

36th Annual Report 2020-21



**Dhanuka's Initiative Towards
Growth of Indian Agriculture in
Cognizance With UNO Motive**



2021 has been declared as the International Year of Fruits and Vegetables by the United Nations Organization (UNO) which matches with our Government's thinking & philosophy of focusing on health & agriculture.



The United Nations General Assembly declared 2020 as the International Year of Plant Health (IYPH). The year is a once in a lifetime opportunity to raise global awareness on how protecting plant health can help end hunger, reduce poverty, protect the environment, and boost economic development



Dhanuka Agritech Limited is also committed towards Increasing the Farmers' Income by providing New Technology in fulfilling the vision of **\$5 Trillion Economy by 2025**

Paradigm shift in Agriculture

In the past, agriculture was seen as a survival activity for humans involving crop and livestock production. For centuries agriculture was same and farming the most laborious work which was, and is the most important profession. In the recent years, agriculture is rapidly turning into a technology and market oriented "industry" which extends from agricultural production, to sophisticated agro-science, and agribusiness. It now connects strongly to the national and global economy. Today with appropriate technology, farming has gained its momentum and is not only getting its due recognition, but in future it will turn out to be a best profession to become ambitious entrepreneur. Agriculture is experiencing a huge revolution, a global paradigm shift from its historical developments.

The narrative of Indian agriculture is also continuously changing, with increasing digitalization, technology, and research. Farmers can now use simple tools to receive timely updates and relevant information. From soil issues, climate, weather prediction, sustainable irrigation to supply chain gaps, better yield and higher incomes, today technology can address most of the farmer's challenges. The Govt. is also completely committed towards shifting rural India with new agriculture infrastructure and development extensions. To compensate for the additional cess, the excise duty component is reduced, resulting in no additional cost to the consumers. The increase in the agriculture credit with a target of Rs.16.5 lakh crore and the allocation of infrastructure fund for the development of APMCs is also a great move. Moreover, 25% allocation hike from Rs.30,000 crore to Rs.40,000 crore towards the Rural Infrastructure Development Fund will promote better price realization for farmers via lower losses and better value capture. Meanwhile, 'Operation Green Scheme' would be vital in strengthening crops' production clusters which will create farm gate infrastructure and will nudge Farmer Producer Organisations (FPOs), to offer better prices to farmers. Transparency in the agro markets will be boosted with mandis getting into e-NAM which is the need of the hour. Another welcome and innovative measure is the creation of a Multi-Purpose Seaweed Park which will leverage India's vast ocean resources and R&D capabilities.

As we look onto today's paradigm shift of agriculture and beyond, Dhanuka endures to see multiple avenues for profitable growth and margin expansion. We are positive about Indian agriculture's strength and economic recovery. Nationally, Dhanuka's strong footprint among the channel and operating platform across emerging markets and association with FPOs, KVKs & other institutions, position us to capitalize on future growth. There are significant opportunities for growth in all verticals of the industry, and we will keep on prioritizing investing in innovation to launch new chemistry for integrated pest management (IPM). The Company has always attempted for well-equipped facility, innovative research and scientific partnership to create value, tradable quality and excellent standard for farmers. We remain committed to explore digital solutions, unmatched supply chain management, and collaboration with ingenious entities to infuse technology in distinctive agro-business. Dhanuka's approach is attuned with its objective of "Transforming India through Agriculture" for the food security of the nation. It believes in substantial growth in the coming years and thank its collaborators, for taking forward the legacy of long term value creation and improving the lives of farming community through influential intentions every day.



