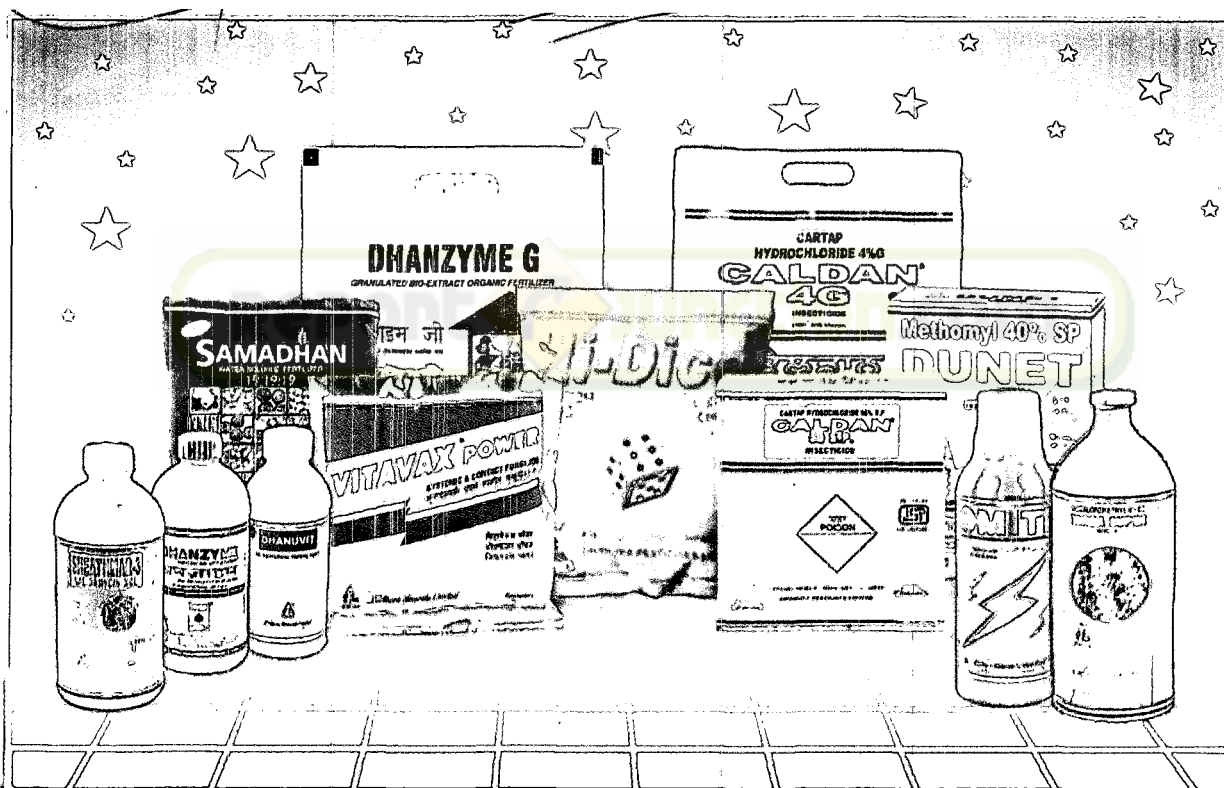


22nd
Annual Report
2006-07



Dhanuka Agritech Limited

(AN ISO 9001 : 2000 COMPANY)



Sh. M.K. Dhanuka, Managing Director



Sh. K.B. Kejariwal, Director



Sh. R.G. Agarwal, Chairman



Sh. Arun Kumar Dhanuka, Director



Sh. Rahul Dhanuka, Director

DHANUKA AGRITECH LIMITED

(AN ISO 9001:2000 COMPANY)

