

Dhanuka Agritech Limited

27th Annual Report 2011-12



Dhanuka Kheti Ki Nai Takneek



Executive Directors



Mr. M.K. Dhanuka
Managing Director



Mr. Arun Kumar Dhanuka
Director (Works)



Mr. R.G. Agarwal
Chairman



Mr. Rahul Dhanuka
Director (Marketing)



Mr. Mridul Dhanuka
Director (Operations)

NEW

Marketing Initiatives in 2011

New products launched



BRIGADE

A new specialty product has been introduced in Indian Market by the Company in collaboration with FMC Corporation, USA. This new insecticide is registered in Tea and Apple in India. Exclusive Launches have been done by the Company and the product has been appreciated by the customers in its first year of launch. Brigade will be a major contributor in the Company's portfolio in the coming years.



WETCIT

An exclusive efficacy enhancer has been brought to India by the Company this year from ORO Agri, USA. In the very first year of launch, Wetcit showed promise of big potential. This is a special activator and will find space into export oriented Tea, grapes and other horticulture crops.



VITAVAX ULTRA

A new liquid seed treatment fungicide has been launched by the Company in collaboration with Chemtura Corporation, USA. This is first of its kind and a new technology being brought for the Indian farming community. The product will add significant value to the concept of seed treatment in India and also strengthen the Company's portfolio in seed treatment.



BOMBARD

The Company has introduced "BOMBARD", a product of Mitsui, Japan. This insecticide has a good future in the Paddy segment, as it controls resistant & hardy varieties of dreaded pest BPH, very effectively. Not many effective products are available in this category.

Some more New marketing activity

NTP

The Company organised National Training Programme in Sahibabad, NCR. The training was organised to sharpen the skills of frontline and supervisory marketing teams. They were imparted Product knowledge and training on various aspects of selling and communication skills. This is the first time the Company organised this event centrally, involving almost 300 participants.

Launches

All New products have been launched in different states of India, with the involvement of Channel Partners to increase consumer awareness and product knowledge.

Project Alladin

The Company launched 'Project Alladin' for increasing logistical control and streamlining the Inventory management process. It has been successfully implemented at the warehouses and approx. 20% inventory reduction was observed at one of the warehouses, resulting in cost benefits. The second phase of its implementation is under process now.

Seed treatment

Vitavax Power in Groundnut and other crops:

Major focus was given and a broad base has been created among the farmers of groundnut and other crops.

Some New Products for 2012

The Company is introducing new rice herbicide 'FUZI SUPER'. This is a new and highly effective product from Japan. This will help the Company to increase its market share in Rs.520 crore rice herbicide market.

The Company is also introducing new Insecticide "FLUID", in collaboration with Bayer Crop Science for control of caterpillars in pulses, vegetables and rice segments.



Dhanuka bags a place in 'Forbes Asia-200 Best under the Billion' list for the Second Consecutive Year



Contents

Notice to the Members	07
Directors' Report	14
Management Discussion and Analysis Report	19
Report on Corporate Governance	24
Auditors' Certificate and CEO & CFO Certificate	38
Auditors' Report to the Members on Standalone Financial Results	39
Standalone Balance Sheet	42
Standalone Profit & Loss Account	43
Standalone Cash Flow Statement	44
Notes to Standalone Financial Statements	46
Auditors' Report to the Members on Consolidated Financial Results	56
Consolidated Balance Sheet	59
Consolidated Profit & Loss Account	60
Consolidated Cash Flow Statement	61
Notes to Consolidated Financial Statements	63
Notes on Accounts	73
Events during 2011-12	85

Company Profile

Board of Directors

Mr. Ram Gopal Agarwal Chairman
Mr. Mahendra Kumar Dhanuka Managing Director
Mr. Arun Kumar Dhanuka Executive Director
Mr. Rahul Dhanuka Executive Director
Mr. Mridul Dhanuka Executive Director
Mr. Priya Brat Non-Executive Director
Mr. Vinod Jain Non-Executive Director
Mr. Shrikrishna Khetan Non-Executive Director
Mr. Indresh Narain Non-Executive Director
Mr. Subhash Lakhota Non-Executive Director
Mr. Sachin Bhartiya Non-Executive Director
Mr. Subash Chander Gupta Non-Executive Director
Ms. Shubha Singh Company Secretary