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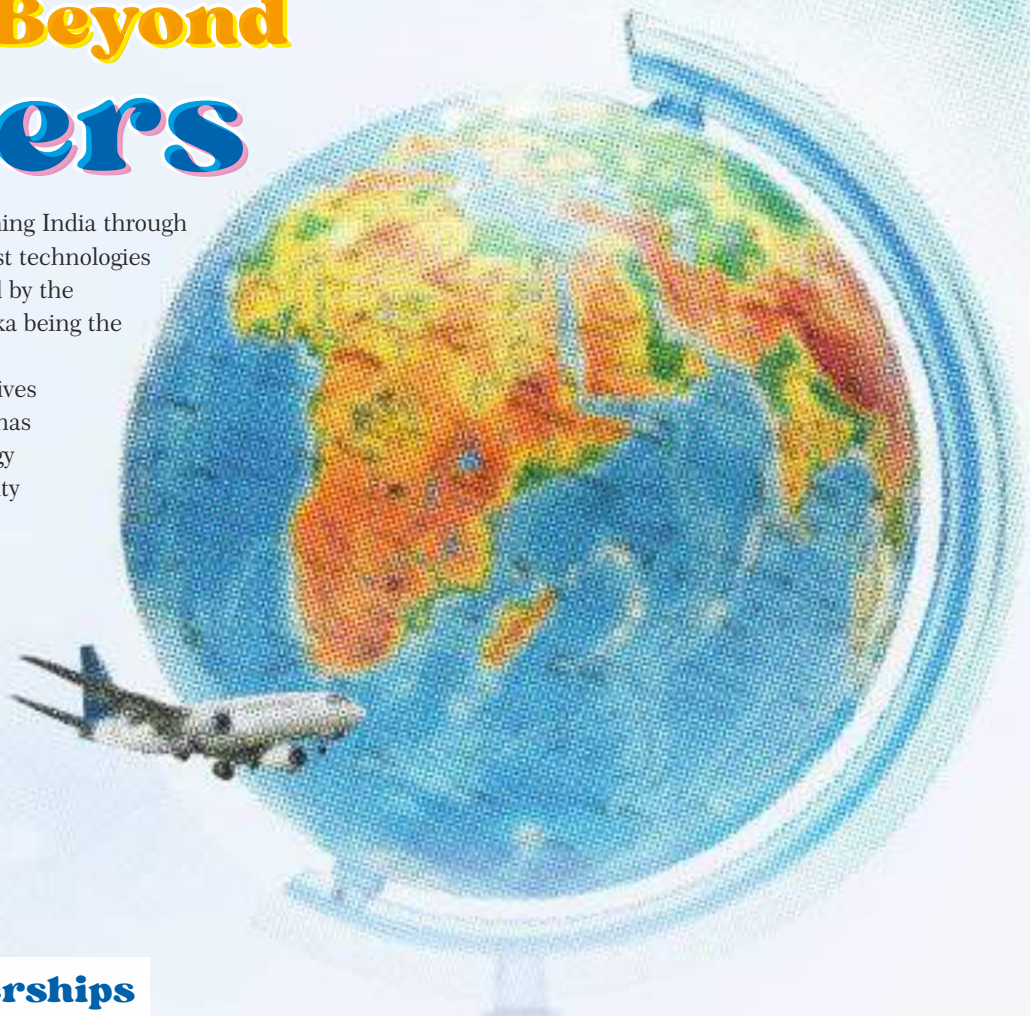
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Notice to the Members

Crossing Beyond Borders

Dhanuka's aspiration of "Transforming India through Agriculture" warrants the use of best technologies from across the globe, to be adopted by the Indian farming community. Dhanuka being the architect of this dream, seek new opportunities, new solutions and drives beyond the borders. The Company has collaborated with the best technology providers in the world to bring quality solutions to India's farmlands.



Strategic Partnerships



NISSAN CHEMICAL INDUSTRIES, LTD.



HOKKO CHEMICAL INDUSTRY CO., LTD



Amvac Chemical Corporation



Agriculture Division of DowDuPont



NIPPON SODA CO., LTD.

Contact Information

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
(Chief Operating Officer)
Mr. Mridul Dhanuka, Non-executive Director
Mr. Harsh Dhanuka, Executive Director
Mr. Ashish Saraf, Executive Director
Mr. Sachin Kumar Bhartiya, Independent Director
Mr. Priya Brat, Independent Director
Mr. Vinod Kumar Jain, Independent Director
Mr. Sanjay Saxena, Independent Director
Ms. Namrata Gupta, Independent Director
Mr. Bajrang Lal Bajaj, Independent Director
Mr. Siraj Azmat Chaudhry, Independent Director

President & Chief Financial Officer

Mr. Vinod Kumar Bansal
Global Gateway Towers, MG Road,
Near Guru Dronacharya Metro Station,
Gurugram- 122002, Haryana
Phone Nos.: 0124-434-5000

Company Secretary & Compliance Officer

Mr. Jitin Sadana
Global Gateway Towers, MG Road,
Near Guru Dronacharya Metro Station,
Gurugram- 122002, Haryana
Phone Nos.: 0124-434-5000
E-mail: investors@dhanuka.com

Internal Auditors

M/s. Manoj Ritu & Associate
Chartered Accountants
322, Vardhman Diamond Plaza Motia Khan,
New Delhi - 110055