Twenty Second Annual Report 2006-07

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COMPANY PROFILE

BOARD OF DIRECTORS

R.G. Agarwal
Chairman

M.K. Dhanuka
Managing Director

K.B. Kejariwal
Director

Arun Kumar Dhanuka
Director

Rahul Dhanuka
Director

Priya Brat
Director

K.K. Jain
Director

Vinod Jain
Director

Shrikrishna Khetan
Director

I. Narain
Director

Company Secretary
R.A. Tiwari

MANAGEMENT TEAM

J.N. Saxena

Head - HRD

O.P. Singh

President - R&D

V.K. Bansal

Vice President (Commercial)

G.D. Gupta

Head - General Administration

C.M. Gupta

Head - Procurement

Rajesh Sahni

Sr. G.M. (Legal)

Kamal Kumar

Sr. G.M. (Marketing)

V.S. Raja

G.M. Administration

A.M. Mathur

Head - Publicity

Vijay Kumar

Head - Quality Control

Y.K. Goel

Head - Production

BANKERS

Hongkong & Shanghai Banking Corporation Ltd.

State Bank of Patiala

Centurion Bank of Punjab Ltd.

Citi Bank N.A.

HDFC Bank Ltd.

IndusInd Bank Ltd.

AUDITORS

M/s Dinesh Mehta & Co.

Chartered Accountants

21, Dayanand Road, Daryaganj

New Delhi - 110 002.

COST AUDITORS

S. Chander & Associates

Cost Accountants

212, IInd Floor, Sarai Pipal Thala,

G.T. Karnal Road, Azadpur, Delhi - 110033

DHANUKA AGRITECH LIMITED (Contd...)**REGISTERED OFFICE**

"Dhanuka House"
861-862, Joshi Road,
Karol Bagh, New Delhi-110005

WORKS

Village Atta,
Sohna Mandkola Road, Tehsil Nuh,
Distt. Gurgaon - 122103 (Haryana)

Daulatabad Road,
Gurgaon - 122103 (Haryana)

B/1/A-D/1/B, Ajanta Indl.Estate,
Near Sarika Paints,
Viramgaon Road, at Vasna lyava,
Sanand, Dist.Ahmedabad - 382170 (Gujrat)

A-64-65, Industrial Area,
Mandideep,
Dist. Raisen-462046 (MP)

Plot No.1,IID Centre,
Saicop Industrial Estate,
Battal, Balian, Udhampur (J&K)

BRANCHES

Ahmedabad, Akola, Bangalore, Bhatinda, Bhopal,
Cuttack, Ghaziabad, Gulbarga, Gurgaon, Guwahati,
Hyderabad, Indore, Jaipur, Kichha, Kolkata, Lucknow,
Ludhiana, Patna, Parwanoo, Pune, Raipur, Ranchi,
Salem, Siliguri, Sriganganagar, Thrissur and Vijaywada.

SHARE REGISTRARS AND TRANSFER AGENTS**M/s. Abhipra Capital Limited**

Abpipra Complex, Dilkhush Industrial Area,
A-387, G.T. Karnal Road, Azadpur, Delhi-110033
Phone Nos. 27127362, 27249773/4
E-mail ID: info@abhipra.com
Website: www.abpipra.com

ANNUAL GENERAL MEETING

Date : 26th September, 2007

Time : 11.00 a.m.

Venue : Shri Purshottam Hindi Bhawan,
11, Vishnu Digambar Marg (Raus Avenue),
New Delhi-110002

NOTICE TO THE MEMBERS

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at **Shri Purushottam Hindi Bhawan, 11 Vishnu Digambar Marg (Rouse Avenue), New Delhi-110002** on **Wednesday , the 26th day of September, 2007** at 11.00 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, 2007 and the Profit and Loss Account for the year ended on that date together with the reports of the Auditors and Directors thereon;
2. To declare a dividend for the year ended on 31st March, 2007;
3. To appoint a Director in place of Mr. K.K.Jain, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Mr. Vinod 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(s) the following resolution as an **ordinary resolution**:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 (the Act) and all other applicable provisions of the Act, consent of the company be and is hereby accorded to the appointment of Mr. Rahul Dhanuka as Whole Time Director of the company for a period of 5 years from 1st May, 2007 to 30th April, 2012 (both days inclusive) in accordance with the terms and conditions, as set out in the draft agreement submitted at 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 Mr. Rahul Dhanuka) as may be agreed to by the Board of Directors and Mr. Rahul Dhanuka.

