



## 25<sup>th</sup> Annual Report 2009-10

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### COMPANY PROFILE

#### BOARD OF DIRECTORS

**Mr. R. G. Agarwal**

Chairman

**Mr. M. K. Dhanuka**

Managing Director

**Mr. Arun Kumar Dhanuka**

Director

**Mr. K. B. Kejariwal**

Director

**Mr. Rahul Dhanuka**

Director

**Mr. Priya Brat**

Director

**Mr. Vinod Jain**

Director

**Mr. Shrikrishna Khetan**

Director

**Mr. I. Narain**

Director

**Mr. Subhash Lakhota**

Director

**Mr. Mukesh Kumar**

Company Secretary

### MANAGEMENT TEAM

**Dr. O. P. Singh**

President R & D

**Mr. V. K. Bansal**

Chief Financial Officer

**Mr. G. D. Gupta**

Head - General Administration

**Mr. C. M. Gupta**

Head-Procurement

**Mr. Mridul Dhanuka**

Head - Production

**Mr. J. K. Agarwal**

Vice President - Seeds

**Mr. Harsh Dhanuka**

Senior General Manager - Seeds

**Mr. Rajesh Sahni**

Senior General Manager - Legal

**Mr. Vijay Kumar**

Senior General Manager - Quality Control

**Mr. Y. K. Goel**

Senior General Manager - Production

**Mr. Kamal Kumar**

Senior General Manager - Recruitment & Training

**Mr. A. M. Mathur**

General Manager - Coordination

**Dr. P. C. Rai**

General Manager - Marketing

**Mr. P. K. Mishra**

General Manager - Business Development

**Mr. H. M. Raval**

General Manager - Marketing

**Dr. Rajesh Mishra**

General Manager - R & D Seed Division

## BANKERS

Hongkong & Shanghai Banking Corporation Limited  
State Bank of Patiala  
HDFC Bank Limited  
State Bank of India

## 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, IIInd Floor, Sarai Pipal Thala,  
G.T. Karnal Road, Azadpur,  
Delhi-110033

## REGISTERED OFFICE:

**"Dhanuka House"**  
861-862, Joshi Road,  
Karol Bagh, New Delhi-110005  
Phone Nos.: (011)30511500/83/67  
Fax No. : (011) 32907373  
E-mail : dhanuka@bol.net.in  
headoffice@dhanuka.com  
Visit us at : www.dhanuka.com

## REGISTRAR AND TRANSFER AGENTS

M/s Abhipra Capital Limited  
Ground Floor, Abhipra Complex,  
Dilkhush Industrial Area,  
A-387,G.T. Karnal Road, Azadpur, Delhi-33  
Phone Nos.: 011-42390909  
E-mail : info@abhipra.com  
rta@abhipra.com  
Website : www.abhipra.com

## ANNUAL GENERAL MEETING

**Date** : 4th day of August,2010  
**Time** : 10:30 AM  
**Venue** : Shri Purushottam Hindi Bhawan,  
11, Vishnu Digambar Marg  
(Rouse Avenue), New Delhi -110 002

## WORKS

Village Atta,  
Sohna Mandkola Road, Sohna,  
Distt. Mewat - 122103 (Haryana)  
E-mail : sohnaunit@dhanuka.com

Daulatabad Road,  
Gurgaon - 122001 (Haryana)  
Ph.Nos. : (0124) 2469138 / 139 / 140  
Fax No. : (0124) 2469144  
E-mail : gurgaonunit@dhanuka.com

D/1/A-D/1/B, Ajanta Indl.Estate,  
Near Sarika Paints, Viramgaon Road,  
at Vasna lyava, Sanand, Dist.  
Ahmedabad-382170 (Gujarat)  
Ph. Nos. : (02717) 284567/68  
Fax Nos. : (02717) 284567  
E-mail : sanand@dhanuka.com

Plot No.1, IID Centre,  
SAICOP Industrial Estate,  
Battal Balian, Udhampur (J&K)  
Ph. Nos. : (01992) 250156/57  
Fax Nos. : (01992) 250156  
E-mail : udhampur@dhanuka.com

## SALES OFFICES/GODOWNS:

Ahmedabad, Akola, Bangalore, Cuttack,  
Ghaziabad, Guntur, Hissar, Hyderabad,  
Indore, Jaipur, Jabalpur, Kichha, Kolkata,  
Kurnool, Lucknow, Ludhiana, Nellore, Patna,  
Pune, Rai, Raipur, Ranchi, Ravulapalem,  
Salem, Sriganganagar, Thrissur and  
Vijayawada .

