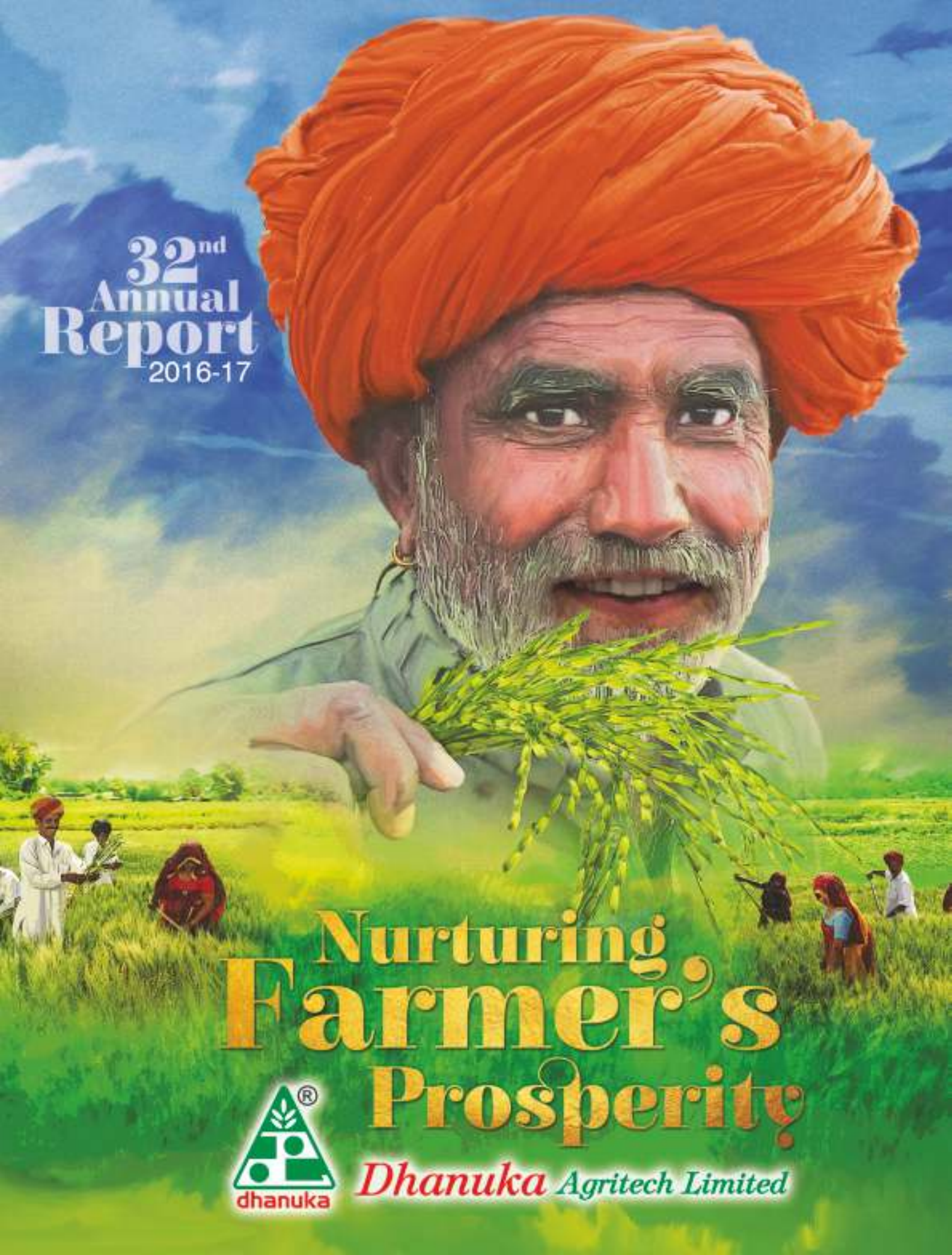