Cost Auditors

M/s. S. Chander & Associates
Cost Accountants
212, 2nd Floor, Sarai Pipal Thala,
G.T. Karnal Road, Azadpur, Delhi -110033

Statutory Auditors

M/s. S.S. Kothari Mehta & Co.
Chartered Accountants
Plot No - 68, First Floor, Phase -3,
Okhla Industrial Area, New Delhi - 110020

Secretarial Auditors

M/s. R&D Company Secretaries
785, Pocket E, Mayur Vihar II,
New Delhi - 110091

Registrar and Transfer Agents

M/s. Abhipra Capital Limited
Abhipra Complex, A-387, Dilkhush Industrial Area,
G.T. Karnal Road, Azadpur, Delhi - 110033
Phone Nos. : (011) 42390909/708/783
E-mail : info@abhipra.com, rta@abhipra.com
Website : www.abhipra.com

Bankers

The Hongkong & Shanghai
Banking Corporation Limited
HDFC Bank Limited

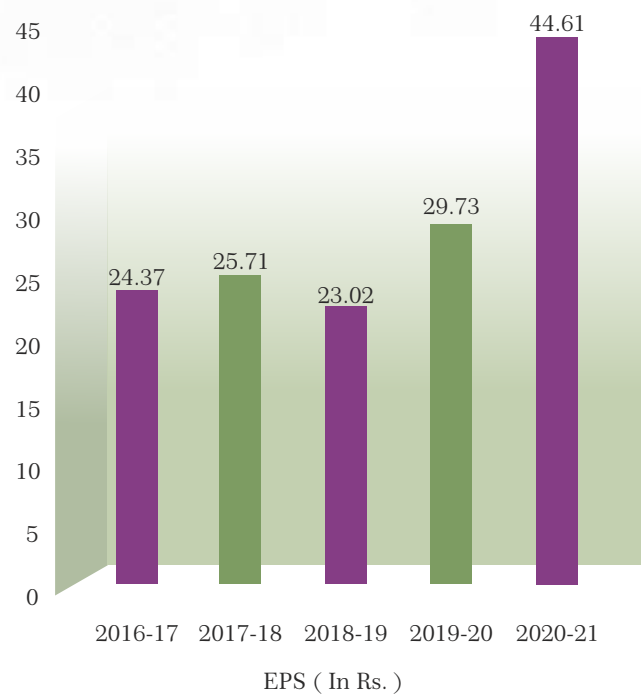
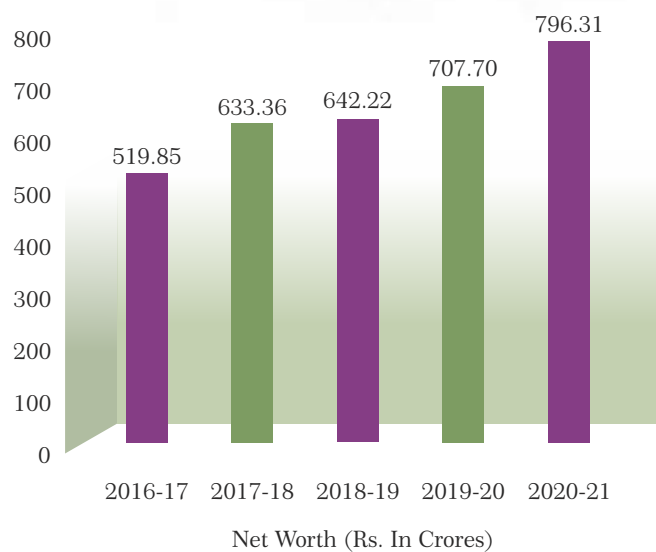
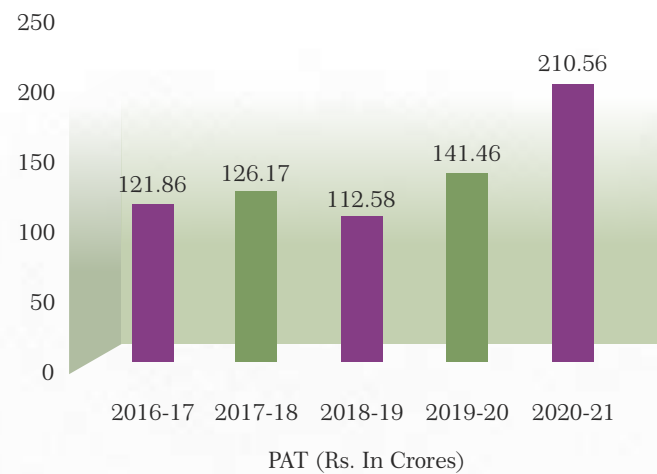
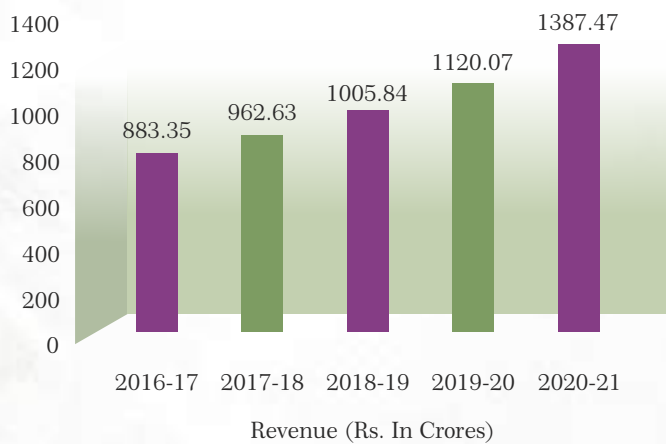
Listing