# NOTICE TO THE MEMBERS

Notice is hereby given that the 25th 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 4th day of August, 2010 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, 2010 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, 2010;
3. To appoint a Director in place of Shri Arun Kumar Dhanuka, who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint a Director in place of Shri Shrikrishna Khetan, 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 in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to increase the remuneration payable to Shri Ram Gopal Agarwal, Chairman of the Company, from Rs. 1,75,000/- p.m. to Rs. 2,50,000/- p.m. w.e.f. 1.06.2010 for the remaining tenure of his appointment upto 31.10.2012, alongwith perquisites, allowances, commission and other things which shall remain same as mentioned in the main Agreement dated 1st November, 2007."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary or increase the salary of Sh. R. G. Agarwal by executing a Supplemental Agreement to the Main Agreement dated 01.11.2007 between the Company and Sh. R. G. Agarwal as per the above Resolution to give effect to such variation or increase, as the case may be."

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

"Resolved that in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to increase the remuneration payable to Shri Mahendra Kumar Dhanuka, Managing Director of the Company, from Rs. 1,50,000/- p.m. to Rs. 2,25,000/- p.m. w.e.f. 1.06.2010 for the remaining tenure of his appointment upto 13.08.2014, alongwith

perquisites, allowances, commission and other things which shall remain same as mentioned in the main Agreement dated 14th August, 2009."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary or increase the salary of Sh. Mahendra Kumar Dhanuka by executing a Supplemental Agreement to the Main Agreement dated 14.08.2009 between the Company and Sh. Mahendra Kumar Dhanuka as per the above Resolution to give effect to such variation or increase, as the case may be."

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

"Resolved that in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to increase the remuneration payable to Shri Arun Kumar Dhanuka, Whole Time Director of the Company, from Rs. 1,00,000/- p.m. to Rs. 1,50,000/- p.m. w.e.f. 1.06.2010 for the remaining tenure of his appointment upto 31.07.2013, alongwith perquisites, allowances, commission and other things which shall remain same as mentioned in the main Agreement dated 1st August, 2008."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary or increase the salary of Sh. Arun Kumar Dhanuka by executing a Supplemental Agreement to the Main Agreement dated 1st August, 2008 between the Company and Sh. Arun Kumar Dhanuka as per the above Resolution to give effect to such variation or increase, as the case may be."

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

"Resolved that in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to increase the remuneration payable to Shri K. B. Kejariwal, Whole Time Director of the Company, from Rs. 1,00,000/- p.m. to Rs. 1,50,000/- p.m. w.e.f. 1.06.2010 for the remaining tenure of his appointment upto 31.08.2012, alongwith perquisites, allowances, commission and other things which shall remain same as mentioned in the main Agreement dated 1st September, 2007."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary or increase the salary of Sh. K. B. Kejariwal by executing a Supplemental Agreement to the Main Agreement dated 1st September, 2007 between the Company and Sh. K. B. Kejariwal as per the above Resolution 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**:

# NOTICE TO THE MEMBERS Cont.

"Resolved that in accordance with the provisions of Section 198, 269, 309 & 310 read with Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof, the approval of the Company be and is hereby accorded to increase the remuneration payable to Shri Rahul Dhanuka, Whole Time Director of the Company, from Rs. 90,000/- p.m. to Rs. 1,50,000/- p.m. w.e.f. 1.06.2010 for the remaining tenure of his appointment upto 30.04.2012, alongwith perquisites, allowances, commission and other things which shall remain same as mentioned in the main Agreement dated 1st May, 2007."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary or increase the salary of Sh. Rahul Dhanuka by executing a Supplemental Agreement to the Main Agreement dated 1st May, 2007 between the Company and Sh. Rahul Dhanuka as per the above Resolution to give effect to such variation or increase, as the case may be."

