



**23<sup>rd</sup>**  
**ANNUAL REPORT**  
**2015-16**



**SHREE PUSHKAR CHEMICALS & FERTILISERS LTD.**

(A GOVT. OF INDIA RECOGNIZED EXPORT HOUSE)

CIN: U24100MH1993PLC071376

{ An ISO 9001 - 2008 Certified Company }  
{ An ISO 14001 - 2004 Certified Company }





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## ANNUAL GENERAL MEETING

Date: 10th August, 2016 at 3.00 p.m. Venue: Brijwasi Palace Hall, Sonawala Road, Goregaon (East), Mumbai - 400063.

## CORPORATE INFORMATION

**CIN: U24100MH1993PLC071376**

### BOARD OF DIRECTORS

Mr. Punit Makharia- Chairman & Managing Director  
Mr. Gautam Makharia- Joint Managing Director  
Mr. Nirmal Kedia – Independent Director  
Mr. Ramakant Nayak – Independent Director  
Mr. Dinesh Modi – Independent Director  
Ms. Poonam Garg - Nominee Director of IFCI Venture Capital Funds Ltd

### CHIEF FINANCIAL OFFICER

CA Ratan Jha

### COMPANY SECRETARY

CS Satish Chavan  
(w.e.f. 11<sup>th</sup> July, 2016)  
CS Kishan Bhargav  
(up to 1<sup>st</sup> June, 2016)

### INTERNAL AUDITOR

M/s. AIMV & Associates,  
Chartered Accountants.

### STATUTORY AUDITORS

M/s. S. K. Patodia & Associates,  
Chartered Accountants.

### COST AUDITOR

Mr. Dilip Bathija  
Cost Accountant

### SECRETARIAL AUDITOR

M/s. DSM & Associates,  
Company Secretaries.

### REGISTERED OFFICE:

202/A, Building No.-03,  
Rahul Mittal Industrial Estate,  
Sir. M.V. Road,  
Andheri (East),  
Mumbai-400 059.

### BANKERS:

- 1.State Bank of India
- 2.State Bank of Travancore
- 3.IDBI Bank Ltd

### FACTORY

B-97, B-102/103, D-18 & D-25, M.I.D.C.  
E-2 & 3, Ansa Industrial Estate,  
Tal-Khed, Dist-Ratnagiri,  
Lote Parshuram, Maharashtra-405 722

### REGISTRARS & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.  
Saki-Vihar Road, Sakinaka.  
Andheri (E), Mumbai - 400 072.

Tel: 91-22-40430200

E-mail: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

*The Annual Report Copy will be available on Company's website address at <http://www.shreepushkar.com/investor.html> to download and information purpose.*

## From the Chairman's Desk ...



### Dear Shareholders,

It is my pleasure to welcome you all on behalf of the Board of Directors, to the 23<sup>rd</sup> Annual General Meeting of your Company. Your Company's annual report and accounts are with you and with your permission I shall take them as read.

Viewing back from here today, we can see that it has been a year of great transition for Shree Pushkar. We are proud to be a listed company and we welcome our 6000 odd new members to our family. It was because of your confidence in us that we have reached this coveted position and we look forward to your continued support and confidence to take the company to better heights.

Our growth story, to my mind has been largely due to our Unique Business Model of cutting costs by backward integration, which have opened up new vistas and have been proving to be our Growth Drivers towards a unique model of Zero effluent. The plan has provided great mileage not only in terms of lower production costs but also, providing newer avenues of expansion which we had never thought of in the past. The fertiliser Division is a glowing example on this count. Having started with a single product we now have

a fairly pronounced division having 4 different products namely SSP, SC, NPK and now SOP. The division has proved to be a significant contributor to both the Top & the Bottom Lines. And now with the commissioning of the Dyes plant, the future looks brighter, more so on account of a marked shift of global supplies of intermediates from China to India.

Coming to our 'Industry Scenario', the so called 'China Factor' has been doing the rounds with most of us. In this regard you may recall that the extra large capacities of units in China, which till a few years back posed a perennial threat to us has now transformed to be a boon. In this regard the pollution control factors have played a major role.

Severe scarcity and water contamination in China have compounded land deterioration. Environmental degradation threatens to undermine the country's growth and exhausts public patience with the pace of reform. It has also bruised China's international standing and endangered domestic stability as the ruling party faces increasing scrutiny and public discontent. According to 2013 UN figures, life expectancy in China is 75.3, and the life expectancy north of the Huai River is 5.5 years lower than in the south due to air pollution owing to an increased incidence of cardio respiratory mortality. More recently, amid waning economic growth, leaders in Beijing appear more determined to institute changes to stem further degradation.

With this backdrop wherein Chinese authorities are enforcing stricter controls on air & water pollution, whereby we have been observing some large names of manufacturers in China facing repeated shutdowns and even closures. We have been observing that the Chinese shares in the supply of these chemicals are slowly coming down, with the benefit accruing to Indian manufacturers in the organised sector. We are thus poised for a quantum leap in the years to come.

I also feel it my duty to mention here the likely fall out of 'Brexit' to our industry. India's net exports of dyes and intermediates is in the range of Rs.24,000 Crs to Rs 26,000 Crs, with the passage of the Brexit referendum, Global currency market have been witnessing huge swings with some of the Asian currencies like the Chinese Yuan have sharply fallen. This fall in Yuan would make Chinese products more competitive. Thus Indian companies who are competing with Chinese firms globally are likely to be affected.