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"RESOLVED that Mr. Shri Krishna Khetan, who was appointed as an Additional Director of the company w.e.f. 23rd May, 2007 by the Board of Directors and who holds office under Section 260

of the Companies Act, 1956, upto the date of the 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."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"RESOLVED that Mr. I. Narain, who was appointed as an Additional Director of the company w.e.f. 23rd May, 2007 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, upto the date of the 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."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"Resolved that in partial modification of the resolutions passed at the 19th and 20th Annual General Meetings of the Company held on 29.09.2004 and 28.09.2005 respectively for the re-appointment and modification in remuneration of Mr. M.K. Dhanuka, Managing Director of the Company and in accordance with the provisions of Sections 310, 198, 269 & 309 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to change the remuneration payable to Shri M.K. Dhanuka, Managing Director, from Rs. 1,00,000/- p.m. to Rs.1,50,000/- p.m. plus perquisites, mentioned in the supplemental agreement dated 10th July, 2007, placed before this meeting and initialled by the Chairman for the purpose of identification, plus commission @ 1.50% of the net profits of the company computed under Sections 349 and 350 of the Companies Act, 1956 w.e.f. 1st April, 2007 for the remaining tenure of his appointment upto 13.08.2009."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in

NOTICE TO THE MEMBERS (Contd...)

force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Shri M.K. Dhanuka shall be suitably modified to give effect to such variation or increase, as the case may be."

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"Resolved that in partial modification of the Agreement and Supplemental Agreements dated 28.10.2002, 15.09.2004 and 07.03.2005 in the transferor Company i.e. M/s Northern Minerals Limited, for the re-appointment and modification in remuneration of Shri R.G. Agarwal, Whole Time Director of the Company and in accordance with the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to change the remuneration payable to Shri R G Agarwal, Whole Time Director from Rs. 1,00,000/- p.m. to Rs. 1,75,000/- p.m. plus perquisites, mentioned in the supplemental agreement dated 10th July, 2007, placed before this meeting and initialled by the Chairman for the purpose of identification, plus commission @ 1.50% of the net profits of the company computed under Sections 349 and 350 of the Companies Act, 1956 w.e.f. 1st April, 2007 for the remaining tenure of his appointment upto 31.10.2007."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Shri R. G. Agarwal shall be suitably modified to give effect to such variation or increase, as the case may be."

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"Resolved that in partial modification of the Agreement dated 28.05.2007 executed between the company and Mr. Rahul Dhanuka, Whole Time

Director of the company for his appointment and in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to change the remuneration payable to Mr. Rahul Dhanuka, Whole Time Director from Rs. 50,000/- p.m. to Rs. 90,000/- p.m. plus perquisites, mentioned in the supplemental agreement dated 10th July, 2007, placed before this meeting and initialled by the Chairman for the purpose of identification, plus commission @ 1.00% of the net profits of the company computed under Sections 349 and 350 of the Companies Act, 1956 w.e.f. 1st May, 2007 for the remaining tenure of his appointment upto 30.04.2012."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Shri Rahul Dhanuka shall be suitably modified to give effect to such variation or increase, as the case may be."

12. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"Resolved that in partial modification of the Agreement and Supplemental Agreements dated 05.08.2003, 15.09.2004 and 07.03.2005 in the transferor Company i.e. M/s Northern Minerals Limited, for the re-appointment and modification in remuneration of Shri Arun Kumar Dhanuka, Whole Time Director of the Company and in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to change the remuneration payable to Shri Arun Kumar Dhanuka Whole Time Director from Rs. 50,000/- p.m. to Rs. 1,00,000/- p.m. plus perquisites, mentioned in the supplemental agreement dated 10th July, 2007, placed before this meeting and initialled by the Chairman for the purpose of identification, plus commission @ 1.00% of the net profits of the company computed under Sections 349 and 350

NOTICE TO THE MEMBERS (Contd...)

of the Companies Act, 1956 w.e.f. 1st April, 2007 for the remaining tenure of his appointment upto 31.07.2008.