Management Team

Dr. O.P. Singh President R & D
Mr. K.B. Kejariwal President
Mr. V.K. Bansal Chief Financial Officer
Mr. G.D. Gupta President - General Administration
Mr. C.M. Gupta President - Procurement
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
Dr. P. C. Rai General Manager - Marketing
Mr. H. M. Rawal General Manager - Marketing
Mr. M. N. Rao Business Manager



Bankers

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

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

Registered Office

"Dhanuka House"
861-862, Joshi Road,
Karol Bagh, New Delhi- 110005
Phone Nos. : (011) 23518981/82
E-mail : investors@dhanuka.com
 headoffice@dhanuka.com
Visit us at : www.dhanuka.com

Registrar and Transfer Agents

M/s Abhipra Capital Limited
Ground Floor, Abhipra Complex, Dilkush Industrial Area,
A-387, G.T. Karnal Road, Azadpur, Delhi-33
Phone Nos. : (011) 42390708/783
Email : info@abhipra.com
 rta@abhipra.com
Website : www.abhipra.com

Annual General Meeting

Date : 13th Day of August, 2012
Time : 11.00 AM
Venue : Shri Purushottam Hindi Bhawan,
11, Vishnu Digamber Marg
(Rouse Avenue), New Delhi - 110002

Works

Daulatabad Road,
Gurgaon - 122001 (Haryana)
Ph. No. : (0124) 6768500
Fax No. : (0124) 6768599
E-mail : gurgaonunit@dhanuka.com

D/1/A-D/1/B, Ajanta Indl. Estate,
Near Sarika Paints, Viramgaon Road,
at Vasna Iyava, Sanand, Dist.
Ahmedabad - 382170 (Gujarat)
Ph. Nos. : (0271) 7284567/68
Fax Nos. : (0271) 7284567
E-mail : sanand@dhanuka.com

Plot No.1, IID Centre,
SAICOP Industrial Estate,
Battal Balian, Udhampur (J&K)
Ph. Nos. : (0199) 2250156/57
Fax No. : (0199) 2250156
E-mail : udhampur@dhanuka.com

Corporate Office

14th Floor, Building 5A, Cyber City,
DLF Phase III, Gurgaon - 122002, Haryana
Phone Nos. : (0124) 3838500
Fax No. : (0124) 3838888
E-mail : headoffice@dhanuka.com
Visit us at : www.dhanuka.com

Sales Offices/Godowns

Ahmedabad, Akola, Bangalore, Bellary, Cuttack, Delhi, Ghaziabad,
Guwahati, Guntur, Gurgaon, Hissar, Hyderabad, Indore, Jaipur,
Jabalpur, Karnal, Kichha, Kolkata, Kurnool, Lucknow, Ludhiana,
Nandyal, Nellore, Patna, Pune, Ranchi, Raipur, Ravulapalem, Salem,
Siliguri, Sriganaganagar, Thrissur, Trichy, Vijaywada and Warangal



NOTICE TO THE MEMBERS

Notice is hereby given that the **27th Annual General Meeting** of the Company will be held at **Shri Purushottam Hindi Bhawan, 11, Vishnu Digambar Marg (Rouse Avenue), New Delhi- 110002 on Monday, the 13th day of August, 2012 at 11:00 A.M.** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Balance Sheet of the Company as at 31st March, 2012 and the Standalone and Consolidated Profit and Loss Account for the Financial Year ended on that date together with the Reports of the Auditors and Directors thereon;
2. To declare Dividend for the Year ended on 31st March, 2012;
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 Mahendra Kumar Dhanuka, who retires by rotation and being eligible, offers himself for re-appointment;
5. To appoint a Director in place of Shri Subhash Lakhota, who retires by rotation and being eligible, offers himself for re-appointment;
6. To appoint a Director in place of Shri Priya Brat, who retires by rotation and being eligible, offers himself for re-appointment;
7. To appoint Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company. The retiring Statutory Auditors, M/s Dinesh Mehta & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

8. 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 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (“the Act”), including any Statutory modification or re-enactment thereof and subject to such other approvals, as may be necessary, consent of the Members of the Company be and is hereby accorded for the re-appointment of Shri R.G. Agarwal as Whole-time Director under the designation of Chairman of the Company, for a period of 5 years from 1st November, 2012 to 31st October, 2017 (both days inclusive) in the salary range of Rs.5 lakhs - 1 lakh- Rs.9 lakhs p.m. with the authority granted to the Board of Directors, on the recommendation of the Remuneration Committee, to revise the salary every year by Rs.1 lakh p.m., subject to the ceiling of Rs.9 lakhs p.m., in accordance with the terms and conditions,

as set out in the Draft Agreement submitted at this meeting and initialled by the Company Secretary for the purpose of identification, which Agreement has been approved by the Board of Directors of the Company in their meeting held on 23rd May, 2012 and the material terms and conditions of which are mentioned in the Explanatory Statement which shall be deemed to form part hereof.”