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

Sd/-  
**Mukesh Kumar**  
Company Secretary

**Regd. Office :**

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

Place : New Delhi  
Dated: 29th May, 2010

**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 **29th July, 2010 to 4th August, 2010** (both days inclusive).
3. Payment of Dividend @ 70% (Rs.7/- per equity share of Rs. 10/- each) for the Financial Year ended on 31.03.2010, 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 the date of book closure 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 record date as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSIL) for this purpose.

It may also be noted that your Directors have proposed

to subdivide the equity share Capital of the Company to the consequential effect that each equity share of nominal value of Rs. 10/- each shall be subdivided into 5 equity shares of Rs. 2/- each. In case if the Resolution proposed is approved by the requisite majority, the Dividend shall be paid in the same proportion (i.e. Rs. 1.40 for each equity share of Rs. 2 each).

4. Members are requested to notify any change in their address to their Depository 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 Depository 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.
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. In view of the provisions of Section 205A of the Companies Act, 1956, unclaimed / unpaid dividend for the Financial Year 2002-03 shall be transferred to Investor Education and Protection Fund (IEPF) in the month of September, 2010. Members who have not yet encashed their dividend warrant(s) for the Financial Year ended 31st March, 2003 or any subsequent financial year(s), are requested to lodge their claims with the Company. No claims shall lie against the Company or the Fund once the unclaimed dividend is transferred to IEPF.
11. **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 6-10 of the Notice (in respect of Special Business to be transacted at the meeting) is annexed hereto.**

# NOTICE TO THE MEMBERS Cont.

## 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 Ram Gopal Agarwal, s/o Late Sh. C.L. Dhanuka, aged about 61 years, is a Commerce Graduate. He promoted Dhanuka Group in the year 1980, by acquisition of a sick unit, namely, Northern Minerals (P) Limited (now merged into M/s Dhanuka Agritech Limited) 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 Agritech Limited (Formerly known as Dhanuka Pesticides Limited). He has a vast experience in Agrochemical Industry. He has been working for the last 40 years and has contributed immensely for the growth of the Company. He looks after the overall supervision of Company's affairs. He has been instrumental to the success of Dhanuka.

In view of his ability to manage the affairs of the Company and brilliance to produce high profits for the Company, Sh. Ram Gopal Agarwal, has been an eminent personality in the field of Agrochemicals. The Remuneration Committee of the Board in its meeting dated 29th May, 2010, recommended to increase the salary of Sh. R.G. Agarwal from Rs. 1,75,000/- p.m. to Rs. 2,50,000/- p.m. The material terms and conditions proposed in the said agreement are mentioned hereinbelow for consideration of members:

- A. Salary :** Rs.2,50,000/- (Rupees Two Lacs Fifty Thousand only) per month.
- B. Commission:** 1.5% of the Net profits of the Company computed under Section 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 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 fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the Company;
- 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% of the salary with a maximum of Rs.15,000/- per month 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; and
- iii) Gratuity payable in accordance with an approved Gratuity Fund, which shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 Chairman 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 Chairman.

### MINIMUM REMUNERATION:

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of Sh. R. G. Agarwal, the Company has no profits or its profit 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 Supplementary 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.

Except Shri Ram Gopal Agarwal (Chairman), Shri Mahendra Kumar Dhanuka (Managing Director) and Shri Rahul Dhanuka (Whole time Director), no other Director is concerned or interested in the aforesaid resolution.

This shall 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.

The aforesaid terms & conditions governing increase in remuneration of Shri R. G. Agarwal 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.



# NOTICE TO THE MEMBERS Cont.

## ITEM No. 7:

Sh. Mahendra Kumar Dhanuka, S/o Late Sh. C. L. Dhanuka, 56 years of age, holds Bachelor's Degree in Commerce from Delhi University. He has been working as Managing Director and has a vast and enriched experience in the agrochemical industry. His vast experience adds much needed expertise in those areas which are necessary for the functioning of the board and the committees.

Sh. M. K. Dhanuka was reappointed as the Managing Director of your Company in the last Annual General Meeting held on 22nd September, 2009. He has been managing the overall affairs of the Company and has been a key contributor to the success of Dhanuka. His foresightedness and business acumen facilitated your Company in achieving a turnover of Rs. 445 crore mark.