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid agreement between the Company and Shri Arun Kumar Dhanuka shall be suitably modified to give effect to such variation or increase, as the case may be."

13. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **ordinary resolution**:

"Resolved that in partial modification of the resolutions passed at the 17th and 20th Annual General Meeting of the Company held on 27.09.2002 and 28.09.2005 respectively for the re-appointment and modification in terms of remuneration of Shri K. B. Kejariwal, Whole Time Director of the Company and in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to change the remuneration payable to Shri K.B.Kejariwal from Rs. 75,000/- p.m. to Rs.1,00,000/- p.m. plus perquisites mentioned in the supplemental agreement dated 10th July, 2007, placed before this meeting and initialled by the Chairman for the purpose of identification plus commission @ 1.00% of the net profits of the company computed under Sections 349 and 350 of the Companies Act, 1956 w.e.f. 1st April, 2007 for the remaining tenure of his appointment upto 31.08.2007."

"Resolved Further that the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the supplemental agreement to the extent the Board of Directors may consider appropriate, as may be permitted or authorised in accordance with any provision under the Act, for the time being in force or any statutory modification or re-enactment thereof and/or any Rules or Regulations framed thereunder and the terms of the aforesaid

agreement between the Company and Shri K.B. Kejariwal shall be suitably modified to give effect to such variation and increase, as the case may be."

14. 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 Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 (the Act) and all other applicable provisions of the Act, consent of the company be and is hereby accorded for the re-appointment of Mr. R. G. Agarwal as Whole Time Director of the company for a period of 5 years from 1st November, 2007 to 31st October, 2012 (both days inclusive) in accordance with the terms and conditions, as set out in the draft agreement submitted at 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 Mr. R. G. Agarwal) as may be agreed to by the Board of Directors and Mr. R. G. Agarwal.

15. 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 Sections 198, 269, 309 & 310 read with Schedule XIII to the Companies Act, 1956 (the Act) and all other applicable provisions of the Act, consent of the company be and is hereby accorded to the re-appointment of Mr. K.B.Kejariwal as Whole Time Director of the company for a period of 5 years from 1st September, 2007 to 31st August, 2012 (both days inclusive) in accordance with the terms and conditions, as set out in the draft agreement submitted at 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 Mr. K.B.Kejariwal) as may be agreed to by the Board of Directors and Mr. K.B.Kejariwal.

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

"RESOLVED that the consent of the Company be and is hereby accorded, pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, for the appointment of Mr. Mridul Dhanuka as Vice-President (Technical) of the Company w.e.f. 01.06.2007 on a total Salary of Rs. 50,000/- p.m. Resolved further that no other

NOTICE TO THE MEMBERS (Contd...)

benefits or perquisites shall be given to Mr. Mridul Dhanuka except with the fresh consent of the members and compliance of the applicable provisions of the Companies Act, 1956 relating thereto."