BSE Ltd.
National Stock Exchange of India Limited

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
2016-17	883.35	121.86	519.85	24.37	187.38	21.21	13.80
2017-18	962.63	126.17	633.36	25.71	182.09	18.92	13.11
2018-19	1005.84	112.58	642.22	23.02	167.20	16.62	11.19
2019-20	1120.07	141.46	707.70	29.73	198.56	17.73	12.63
2020-21	1387.47	210.56	796.31	44.61	302.81	21.82	15.17





Reflection from the Chairman

This Annual Report reflects an eventful financial year 2020-21, in the journey of the Dhanuka Agritech Ltd, where we as a team has once again stood against adversities and showed great commitment to drive the success of our company. I would like to sincerely thank our employees, senior management team, distributors, farmers and stakeholders for their dedication to push forward the agro industry. Through the unprecedented times of COVID-19 pandemic, Dhanuka quickly adapted its plans and focused on what it can control and create through digital and supply chain reach, in the continued global economic volatility. Dhanuka, after having gained almost 125% revenue in the last year, remains in favourable position. Prospects of the company stays firm with good Rabi season sowing, full reservoir levels and improved farmer income. Rise in input prices can poses some challenges in the future and it seems to be watchful. However, the company had dealt with a moderate Q3 performance and thereby excellent performance in Q4 will help to lift spirits. Some impact from prolonged rainfall, especially in south India, led to company's moderate revenue growth in Q3. The two cyclones in November 2020, have resulted in low consumption of agrochemicals. Further, herbicide and fungicide categories continued to do good



performance. Some of the focused product's performance was top selling, mainly specialty products were exemplary.

Post pandemic, agriculture was exempted as an essential activity and stays promising amidst the challenging economic scenario. Earlier in adverse condition our food security comes in threat but due to the efforts of our farmer brothers and sisters, Government's favourable policies, contribution from scientists & agri-input companies, dealers, distributors and efforts from field forces of agriculture industry, today we are doing a record production of almost all agricultural commodities. Due to restriction in movement during lockdown, the agriculture sector has experienced a sharp drop in the availability of labour.

Use of present day agro-chemicals and advanced technology has been providing higher yields with less labour and low resistance. In the dreadful situation of lockdown, Punjab's farmer used DSR method and set an example for the rest of the country. DSR practice in paddy and maize cultivation tackled the problem of labour shortage and groundwater saving. Also, subsidies announced by Central and state Governments under various schemes which varies from 25% to 100%, on the purchase of machinery also immensely benefited farmers. New molecules have the ability to strengthen our farmers, with a handful of grams per hectare and more productivity. Similarly, to deal with cyclical menace, Govt. recently allowed use of drones to cover 70% of India's agriculture land. The consistent efforts from Govt. and Agri input stalwarts have boosted the exports, despite the pandemic.