In view of the fruitful results achieved by your Company by use of his sheer skills and potential, the Remuneration Committee of the Board recommended to increase the salary of Sh. M.K. Dhanuka from Rs. 1,50,000 p.m. to Rs. 2,25,000 p.m. The material terms and conditions proposed in the said agreement are mentioned hereinbelow for consideration of members:

- A. Salary:** Rs.2,25,000/- (Rupees Two Lacs Twenty Five Thousand only) per month.
- B. Commission:** 1.5% of the Net profits of the Company computed under Section 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 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 fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the Company;
- 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% of the salary with a maximum of Rs.15,000/- per month 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; and

- iii) Gratuity payable in accordance with an approved Gratuity Fund, which shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 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 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 profits or its profit 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 Supplementary 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.

Except Shri Mahendra Kumar Dhanuka and Shri Ram Gopal Agarwal (Chairman), no other Director is concerned or interested in the aforesaid resolution.

This shall 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.

The aforesaid terms & conditions governing increase in remuneration of Shri Mahendra 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. 8:

Shri Arun Kumar Dhanuka, son of late Sh. Govind Lal Dhanuka is a B. Com. Graduate from University of Delhi of 1978 batch. Immediately after completion of his graduation, he started to look after the business with Shri R. G. Agrawal. When Shri R. G. Agarwal, the founder of the Dhanuka Group took over the reins of M/s. Northern Minerals Pvt. Limited, a sick unit, in 1980, Shri Arun Kumar Dhanuka was also entrusted with the responsibility to run the unit under his leadership. Shri Arun Kumar Dhanuka, with his sincere efforts, innovative skills and able leadership took the

# NOTICE TO THE MEMBERS Cont.

company to new heights of success.

At present, Shri Arun Kumar Dhanuka supervises the working of two units of the Company, namely, Gurgaon and Udhampur units.

Recognizing the capabilities, innovative skills and hard work of Sh. Arun Kumar Dhanuka in achievement of the increasing Sales of the Company to a score of Rs. 445 crores, the Remuneration Committee of your Board in its meeting dated 29th May, 2010, recommended to increase the salary of Sh. Arun Kumar Dhanuka from Rs. 1,00,000 p.m. to Rs. 1,50,000 p.m. The material terms and conditions proposed in the said agreement are mentioned hereinbelow for consideration of members:

**A. Salary:** Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month.

**B. Commission:** 1 % of the Net profits of the Company computed under Section 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 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 fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the Company;
- 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% of the salary with a maximum of Rs.15,000/- per month 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; and
- iii) Gratuity payable in accordance with an approved Gratuity Fund, which shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 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 Sh. Arun Kumar Dhanuka, the Company has no profits or its profit 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 Supplementary 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.

Except Shri Arun Kumar Dhanuka (Whole time Director) himself, no other Director is concerned or interested in the aforesaid resolution.

This shall 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.

The aforesaid terms & conditions governing increase in remuneration 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. 9:**

Sh. K. B. Kejariwal, son of Shri Baijnath Kejariwal, is the Director of Dhanuka Agritech Limited since 1992. He is B. Tech Engineer and has a total experience of 37 years. He took the charge of Sohna Unit in Haryana. In fact, the Company manufactured speciality molecules in Sohna unit for which it required some qualified person having a rich experience behind him and having technical qualification. With all the required qualities and practical experience behind him of running units successfully during his service period, Sh. K. B. Kejariwal took the charge of running Sohna unit. After taking the charge, Sh. K. B. Kejariwal set up CALDAN PLANT in Sohna unit which was a very special Product and boosted the turnover of the Company.

Looking at his qualities and zeal to take the organisation to new heights, the Management decided to set up one more unit in Udhampur, J & K and again Sh. K. B. Kejariwal was given the challenging responsibility to set up manufacturing unit at Udhampur. By crossing all the obstacles and difficulties,

# NOTICE TO THE MEMBERS Cont.

he was successful to set up the plant in Udhampur which has started commercial production in the month of November, 2008. Presently, all the major products are being shifted to Udhampur Unit gradually.