BY ORDER OF THE BOARD
for **DHANUKA AGRITECH LIMITED**

R.A.Tiwari
Company Secretary

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

Place : New Delhi
Dated: 28th July, 2007

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 19th September, 2007 to 26th September, 2007 (both days inclusive).
3. Payment of final dividend @ 20% (Rs. 2/- per equity share of Rs. 10/- each) for the financial year ended on 31.03.2007, 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 26th September, 2007 or to their mandates, as the case may be. In respect of shares in electronic form, the dividend will be paid on the basis of beneficial ownership as on 26th September, 2007 as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSIL) for this purpose. An Interim dividend @ 20% (Rs. 2/- per equity share of Rs. 10/- each) for the financial year ended on 31.03.2007 has already been paid to the members in April 2007.
4. In view of the provisions of Section 205A of the Companies Act, 1956, unclaimed/unpaid dividend for the financial year 1999-2000 shall be transferred to Investor Education and Protection Fund (IEPF) in the month of October, 2007. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2000 or any subsequent financial year(s), are requested to lodge their claims with the company till 15th September, 2007. No claim shall lie against the Company or the Fund once the unclaimed dividend is transferred to IEPF.
5. Members are requested to notify any change in their address to their Depositories Participants (DPs) in respect of shares held in electronics form and to the Transfer Agents of the company in respect of shares held in physical form.
6. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
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. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
9. 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.
10. 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.
11. **Additional information in terms of Clause 49 of the Listing Agreement is given as under :**
Appointment / Re-appointment of Directors:-
At the ensuing Annual General Meeting, Mr. K.K. Jain and Mr. Vinod Jain will retire by rotation and being eligible, offer themselves for re-appointment as Directors of the Company.
Consent of the members is also solicited for appointment of Mr. Shri Krishna Khetan and

NOTICE TO THE MEMBERS (Contd...)

Mr. I. Narain, as Directors of the company, liable to retire by rotation.

Further, consent of the members is also solicited for amendment in remunerations of Mr. M. K. Dhanuka, Managing Director, Mr. R.G. Agarwal, Mr. Arun Kumar Dhanuka, Mr. Rahul Dhanuka and Mr. K.B. Kejariwal, Whole Time Directors of the Company.

Further, consent of the members is also solicited for appointment/reappointment of Mr. R. G. Agarwal, Mr. K. B. Kejariwal and Mr. Rahul Dhanuka as Whole Time Directors of the company.

The informations/details to be provided for the aforesaid Directors under Corporate Governance clause are as under :-

- (a) **Mr. I. Narain**, aged about 62 years, is having enriched experience in Banking and retired as Head of Compliance and Legal, HSBC Group. He has joined the Board of your company as an Additional Director on 23rd May, 2007. He is also on the Board of M/s Cholamandalam DBS Finance Ltd and also Chairman of the Audit committee of this company.
- (b) **Mr. S.K. Khetan**, aged about 51 years, a commerce graduate, is having enriched experience as an industrialist. He has joined the Board of your company as an Additional Director on 23rd May, 2007. He is also Director on the Boards of M/s. Asian Dynasties Grace Industries Ltd. & M/s. Kanchanaburi Properties & Real Estate Development (P) Ltd. He is also Chairman of Shareholders Grievance and Share Transfer Committee of your company.
- (c) **Mr. K.K. Jain**, aged about 52 years, a commerce graduate has been on the Board of Directors of your company for the last 20 years. He is also on the Board of M/s. Jain Converter Private Limited, M/s. Hindon Mercantile Limited and M/s. Exclusive Leasing & Finance Limited. He is also a member of the Audit Committee and Remuneration Committee of your Company.
- (d) **Mr. Vinod Jain**, aged about 58 years is a commerce graduate from Delhi University and has been Director on the Board of your company since March, 2005. He is also on the Board of M/s. R.J. Garments-Export (P) Ltd. He is also chairman of the Audit Committee of your Company.
- (e) **Mr. M.K. Dhanuka**, aged about 53 years, B.Com (Hons) from Delhi University, is working as Managing Director of your company and has a vast and enriched experience in the pesticides industry. He is on the Boards of M/s. Golden Overseas Ltd., M/s. Dhanuka Laboratories Limited, M/s. Dhanuka Infotech Pvt. Ltd, M/s. Madhuri Designs-n-Export Pvt. Ltd. He is also a member of Shareholders Grievance and Share Transfer Committee of your Company.
- (f) **Mr. R.G. Agarwal**, aged about 58 years, is a commerce graduate. He promoted Dhanuka Group in the year 1980, by acquisition of a sick unit in Gurgaon. At that time, the unit was suffering losses and was at the verge of closure. Under his able leadership, that unit started to earn profits from very first year of acquisition. In 1985, he promoted Dhanuka Pesticides Limited, name of which has been changed to Dhanuka Agritech Limited in this year itself. Mr. R. G. Agarwal is also Director on the Boards of M/s. Hindon Mercantile Limited, M/s. Megh Garm-Fab Pvt. Ltd., M/s. HD Realtors Pvt. Ltd. and M/s. Dhanuka Infotech Pvt. Ltd. He has also been elevated as **Chairman of Crop Care Federation of India (erstwhile Pesticides Association of India)**.
- (g) **Mr. Arun Kumar Dhanuka**, aged about 50 years, is a commerce graduate. He has been associated with the group since beginning and is looking after the production unit at Gurgaon. He was on the Board of transferor company i.e. M/s. Northern Minerals Limited. He is also Director on the Boards of M/s Dhanuka Laboratories Limited, M/s. Growth Advertising & Marketing Pvt. Ltd. and M/s. Duke Impex Pvt. Ltd.
- (h) **Mr. Rahul Dhanuka**, aged about 32 years, an M.B.A. from S. P. Jain Institute of Management & Research, Mumbai, has proven his worth within a short span of time with his dynamic leadership. He is on the Boards of M/s. Dhanuka Laboratories Ltd., M/s. Exclusive Leasing & finance Ltd., M/s. Golden Overseas Ltd., M/s. MD Buildtech Pvt. Ltd, M/s. Dhanuka Infotech Pvt. Ltd. He is also member of Audit Committee of your Company.
- (g) **Mr. K.B. Kejariwal**, aged about 56 years is a B.E. Electrical (Hons). He has been working as Director (Works) of the Company for the last 15 years and has contributed immensely for the growth of the Company. He is also a member of Shareholders Grievance and Share Transfer Committee of your Company