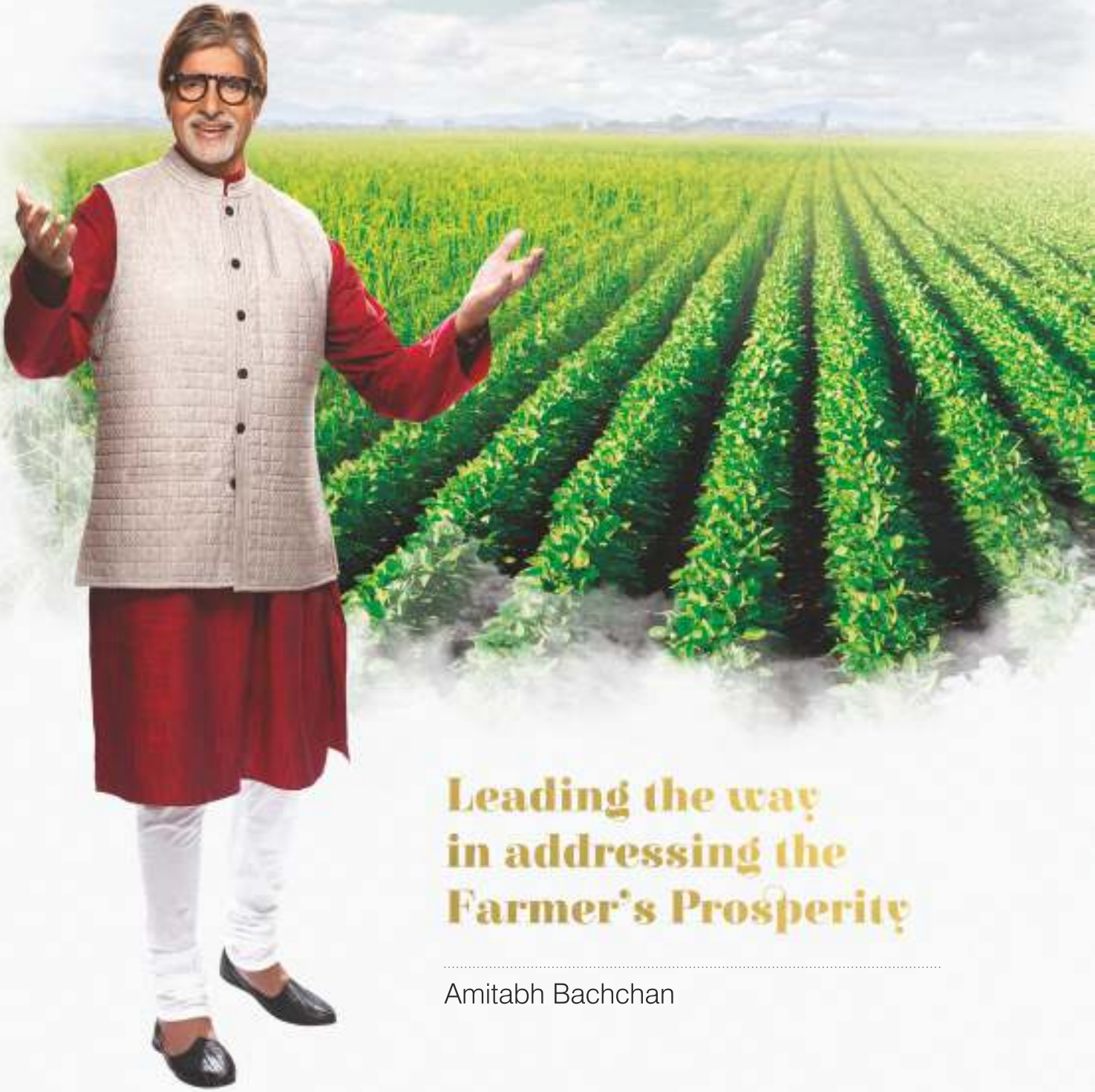