Sh. K. B. Kejariwal also has the excellent capability to manage the workers efficiently. Under his leadership, there has never been labour trouble in the Company and all the workers put their efforts to their best under the motivational guidance of Sh. K. B. Kejariwal.

In view of the true and dedicated efforts alongwith the innovative skills put in by Sh. K. B. Kejariwal, the Remuneration Committee of your Board in its meeting dated 29th May, 2010, recommended to increase the salary of Sh. K.B. Kejariwal from Rs. 1,00,000 p.m. to Rs. 1,50,000 p.m. The material terms and conditions proposed in the said agreement are mentioned hereinbelow for consideration of members:

- A. Salary :** Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month.
- B. Commission:** 1 % of the Net profits of the Company computed under Section 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 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 fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the Company;
- 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% of the salary with a maximum of Rs.15,000/- per month 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; and
- iii) Gratuity payable in accordance with an approved Gratuity Fund, which shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 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 Sh. K.B. Kejariwal, the Company has no profits or its profit 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 Supplemental 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.

Except Shri Sh. K.B. Kejariwal (Whole time Director) himself, no other Director is concerned or interested in the aforesaid resolution.

This shall 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.

The aforesaid terms & conditions governing increase in remuneration of Sh. K.B. Kejariwal 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. 10:**

Sh. Rahul Dhanuka, son of Sh. R. G. Agarwal, aged 35 years, holds an MBA degree from S P Jain Institute of Management & Research, Mumbai. He has proven his worth within a short span of time with his dynamic leadership and has been appointed as Whole time Director w.e.f. 01/05/2007 for a period of five years. He has an experience of 12 years in the industry of Agrochemicals.

With the help of his tactical skills and wittiness, Dhanuka's marketing network has grown at a massive pace. Today, big Multinationals in the Agribusiness takes the assistance of Dhanuka for marketing its products. Widespread marketing network of Dhanuka has helped in reaching the very consumer base i.e. farmers.



# NOTICE TO THE MEMBERS Cont.

In view of the performance of Sh. Rahul Dhanuka in marketing the products and introducing the new brands successfully to the farmers which has contributed in crossing the Sales and marketing targets, the Remuneration Committee of your Board in its meeting dated 29th May, 2010, recommended to increase the salary of Sh. Rahul Dhanuka from Rs. 90,000 p.m. to Rs. 1,50,000 p.m. The material terms and conditions proposed in the said agreement are mentioned hereinbelow for consideration of members:

- A. Salary:** Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) per month.
- B. Commission:** 1% of the Net profits of the Company computed under Section 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 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 fee of not more than two clubs provided no life membership fee or admission fee shall be paid by the Company;
- 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% of the salary with a maximum of Rs.15,000/- per month 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; and
- iii) Gratuity payable in accordance with an approved Gratuity Fund, which shall not exceed one half month's salary for each completed year of service or part thereof in excess of six months, 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 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 Sh. Rahul Dhanuka, the Company has no profits or its profit 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 Supplemental 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.

Except Shri Rahul Dhanuka (Whole time Director) and Shri Ram Gopal Agarwal (Chairman), no other Director is concerned or interested in the aforesaid resolution.

This shall 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.

The aforesaid terms & conditions governing increase in remuneration of Shri Rahul 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.

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

Sd/-  
**Mukesh Kumar**  
Company Secretary

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

Place : New Delhi  
Dated: 29<sup>th</sup> May, 2010

# DIRECTORS' REPORT

## Dear Members,

Your Directors have the pleasure in presenting before you the 25<sup>th</sup> Annual Report on the business and operations of the Company along with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

## **DIVIDEND**

Your Directors are pleased to recommend a Dividend @ 70% for the year ended 31<sup>st</sup> March, 2010. Dividend, if approved by the members at ensuing Annual General Meeting, will absorb Rs.6.43 crores and tax on dividend will absorb Rs.1.07 crores. Your Directors have also proposed to sub-divide the equity share capital of the Company to the consequential effect that each equity share of the nominal value of Rs. 10/- will be sub-divided into 5 equity shares of Rs. 2/- each. In case the Resolution proposed is approved by the requisite majority of members, the dividend will be paid in the same proportion i.e. Rs. 1.40 for an equity share of Rs. 2/- each.

