



Dhanuka Kheti Ki Nai Takneek

23rd Annual Report 2007-08



Dhanuka Agritech Limited
(AN ISO 9001 : 2000 COMPANY)

Auth. Tissue



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 Third Annual Report 2007-08

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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

VINOD JAIN

Director

SHRIKRISHNA KHETAN

Director

I.NARAIN

Director

SUBHASH LAKHOTIA

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

J.K. Agarwal

Vice President (Seeds)

BANKERS

HongKong & Shanghai Banking Corporation Ltd.

State Bank of Patiala

HDFC Bank Ltd.

Citi Bank N. A.

IndusInd Bank Ltd.

AUDITORS

M/s Dinesh Mehta & Co.

Chartered Accountants

21, Daya Nand Road,

Darya Ganj, New Delhi - 110002

COST AUDITORS

M/s. 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, Sohna
Distt. Mewat- 122103 (Haryana)

Daultabad Road
Gurgaon - 122001 (Haryana)

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

Plot No. 1, IID Centre,
Salcop Industrial Estate
Battalm Balian, Udampur (J & K)

BRANCHES

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

SHARE REGISTRATIONS AND TRANSFER AGENTS

M/s Abhipra Capital Limited
Ground Floor, Abhipra Complex,
Dilkhush Industrial Area,
A-387, G.T.Karnal Road,
Azadpur, Delhi-110033
Phone Nos.27127362,27249773/4,42390708
Website:www.abhipra.com
E-mail:info@abhipra.com.rta@abhipra.com

ANNUAL GENERAL MEETING

Date	:	4th September, 2008
Time	:	11.00 A.M.
Venue	:	Shri Purshottam Hindi Bhawan, 11,Vishnu Digambar Marg (Rause Avenue) New Delhi-110002

NOTICE TO THE MEMBERS

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held at **Shri Purushottam Hindi Bhawan, 11 Vishnu Digambar Marg (Rouse Avenue), New Delhi-110002** on Thursday the 4th September, 2008 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, 2008 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, 2008;
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.B.Kejariwal, 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 re-appointment of Shri Arun Kumar Dhanuka as Whole Time Director of the Company for a period of 5 years from 1st August, 2008 to 31st July, 2013 (both days inclusive) in accordance with the terms and conditions, as set out in the draft Agreement submitted at this meeting and initialed 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 Arun Kumar Dhanuka) as may be agreed to by the Board of Directors and Shri Arun Kumar Dhanuka."

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

"RESOLVED that Shri Subhash Lakhotia, who was

appointed as an Additional Director of the company w. e. f. 30th January, 2008 by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, till the date of forthcoming 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."

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: 29th July, 2008

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 **27th August, 2008 to 4th September, 2008** (both days inclusive).
3. Payment of Dividend @ 50% (Rs.5/- per equity share of Rs. 10/- each) for the Financial Year ended on 31.03.2008, 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 4th September, 2008 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 4th September, 2008 as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSIL) for this purpose.

NOTICE TO THE MEMBERS (Contd..)

4. Members are requested to notify any change in their address to their Depositories Participants (DPs) in respect of shares held in electronic form and to the Transfer Agents of the Company in respect of shares held in physical form.
5. 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.
6. 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.
7. 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.
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.
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, Shri R.G.Agarwal and Shri K.B.Kejariwal 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 Shri Subhash Lakhotia, as Director of the company, liable to retire by rotation.

Further, consent of the members is also solicited for reappointment of Shri Arun Kumar Dhanuka as Whole Time Director of the company.