32nd Annual Report 2016-17

Nurturing Farmer's Prosperity

dhanuka

Dhanuka Agritech Limited



Leading the way in addressing the Farmer's Prosperity

Amitabh Bachchan

Contents

01 Nurturing Prosperity

02 Cultivating Happiness

04 We are Dhanuka Agritech

05 Unboxing New Opportunities

07 Financial Highlights

09 Reflection from the Chairman

12 Awards & Accolades

13 Contact Information

14 Market Capitalization

15 Modern Agriculture Practices for Progressive Farmers

17 Business Strength

19 Fostering Growth Beyond Borders

20 New Launches

21 Corporate Social Responsibility

23 Securing Food for Future

24 Directors' Report

50 Management Discussion & Analysis

56 Report on Corporate Governance

73 Financial Section

Nurturing Prosperity

Agriculture is the backbone of any country, and in India it is like a religion. Farmers who produce food for us are always on margin in terms of their life style, financial status, income growth, education and cultural values. Indian's nearly 140 million rural families – mostly farmers owning up to two hectares of land are working for making India a leading country in agriculture, as all of us know we are second. As a responsible industry the biggest question we asked our self is why second, why not first? We have 15 Agro Climatic regions, different agro climate, topography, soil type, best suitable temperature, good rainfall with multiple cropping pattern and diversified crops. Our Agriculture area is 142 million hectare and China is 128 million hectare, average rainfall in our country which is around 1000 mm while China's average rainfall is 600 mm than too China enjoying their leading position in agriculture.

Dhanuka aim to provide complete agro solutions to our food provider for maximizing their production, increasing their income for comprehensive life style & class. We are NURTURING PROSPERITY of our Farmers and running towards the national interest to be a leading country in agriculture.

Cultivating Happiness

We are thankful to our farmer for adopting new technology in agriculture and day by day, year by year instituting new millstone in history of Indian agriculture. Everyday farmers face many challenges on field and with the in-depth knowledge and optimum resource utilization they try to fix it as well. In this 'fix–it' approach, Dhanuka stands with Indian farmers to help them and make their effort fruitful. Dhanuka Agritech Limited is advocating '*Dhanuka Kheti Ki Nai Takneek (DKKNT)*', a holistic approach of Integrated Crop Management for higher yields and in turn income. DKKNT focuse on complete end to end farming solutions which help in boosting the production and increasing the farmer income.

India's World Ranking

Product	Rank				
	I	II	III	IV	V
Rice		✓			
Wheat		✓			
Maize					✓
Total pulses	✓				
Cotton (lint)		✓			
Groundnut (in shell)		✓			
Sugarcane		✓			
Tobacco leave			✓		
Tea		✓			
Vegetables		✓			
Potatoes		✓			
Onion (dry)		✓			
Fruits		✓			
Total milk	✓				
Eggs			✓		
Chicken (number)					✓
Fisheries		✓			

Source : FAOSTAT(Food and Agriculture Organization of the United Nations)

About Dhanuka

M/s Dhanuka Agritech Limited manufactures a wide range of farm input products to support the farmer in his pursuit for better crop, better farming and better life. The Company has a pan-India presence through its marketing offices in all major states in India, with a network of more than 8,000 distributors selling to approx. 80,000 retailers across India and reaching out to more than 10 million farmers. The Company has technical tie-ups with 4 American and 5 Japanese companies.

Dhanuka Agritech is among the top five companies in India, in Brand sales. With more than 200 registrations and 500 active SKUs, the company has one of the largest market penetrations. Dhanuka Agritech currently has 30 Branch offices across India and 48 warehouses.

Dhanuka is a preferred Brand among progressive farmers. Growth drivers are the intensive marketing network penetrating even the interiors of India, increased farm income, enhanced awareness about the cost-benefit ratio of agro-chemicals, highly diverse product range with solution for almost all problems in all crops, innovative marketing strategies and international technical tie-ups. The Company keeps adding new products every year through its collaborations and is continuously on the lookout to bring the latest technology to Indian Farmers.

Manufacturing Facilities

Gurgaon (Haryana):

First production facility of Dhanuka, established in 1960 and acquired by Dhanuka in 1980 under the banner of Northern Minerals Limited. Land area of around 28,700 square metres.