## **BUSINESS OPERATIONS:**

The country witnessed a weak monsoon during the year with overall rainfall being less than 23% of the normal, particularly in northern and western parts, witnessing less than 36% of the normal rains resulting in fall in cultivable land of major crops, particularly paddy. However, the industry recovered in the later part of the year due to restoration of normal rainfall.

The performance of pesticide industry remains highly dependent on weather which can affect the presence of disease and pest infestations in the short term on a regional basis. Accordingly, it may negatively affect the demand for crop protection products and the mix of products used.

Our strategy of creating sustainable and meaningful linkages across the entire farmer community over the country is helping us to create an inclusive agri-business.

Also, sales of agrochemicals in the domestic retail market are highly seasonal due to monsoons, with a majority of sales materializing between June and October every year. Floods, droughts and other extreme seasonal and cyclical factors create uncertainty of demand. Owing to the experience of promoters and directors and their strategic management interventions, your Company has been able to attain a growth of nearly 17% in gross turnover and over 56% in PAT during the year as compared to last year. The gross turnover of the Company has increased to Rs.445.55 crores during the fiscal year 2009-10 from Rs.380.87 crores of the previous year, while PAT improved to Rs.37.02 crores from Rs.23.20 crores on YoY basis. On the other hand, Pesticides Industry as a whole recorded a lower turnover growth of 7%.

To become sustainable in the long-term, your Company procures some of the major raw materials from its

foreign collaborators. This ensures stable long-term input price, agreed quality and on-demand quantity. Your Company is also planning to enter into more such tie-up collaborations with the foreign suppliers to ensure further growth of business.

In order to make our growth strategy sustainable, we set our sights on the achievement of both short and long-term goals through dedicated leadership, commitment and value enhancement at different levels of management. We have made global tie-ups for creating agri-assets, capacity expansion, R&D, innovation, brand building and diversification in different arenas to ensure long term growth and leadership position in the Indian market place. Our aim is to adopt a model which can cater to the needs of billions of people in India which is one of the world's most potential and under-exploited markets.

## **FINANCIAL HIGHLIGHTS**

| Particulars  | (Rs. in crores)                    |                                    |
|--|------------------------------------|------------------------------------|
|  | For the F.Y.<br>ended<br>31.3.2010 | For the F.Y.<br>ended<br>31.3.2009 |
| <b>Gross Turnover</b>                                  | <b>445.55</b>                      | <b>380.87</b>                      |
| Profit before depreciation<br>& taxation (PBDT)        | 52.13                              | 38.25                              |
| <b><u>Deductions:</u></b>                              |                                    |                                    |
| • Depreciation   | 3.11                               | 2.71                               |
| • Provision for Taxation                               | 12.68                              | 12.37                              |
| <b>Profit after Tax (PAT)</b>                          | <b>36.34</b>                       | <b>23.20</b>                       |
| <b><u>Additions:</u></b>                               |                                    |                                    |
| • Balance of Profit & Loss<br>Account of previous year | 51.36                              | 36.92                              |
| <b>Amount Available for<br/>Appropriations</b>         | <b>87.70</b>                       | <b>60.12</b>                       |
| <b><u>Appropriations:</u></b>                          |                                    |                                    |
| • Transfer to General Reserve                          | 3.63                               | 2.32                               |
| • Proposed Dividend                                    | 6.43                               | 5.51                               |
| • Dividend Tax   | 1.07                               | 0.93                               |
| • Surplus carried to B/S                               | 76.57                              | 51.36                              |
|  | <b>87.70</b>                       | <b>60.12</b>                       |

To serve the country and farming community with increasingly safer and eco-friendly molecules, the Company has launched various new products during the year, namely Dhawa Gold, Areva, Apple, D-era and Nabood. Market has shown encouraging response to these products. Dhanzyme Gold is the product in pipeline and will be introduced shortly.

## **FUTURE PROSPECTS:**

The Company has passed Resolutions by way of Postal Ballot for carrying out the business of Wind Mill Power Project. The project has been launched in Rajasthan in association with M/s Suzlon Energy Limited, which is a pioneer in the unconventional power industry and became functional from 31<sup>st</sup> December, 2009. The project