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

- (a) **Shri R.G. Agarwal**, aged about 59 years, is a Commerce Graduate. He promoted Dhanuka Group in the year 1980, by acquisition of a sick unit (then named as M/s. Northern Minerals Limited, now merged with M/s. Dhanuka Agritech Limited) situated in Gurgaon. That time, the unit was suffering losses and was at the verge of closure. But under his able leadership, the unit started to earn profits from very first year of acquisition. In 1985, he promoted Dhanuka Agritech Limited formerly known as Dhanuka Pesticides Limited. Shri 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 re-elected as **Chairman of Crop Care Federation of India (erstwhile Pesticides Association of India)**.
- (b) **Shri K.B. Kejariwal**, aged about 57 years is a B.E. Electrical (Hons). He has been working as Director (Works) of the Company for the last 16 years and has contributed immensely for the growth of the Company.
- (c) **Shri Arun Kumar Dhanuka**, aged about 51 years, is a commerce graduate. He has been associated with the group since beginning and is looking after the production unit at Gurgaon. He is also Director on the Boards of M/s Dhanuka Laboratories Limited, M/s. Duke Impex (P) Ltd. and M/s. Growth Advertising & Marketing Pvt. Ltd.
- (d) **Shri Subhash Lakhotia**, aged about 59 years, has joined the Board of your Company on 30th January, 2008. He is a noted Income-tax Advisor for over 38 years. He regularly writes columns over the subject in various famous national dailies of the country. Shri Subhash Lakhotia also conducts a very popular show "TAX GURU" on "CNBC AWAAZ", a popular TV Channel from the house of CNBC News. He also replies tax queries on moneycontrol.com and magicbricks.com. He is also Director on the Boards of M/s Minda Industries Ltd., M/s Somani Worsted Ltd., M/s. AEZ Gee Cee Developers Private Limited and M/s. Tempex Developers Private Ltd.

NOTICE TO THE MEMBERS (Contd..)

12. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 6 and 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

Shri Arun Kumar Dhanuka was appointed as Whole Time Director in the transferor company for a period of five years from 1st August, 2003 to 31st July, 2008 which was approved by Shareholders of that company in their 42nd AGM. Consequent to the merger, he was taken on the Board of your Company as Whole Time Director, on the same terms & conditions as were applicable to his appointment in the transferor Company.

The members had accorded their approval for increase in remuneration of Shri Arun Kumar Dhanuka in the last Annual General Meeting of the Company.

As his present term as Whole Time Director expires on 31st July, 08, Board of Directors consider that Shri Arun Kumar Dhanuka, be reappointed as Whole Time Director of the Company for a further period of 5 years from 1st August, 2008 to 31st July, 2013 and recommend his reappointment for your approval. The material terms and conditions contained in the draft agreement with Shri Arun Kumar Dhanuka for his reappointment are mentioned here below for consideration of the members :

(A) Salary : Rs. 1,00,000/- (Rupees One Lac only) per month.

(B) Commission : @1% of the Net profits of the Company computed under Sections 349 and 350 of the Companies Act, 1956.

(C) Perquisites :

Category 'A'

- i) Reimbursement of medical expenses for self and family, actually incurred, subject to the condition 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 Shri Arun Kumar Dhanuka, 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.

The copy of the draft agreement referred to in the resolution is available for inspection to 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 may also be treated as an abstract of the terms of the contract/agreement and the memorandum as to the nature of concern or interest of the Directors pursuant to Section 302 of the said Act.

NOTICE TO THE MEMBERS (Contd..)

Except Shri Arun Kumar Dhanuka, no other Director is concerned or interested in the aforesaid resolution.

The terms & conditions governing re-appointment of Shri Arun Kumar Dhanuka fall within the parameters 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 the Central Government is necessary in this case.

ITEM NO. 7

Board of Directors of the Company has appointed Shri Subhash Lakhotia as Additional Director in its meeting held on 30th January, 2008. As provided in Section 260 of the Companies Act, 1956, term of appointment of Shri Subhash Lakhotia shall expire on 4th day of September, 2008 i.e. the date of Annual General Meeting of the Company. The Company has received notice in writing under Section 257 of the Companies Act, 1956 from Shri G.D. Gupta shareholder of the Company, proposing the candidature of Shri Subhash Lakhotia for the office of Director, to be appointed at the ensuing Annual General Meeting and liable to retire by rotation.

None of the Directors, except Shri Subhash Lakhotia shall be deemed to be interested or concerned in the resolution at Item No. 7.

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: 29th July, 2008

P. S.

1. NO GIFTS WILL BE DISTRIBUTED AT THE AGM.
2. REFRESHMENTS WILL BE PROVIDED ONLY TO THOSE MEMBERS/PROXY WHO WILL BE PERSONALLY PRESENT AT THE MEETING.

DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors feel pleasure in presenting before you the 23rd Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March, 2008.

DIVIDEND

Your Directors are pleased to recommend a Dividend of 50% for the year ended 31st March, 2008. Dividend, if approved by the members at 23rd Annual General Meeting, will absorb Rs. 4,58,94,500/- and tax on dividend will absorb Rs.77,99,770/- .

