%, which will result in reduction in the cost of production.

India, though an agrarian country, consumes very less quantity of pesticides. Pesticides consumption per hectare in India is only US\$ 3 as against US\$ 663 in Japan, US\$ 392 in Taiwan, US\$ 135 in Germany and US\$ 28 in USA. Maximum amount of pesticides is consumed on Cotton, Rice and Vegetables accounting for 76% of the total consumption on different crops. These crops also harbour a large number of insect pests and diseases and without application of pesticides economical returns are seldom achieved. However, judicious use of pesticides is needed. The other crops require comparatively less quantity of pesticides.

It is most unfortunate that some of the unorganized Pesticide Industries are manufacturing and marketing sub-standard/duplicate pesticides in different parts of the country and this phenomenon has taken the shape of cottage industry. These sub-standard pesticides not only devour the money spent by the farmers on pesticides but are also directly responsible for less production thereby causing harm to the economy of the country. Due to this, the Pesticide Industry loses its prestige and Government incurs direct loss of taxes.

The Indian farmers have very small land holding and mostly are less educated. Thus, it becomes very difficult for Industry and Govt. organisations to impart technical training to these farmers. These farmers can easily be trapped by non-technical/ non-trained distributors.

Such elements should be dealt with restrictive and punitive measures at both national as well as state levels.

SEGMENT-WISE PERFORMANCE:

As the Company is engaged only in the business of formulation of pesticides, segment-wise performance is not required.

OUTLOOK:

The outlook for the current year appears to be optimistic as the monsoon which is pre-requisite for the success of the Pesticides Industry is predicted to be normal. The monsoon has reached in almost all the states at the right time. During the first quarter of the financial year, the company achieved good sales volume and expects to perform well during the year.