Today, India is the 4th largest producer of pesticides, globally with a domestic consumption of around Rs. 214 billion in 2019-20. The export of agrochemicals during FY20 was valued at around USD 3.1 billion (approximately INR 22000 crore) accounting for approximately 1% of the total exports and 0.09% of the GDP. Assuming that total exports grow linearly by 2025, the Indian agrochemical industry should export agrochemicals worth approximately INR 38,500 crore by 2025. Despite all the determinations, in agro chemical consumption India still lack behind its global counterparts. India's use of pesticides in agriculture is ~0.6 Kg/Ha, as compare to ~5 Kg/Ha in UK, ~7 Kg/Ha in USA, ~13 Kg/Ha in China, as per report of FICCI-TSMG. In order to increase yield and ensure food security for its enormous population agrochemicals penetration in India has to go up. For instance, China's arable land is 119 mn ha, its pesticide consumption is 13.07 kg ha, but India's arable land is 156 mn ha with a consumption of less than 0.6 kg ha.

For the year 2021 monsoon forecast is favourable and Indian economy is also predicted to revive itself. Moody Analytics forecast also states, India's GDP growth will be at 12%, which will have highly positive impact, not only on our Agriculture, but overall economy will see manifold boost. UN has declared the year 2021 as International Year of Fruits and Vegetables (IYFV), to raise awareness about nutritional levels of fruits & vegetables and to advocate its contribution economically and environmentally. All concerned stakeholders in fruits and vegetables production need to empower their knowledge and skills in pest management, post-harvest handling and preparation. Right technology, farmer oriented policies and combined efforts from government bodies, private players, FPOs and flourishing start up enterprises will secure the future of Indian agriculture industry.

The capability to convert agriculture through diverse values across the crop production network by annihilating the limits and parameters is the primary objective of Dhanuka. We will continue to Transform India through Agriculture with innovation and world-class solutions for Indian farmers.

R.G. Agarwal
Group Chairman



Managing Director

Indian Agriculture industry, with its allied sectors, is unquestionably the largest livelihood provider in India, more so in the vast rural areas. Share of agriculture sector in Indian economy is 17 per cent, which is higher than the manufacturing sector, and agriculture alone will give more than 0.52 per cent to the growth rate of Indian economy as markets are intact. Agriculture sector is likely to grow at 3% in 2021-22 despite pandemic and lockdown. Agriculture in India is projected to register a CAGR of 4.9% during the forecast period (2021-2026). The high proportion of agricultural land, diverse-agro climatic conditions for cultivating different crops are some of the factors which favours agriculture in the country. Government's encouraging policies, like the 50% subsidy on the purchase of machinery will immensely benefit farmers. Similarly, recent introduction of drones to cover 70% of India's agriculture land, promises minimal farm wastage, better income, and assurance of nutritious fruits and vegetables on our plate. An entire ecosystem of agriculture is experiencing paradigm shift due to introduction of e-commerce portals. Moreover, there are proposal given to the NABARD and SFAC, to set up 6,000 Farmer Producer Organisations (FPOs) with help of village level entrepreneurs, which has so far established 72 FPOs. New technology such as artificial intelligence (AI) and drones inject efficiency and expertise all along the supply chain bolstering the quality of produce, and bringing it to the consumer as quickly as possible.

Estimated growth in the sector has been attributed to normal monsoon this year along with water availability in reservoirs, which is 40-60% higher than last year. Planting of summer crops has picked up and the total acreage jumped by 15 per cent to exceed 56 lakh hectares against 48.82 lakh ha, last year. The trend of summer sowing progress is excellent. The prospect of Rabi crops is also great and about 48 per cent of overall Rabi crops have been harvested. There is no impact of the crisis as of now, on the progress of area coverage under summer crops in the country. Besides, India's food grain production is estimated to rise 2 per cent, an all-time high of 303.34 million tonnes on better output of rice, wheat, pulses and coarse cereals amid the forecast of good monsoon rains in 2021-22. However, accelerated economic recovery along with global stimulus measures as well as ultra-low interest rates and commencement of vaccine drive have fuelled the surge in commodity prices, but it would be favourable for farmers and agriculture industry for better realisation.

Expectation of a normal monsoon coupled with the addition of new products to the portfolio Dhanuka is likely to sustain its growth over FY21. Hence, based on the favourable sector dynamics, Dhanuka with its good strategy, well-designed programmes, resources, adequate crop solutions, introduction of new molecules and latest technology implementation is positive about achieving its aspiration of "Transforming India through Agriculture". The large share of our population which depends on agriculture will get strong benefits with our approach & initiatives to double the farmers' income contributing in economic growth. We are matching the footsteps of Indian government's strategy to transform farming 'from a production-based activity into an income and job-generating enterprise' and believe in re-writing the future of a better India.

M. K. Dhanuka
(Managing Director)