BUSINESS OPERATIONS:

Financial year 2007-08 was a healthy year from the point of growth of Pesticides Industry. The Industry witnessed a growth of 10% during the year against 8% last year due to an evenly distributed monsoon throughout the country, which covered most of the crops. Your Company achieved a growth of over 24% in gross turnover and over 61% in PAT during the year in comparison to last year.

Its gross turnover increased to Rs. 286.34 crores during F.Y. 2007-08 from Rs. 230.38 Crores during F. Y. 2006-07, while PAT improved to Rs. 16.92 Crores from Rs. 10.50 Crores.

In its endeavor to serve the farming community with increasingly safer and eco-friendly molecules, the company launched various new products during the year, namely Dhanutan 50% WP, Donmix 50% EW, Dhanvan 5000, Zargon etc. Market has shown encouraging response to these products.

FUTURE PROSPECTS:

Future of the Company's growth mainly depends on the monsoon, pest infestation, strong Research & Development team, introduction of new eco friendly and safe molecules and evolution of awareness among farmers for effective use of pesticides. Monsoon during 2008-09 is predicted to be normal and evenly distributed all over the country. Company is, therefore, optimistic of achieving encouraging growth in the current year also. To cater to the needs of farmers and to educate them about proper use of pesticides, the Company has an excellent and widespread marketing network.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars		For the yr. ended 31.3.2007
Gross Turnover	286.34	23038.30
Profit before depreciation & taxation (PBDT)	2851.73	1803.31
Deductions:		
• Depreciation	214.17	170.60
• Provision for-Income Tax	888.09	559.88
-F.B.T.	47.93	38.61
• Deferred Tax Liabilities/ (Assets)	12.45	(15.96)
Profit after Tax (PAT)	1632.10	1050.18
Additions:		
• Balance of Profit & Loss Account of previous year	2706.04	2185.27
Amount Available for Appropriations	4338.10	3235.46
Appropriations:		
• Transfer to General Reserve	162.21	105.02
• Interim Dividend	-	183.58
• Dividend Tax	-	25.74
• Proposed Dividend	458.94	183.58
• Dividend Tax	78.03	31.20
• Surplus carried to Balance Sheet	3692.33	2706.34
	4338.10	3235.46

MEASURES FOR ENERGY CONSERVATION, R&D AND 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.

DIRECTORS:

Board of Directors have appointed Sh. Subhash Lakhota as Additional Director of your Company w.e.f. 30th January, 2008, under the provisions of Section 260 of the Companies Act, 1956. Under Section 257 of the Act, some members of the Company have sent written notice proposing his candidature, in the forthcoming AGM, as a Director of the Company, liable to retire by rotation.

DIRECTORS' REPORT (Contd..)

Sh. Subhash Lakhota has also been appointed as member of the Remuneration Committee and the Shareholders' / Investors' Grievance Redressal Committee of the Board of the Company.

Sh. K. K. Jain, has resigned from the Board of Directors. He was also member of the Audit Committee and Remuneration Committee of the Board.

Sh. Shri Krishna Khetan has been inducted as member of the Audit Committee, while Sh. I Narain has been inducted as Chairman and member of Shareholders' / Investors' Grievance Redressal Committee of the Board of the Company.

In accordance with provisions of the Companies Act, 1956, and relevant Articles of the Articles of Association of the Company, Sh. R. G. Agarwal and Sh. K. B. Kejariwal, will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. That in 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 judgments 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 provisions of this Act for safeguarding the assets of the Company and

for preventing and detecting frauds and other irregularities; and

4. That the directors have prepared the Annual Accounts on ongoing concern basis.

CORPORATE GOVERNANCE:

The Company is committed to the good corporate governance practices and reaffirms its commitment in this regard.

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd, Mumbai, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliances of Corporate Governance are made a part of this Annual Report.

STATUTORY AUDITORS:

M/s Dinesh Mehta & Co. Chartered Accountants, New Delhi were appointed Auditors of the Company to hold office until the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their reappointment.

COST AUDITORS:

The Board of Directors, in pursuance of order issued by the Central Government under section 233B of the Companies Act, 1956, have appointed M/s S. Chander & Associates, Cost Accountants, New Delhi, as Cost Auditors of the Company to conduct audit of the cost accounts maintained by the Company in respect of its insecticides business for the year ending 31st March, 2009.

STATUS OF LISTING FEES:

The company has been regularly paying the listing fees to the Bombay Stock Exchange Limited, Mumbai where its shares are listed.