“Resolved Further That the Board of Directors of the Company be and is hereby authorised to make any alterations, variations and modifications in the terms of appointment of Shri R.G. Agarwal as Whole-time Director under the designation of Chairman of the Company, including an increase in remuneration from time to time, as the Board may, in its absolute discretion deem fit, on the recommendation of the Remuneration Committee, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any Statutory modification(s) or re-enactment thereof.”

“Resolved Further That the Board of Directors be and is hereby authorized to do all such acts, deeds and things as it deems necessary or expedient to give effect to this Resolution.”

9. 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 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (“the Act”), including any Statutory modification or re-enactment thereof and subject to such other approvals as may be necessary, consent of the Members of the Company be and is hereby accorded for the re-appointment of Shri Rahul Dhanuka as Whole-time Director of the Company for a period of 5 years from 1st May, 2012 to 30th April, 2017 (both days inclusive) in the salary range of Rs.3 lakhs-0.5 lakh- Rs.5 lakhs p.m., with the authority granted to the Board of Directors, on the recommendation of the Remuneration Committee, to revise the salary every year by Rs.0.5 lakhs p.m., subject to the ceiling of Rs.5 lakhs p.m., in accordance with the terms and conditions, as set out in the Draft Agreement submitted at this meeting and initialled by the Company Secretary for the purpose of identification, which Agreement has been approved by the Board of Directors of the Company in their meeting held on 23rd May, 2012 and the material terms of which are mentioned in the Explanatory Statement which shall be deemed to form part hereof.”

“Resolved Further That the Board of Directors of the Company be and is hereby authorised to make any alterations, variations and modifications in the terms of re-appointment of Shri



Rahul Dhanuka as Whole-time Director including an increase in remuneration from time to time, as the Board may, in its absolute discretion deem fit, on the recommendation of the Remuneration Committee, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any Statutory modification(s) or re-enactment thereof."

"Resolved Further That the Board of Directors be and is hereby authorized to do all such acts, deeds and things as it deems necessary or expedient to give effect to this resolution."

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

"Resolved That pursuant to the provisions of Section 314, Director's Relatives (Office or Place of Profit) Rules, 2003 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act') and subject to other approvals required, if any, consent of the Members of the Company is hereby accorded to the revision in the terms of remuneration payable to Shri Harsh Dhanuka (son of Shri Mahendra Kumar Dhanuka, Managing Director of the Company and brother of Shri Mridul Dhanuka, Whole-time Director of the Company) currently holding office in the Company as Senior General Manager (Seeds), to be re-designated as Senior General Manager (Marketing) of the Company, from Rs.1 lakh p.m. to Rs.1.5 lakhs p.m. w.e.f. 1.9.2012 in the salary range of Rs.1.5 lakhs-0.2 lakh - 2.3 lakhs p.m., with the authority granted to the Board of Directors, at the recommendation of the Remuneration Committee to revise the salary by Rs.0.2 lakh p.m. every year, subject to the ceiling of Rs.2.3 lakhs p.m. exclusive of following benefits and perquisites and on such other terms and conditions as have been approved by the Board of Directors of the Company in their meeting held on 23.05.2012:

- 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 Shri Harsh Dhanuka as per the Company's Rules;
- 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 Shri Harsh Dhanuka;
- iii) Company's contribution towards Provident Fund, subject to the ceiling of 12% of the salary;
- iv) Reimbursement of medical expenses for self and family, actually incurred, subject to the limit of Rs.7500 per annum; and
- v) Bonus shall be payable subject to a maximum ceiling of 20% of the salary upto Rs.8000 per annum."

"Resolved Further That the term of appointment of Shri Harsh Dhanuka shall continue upto the retirement age as per Policy of the Company unless decided otherwise by the Board of

Directors."