NOTICE TO THE MEMBERS (Contd...)

12. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 6 to item no. 16 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

Mr. Rahul Dhanuka was appointed as Director, liable to retire by rotation, on the Board of your Company in the 17th Annual General Meeting of the Company held on 27th September, 2002. He has made a lot of contribution in the growth of the company during this period by his dynamic leadership and excellent marketing skills. He has been a key factor for introduction of new molecules in the market which are beneficial to the farmers and are environment friendly. During the tenure of his Directorship, your company has been able to improve the technical tie-ups with the foreign collaborators, to penetrate new markets and to expand the business. Mr. Rahul Dhanuka has also introduced the innovative idea of implementation of Enterprises Resource Planning (ERP) software in your company. Your company has already implemented ERP in its corporate office, manufacturing units and some of its branches. It is expected that with implementation of ERP, the company will be able to achieve high growth in the coming years.

The Board of Directors consider that Mr. Rahul Dhanuka be appointed as Whole Time Director of the company for a period of 5(five) years from 1st May, 2007 to 30th April, 2012 (both days inclusive) on the terms mentioned in draft agreement placed before the Board in their meeting held on 23rd May, 2007 and recommend to 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. 50000/- (Rupees Fifty thousand only) per month.
- B. Commission:** 2% of the net profits computed under Sections 349 and 350 of the Companies Act, 1956 payable at the time of approval of the Annual Accounts by the Board of Directors.

C. Perquisites

Category 'A'

- i) 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;

- ii) Leave travel concession for self and family not exceeding Rs.75,000/- once in a year. The perquisite shall be taxed in accordance with the provisions of the Income-Tax Rules;
- iii) Membership fees of not more than two clubs provided no life membership fee or admission fee shall be paid by the company; and
- iv) 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% on the salary upto maximum limit as prescribed under the PF Act;
- ii) Company's contribution towards pension/ superannuation fund, such contribution together with contribution to the provident fund shall not exceed 27% of the salary as laid down in the Income-Tax Rules, 1962;
- 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 or part thereof in excess of six months, subject to ceiling of Rs. 3,50,000/- as laid down in the Income Tax Rules, 1962.

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 Whole Time Director as per the Company's Rules; and
- ii) Provision of telephone at residence for use of company's work, subject to the condition that personal STD calls shall be billed by the company to the Whole Time Director.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of Whole Time Director, the company has no profit or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as may be approved by the Remuneration Committee of the Board of Directors and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956.