Equipped with latest specialised equipment for manufacturing various formulations, namely:

- EC, SC, SL, SE, EW, CS
- SP, WP, WDG On-site NABL (Indian GLP) lab engaged in:
- Formulation development
- Soil and water testing

Sanand (Gujarat):

Second largest capacity for manufacturing granules in India. Land area of 62,700 square metres. Largest dedicated Cartap Hydrochloride SP formulation facility.

Udhampur (Jammu and Kashmir):

State of-the-art production facility having 12 filling lines dedicated to liquids like EC, SC & SL. Online monitoring of quality conforming to the highest standards. Two separate lines for powder formulations. Zero water discharge facility.

KESHWANA (Rajasthan)

Dhanuka has already commissioned its new plant at Keshwana in Rajasthan which will have one of the largest liquid formulation facilities in India at its full capacity. The production at its Unit has already started from March, 2016 and Company hopes that the plant will be fully operational during the financial year 2017-18.

Quality

Over the years, Dhanuka Agritech Limited invested in process and product excellence. The Company is ISO 9001:2008-certified across all locations. The Company's Keshwana & Udhampur units are certified with ISO : 9001:2015 & ISO: 14001:2015 and OHSAS 18001:2007. Dhanuka's R&D centre (Gurgaon) is certified by the Ministry of Science and Technology, Government of India, and National Accreditation Board for Laboratories as a certified research lab.

Team

Dhanuka Agritech comprises around 1,313 employees and more than 1,500 Dhanuka Doctors, who disseminate information to farmers on 'Dhanuka kheti ki nayi takneek'.

Unboxing New Opportunities

For unboxing the opportunities and fulfilling the vision of doubling farmer's income, collective efforts play a major role. We are having low yield and yield variation amongst the state which are the biggest challenge for India to become a leading country in Agriculture. Our DKKNT (Dhanuka Kheti Ki NayiTakneek) are the best example of modern agriculture practices. It is designed to help farmers to increase their yield, high production and double income.

Obstacles of Agriculture

World Perspective

- Crops face 80,000 types of mould, 30,000 types of weed, 3,000 types of nematodes and 10,000 types of insect herbivores.
- Food Security for next generation
- Shrinking arable land
- Water scarcity

Indian Perspective

- Crops losses due to pests, diseases, weeds
- Post-harvest losses due to Supply Chain Management and storage.
- Yield gap or low yield especially in India
- Low consumption of pesticide and fertilizer
- Low irrigation and Poor Water Management
- Low Use of ICTs (Information and Communication Technology) in Agriculture

The Way forward

- Use of hybrid seeds, updated technology, sprinkler/drip irrigation, judicious use of pesticide and fertilizer
- Soil testing, seed treatment, use of plant growth regulator
- Inter cropping, Integrated Crop Management
- Hydroponic Technology, Terrace Cultivation, Vertical Farming, Family Farms, Mulching, Plasticulture Applications, Use of compost and advance technology.

Dhanuka has rewarded its Shareholders by doing Buyback @ Rs. 850 per Equity Share of 1.88% of issued and paid up equity capital of the company, equivalent to Rs. 80 crores during financial year 2016-17.

Financial Highlights

Year	Revenue (Rs. In Crores)	PAT (Rs. In Crores)	Net Worth (Rs. In Crores)	EPS (in Rs.)	EBIDTA (Rs. In Crores)	EBIDTA Margin	PAT Margin
2011-12	529.19	57.13	214.60	11.42	80.03	15.12	10.80
2012-13	582.31	64.45	262.77	12.88	88.85	15.26	11.07
2013-14	738.41	93.14	332.49	18.62	125.34	16.97	12.61
2014-15	785.07	106.08	404.99	21.22	137.84	17.56	13.51
2015-16	828.79	107.31	480.44	21.45	152.35	18.38	12.95
2016-17	873.19	119.41	519.85	23.88	184.16	21.09	13.68