"Resolved Further That the Company Secretary be and is hereby authorised to submit and file necessary forms and returns with the Registrar of Companies, NCT of Delhi and Haryana and to do all such acts, deeds, matters and sign/execute all such Agreements, documents, instruments and writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

BY ORDER OF THE BOARD
FOR DHANUKA AGRITECH LIMITED

Sd/-
Shubha Singh
Company Secretary

Place: Gurgaon

Date: 23rd May, 2012

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

Corporate Office: 14th Floor, Building No.5A,
Cyber City, DLF Phase - III,
Gurgaon - 122002, Haryana

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/Corporate 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 8th August, 2012 to 13th August, 2012 (both days inclusive).
3. Payment of Dividend @110% (Rs.2.20 per Equity Share of Rs.2/- each) for the Financial Year ended on 31.03.2012, as recommended by the Board, if approved at this Annual General Meeting, will be made only to those Members whose names are registered in the Register of Members of the Company as on 13th August, 2012 being 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 8th August, 2012 as per details furnished by the National Securities Depository Ltd. (NSDL) and Central Depositories Services (India) Ltd. (CDSL) for this purpose.
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 Depository



Participants 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. Documents referred in this Notice including the Memorandum and Articles of Association of the Company, will be available for inspection by the Members at the Registered Office of the Company from 11.00 A.M. to 1.00 P.M. on all working days prior to the date of the Annual General Meeting and will also be available for inspection at the meeting.
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 her at least seven days before the date of the meeting to enable the management to keep the information ready.
11. In view of the provisions of Section 205A of the Companies Act, 1956, unclaimed / unpaid Final Dividend for the Financial Year 2004-05 shall be transferred to Investor Education and Protection Fund (IEPF) in the month of October, 2012. Members who have not yet encashed their Dividend warrant(s) for the Financial Year ended 31st March, 2005 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. Further, unclaimed / unpaid Interim Dividend for the FY 2004-05, has already been transferred to IEPF.
12. Green Initiatives in Corporate Governance: The Ministry of Corporate Affairs has vide its Circular No. 17/2012 clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained e-mail addresses of its Members for sending the notice/

documents through e-mail by giving an advance opportunity to every Shareholder to register their e-mail address and changes therein from time to time with the Company. It also provides that where any Member has not registered his e-mail address with the Company, the service of document etc. will be effected by other modes of service as provided under Section 53 of the Companies Act, 1956. Members are requested to update their e-mail ids with their Depository Participant and accord their consent for receiving documents through electronic mode.

13. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 8 to 10 of the Notice (in respect of Special Business to be transacted at the meeting) is annexed hereto.

Brief resume of Directors being recommended for re-appointment in item numbers 3, 4, 5 and 6:

ITEM NO. 3:

Shri R. G. Agarwal, Chairman-

Shri R. G. Agarwal, aged 63 years, is a Commerce Graduate from SRCC, Delhi University in 1968. He has a total experience of 42 years in the field of agrochemicals. He always had a notion to run an agri-inputs business to contribute to Indian Agriculture. He took over the business of a sick unit Northern Minerals Limited (NML), a pesticides formulation Company. At that time, the Company was on the verge of closure as it suffered continued losses. Shri R. G. Agarwal took this as an opportunity and acquired NML. After he acquired NML in 1980, he successfully turned it around into a profit making unit. As time passed, the business grew at a rapid pace and the Company started making multifold profits following a saga of expansions and successes. The Company faced many crucial challenges, but Shri R.G. Agarwal's true dedication and excellent decision-making at various crucial points built a strong foundation for the business.

Shri R. G. Agarwal is also a philanthropist. He established Shri Chiranjee Lal Dhanuka Charitable Trust to promote religious tourism and to provide hygienic and comfortable lodging and food for the pilgrims.

He started Durga Prasad Dhanuka Adarsh Vidhya Mandir, a school in Rattangarh, which is one of the most acclaimed schools in the vicinity, wherein around 1200 students are educated at very nominal fee. Another example is Dhanuka Ashram at Vrindavan, which is well known for serving needy people and provides accommodation at very reasonable prices.

He also holds Directorship in M/s HD Realtors Pvt. Limited. He is also a member of Banking and Finance Committee of Dhanuka Agritech Limited.

Shri R.G. Agarwal is a man of vision, business acumen, leadership, passion and is dedicated to serve the cause of farming community in India. Under his dynamic stewardship, Dhanuka Group has attained a distinguished place as a leading Agritech Business House.



ITEM NO. 4:

Shri Mahendra Kumar Dhanuka, Managing Director-

Shri M.K. Dhanuka is an eminent personality in the field of agrochemicals. He is 58 years of age and holds Bachelor's Degree in Commerce from SRCC, Delhi University. He is the Managing Director of the Company and has a vast and rich experience of 36 years in the pesticides industry. He mainly looks after Finance matters, purchases of Technicals and overall supervision of the Company. In addition to his general corporate experience, his insight and judgement have provided operational excellence to the Company and the capability to drive innovation. He has deep commitment towards achievement of organizational goals. His foresightedness and business acumen facilitated the Company in constantly achieving its goals.

He follows an 'open-door' policy. Employees are free to discuss their problems with him. Consequently, employee turnover ratio in Dhanuka is very low with majority of employees working since 10-30 years. Under the guidance of Shri M.K. Dhanuka, DAL has become a name to reckon with in the Agrochemical Industry.

He is also Director on the Boards of (1) Dhanuka Laboratories Limited (2) Golden Overseas Private Limited (3) Dhanuka Infotech Private Limited (4) Madhuri Designs-N-Exports Private Limited (5) M.D. Buildtech Private Limited. He holds membership in the Shareholders'/Investors' Grievance Redressal Committee and Banking and Finance Committee of the Company.

Shri M.K. Dhanuka has a vision to make Dhanuka, one of the largest and most consistent profit making Company of India in the area of agrochemical formulation with largest distribution network by providing best quality products and services of international standard to the farming community, which will lead to strengthening of food sustainability and security of the Country.

ITEM NO. 5:

Shri Subhash Lakhota, Non-Executive Independent Director-

Shri Subhash Lakhota, 62 years of age, has been an Income-tax Practitioner for the last 42 years and gives consultancy on tax planning, tax documentation and investment planning. He regularly writes in various national dailies including the Hindustan Times. He has also addressed a number of seminars and lecture meetings on taxation and tax planning and conducts a popular course known as 'Zero to Hero in Income Tax' and hosts the show "Tax Guru" on CNBC Awaaz. He is the Director of Lakhota College of Taxation & Management, Minda Industries Ltd. and R.N. Lakhota and Associates. He is a member of Shareholders'/ Investors' Grievance Redressal Committee and Remuneration Committee of the Company.

He was selected as the best youth of India by the Lions International to represent India at the World Youth Congress held at Atlantic City, USA in 1970. He is the Secretary General of Investors Club and President of Spiritual Club International

and Unite to Invest (UTI). He is Chief Strategist of Real Estate Strategy Group and is actively associated with various professional bodies connected with real estate. He has written books on Income-tax, Investment and Real Estate.

ITEM NO. 6:

Shri Priya Brat, Non-Executive Independent Director-

Shri Priya Brat, 76 years of age, is M.Sc (Hons) in Physics, a Fellow Member of Indian Institute of Bankers and has done diploma courses from various foreign institutes. He had a distinguished career as former Chief General Manager of State Bank of India, Bhopal and headed SBI's significant international operations abroad. He has served as Chief General Manager at the Discount and Finance House of India, a Subsidiary of RBI. He was a Director on the Boards of State Bank of Patiala, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Travancore, State Bank of Saurashtra, MP State Development Corporation, MP State Electronic Development Corporation and OPTEL in Madhya Pradesh. He also served as President (Finance) at Indo Rama Synthetics (India) Ltd., the second largest polyester manufacturer in India.

Shri Priya Brat presently holds Directorships in Eicher Motors Ltd., Dhampur Sugar Mills Ltd. and South Asian Enterprises Limited. He holds Chairmanship in the Audit and Remuneration Committee of Dhanuka Agritech Limited and Shareholders Grievance Redressal Committee of Eicher Motors Limited. Further, he holds membership in Audit and Shareholders' Grievance Committee of Dhampur Sugar Limited; Audit and Compensation Committees of Eicher Motors Limited; and Audit Committee of South Asian Enterprises Limited.

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. 8:

Shri R.G. Agarwal had promoted the Company and has been on the Board since the beginning. His last re-appointment as Whole-time Director of the Company was approved by the Members in the 22nd Annual General Meeting of the Company held on 26th September, 2007, for a period of 5 Years from 1st November, 2007 to 31st October, 2012. Further, he was designated as the Chairman of the Company by the Members in the 26th Annual General Meeting held on 29th July, 2011.

As per the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, Shri R. G. Agarwal is eligible to be re-appointed as the Whole-time Director under the designation of Chairman of the Company. Since his term gets over on 31st October, 2012, the Members are requested to consider and approve the Ordinary Resolution for re-appointing