However if Indian rupee also becomes competitive, then it may help to protect Indian companies to safeguard their export markets.

However as far as our company is concerned since we are in the manufacture of Reactive Dyes, in which segment China comparatively has a very limited presence, besides the fact that we are having the advantage of Backward integration wherein we manufacture most of the Intermediates required, we feel that we may not face any major competition on this front.

As regards the implementation of our expansion project through the proceeds of the IPO, I may mention here that the same has been progressing satisfactorily. To update you on the current position I wish to say that the reactive dyes plant has been commissioned in January 2016 and after successfully completing trial runs and stabilizing the operational and quality parameters, we have effected the first sale of Dyes manufactured in our own plant in May 2016. I am also happy to mention here that our products are being well accepted in the market and we look forward to a steady improvement in the flow of orders. The expansion of the VS plant has also been commissioned in May 2016 and is operating satisfactorily. The H-Acid plant is currently in the advanced stage of implementation and we expect the same to be commissioned by the beginning of Q3 - 2016.

As regards our SOP project which is outside the purview of the IPO, I may state that though we had been sanctioned a term loan

of Rs.12.50 Crs by the SBI, looking to our internal accruals, we have restrained from availing the said term loan and the project has been funded entirely through internal accruals. The plant has been successfully commissioned in end June 2016.

I may also mention here that our efforts for seeking a license for manufacture of NPK mixed fertiliser over the last nearly 2 years, have fetched positive results and we have been successful in receiving the license from Govt. of Maharashtra. As we had sufficient idle capacity in our Soil Conditioner granulation plant, we have established a capacity of 20,000 MTA for manufacture of mixed NPK fertiliser without any capital cost. The production on this item has commenced from January 2016. This project has also been outside the purview of the IPO.

As regards our existing activities, barring the fertiliser division which experienced another year of inadequate monsoon, our full-year performance has recorded a fair growth over last year. After an unprecedented volatility in the prices of some of our Dye-intermediate products which, beginning July 2014, prevailed over a period of nearly a year & a half. This volatility and uncertainty in the prices of the finished products had resulted in the compression of order quantities from our valued customers. I may say that during the year 2015-16, we have experienced a steady reduction in this price volatility and to my mind it has been a period of stabilization. Though this has had a dampening effect on our top line which recorded a fall by nearly 6.5%, the capacity utilisation has been better, resulting in improved EBITDA margins and consequential improvement in the bottom line.

Today, I am happy to say, that those trying times are behind us and we are back on the path of a steady growth. I am proud to say that with our net sales at Rs.248.70 Crs during the FY 2015-16 we have achieved an EBITDA level of 14.04% at Rs. 34.91Crs, and a PAT of Rs.22.30 Crs which works out to 9%. We have also in March declared an interim Dividend of 10%, which has been the first ever dividend declared by the company.

Standing at this point of time, with both our Dyes plant & the SOP plant commissioned, I am confident that the current year should usher us into a different league not only in terms of sales but also in terms of profits.

We have faced a few administrative glitches wherein our earlier Statutory Auditor could not devote sufficient time and was indisposed. The Board has however taken timely action and has appointed M/s. S. K. Patodia & Associates, Chartered Accountants, as our Statutory Auditor. Similarly our Company secretary has resigned from the services of the company for better prospects and we have a new Company Secretary and Compliance officer. These changes have however not brought any pressure on our business or our performance.

I would also like to reiterate that our desire for future expansions through synergistic alliances, to improve the depth of our business to provide the desired growth strategy still prevails and we are constantly surveying the horizon in this regard.

I would like to conclude with a sense of confidence and strong optimism that we are striving and will continue to strive for a sustained and enduring growth across our various product divisions.

I take this opportunity to express my sincere thanks to all the shareholders for their continued trust in the Board of Directors and the Management of the Company. On behalf of the Company, I would also like to thank all our stakeholders - customers, dealers, suppliers, other business associates the Government and regulatory agencies and employees for their invaluable support and co-operation in the year gone by and expect similar support in the years to come.

**Thank you.**

**Punit Makharia**

**Chairman & Managing Director**





**Brief Profile of our Board Of Directors, Key Managerial Personnel:**

**Mr. Punit Makharia,**

**(Chairman & Managing Director)**

aged 46 years, a resident Indian national, is the Chairman and Managing Director of our Company. He is one of the Promoters of our Company and has been a Director in our Company since its incorporation. He holds a Bachelor's degree in Commerce from Mumbai University. He has more than two decades of experience in the chemical industry and specialises in the sector of dyes, dye intermediates and fertilizers. He is the guiding force behind the strategic decisions of our Company and has been instrumental in planning and formulating the overall business strategy and developing business relations for our Company.



**Mr. Gautam Makharia,**

**(Joint Managing Director)**

Aged 43 years, a resident Indian national, is the Joint Managing Director of our Company. He is one of the Promoters of our Company and has been a Director in our Company since its incorporation. He holds a Bachelor's degree in Electronics and Telecommunications from Mumbai University and Master's degree in Business Administration from Manchester Business School, University of Manchester, United Kingdom. He has more than 15 years of experience in the chemical industry and specialises in the sector of dyes, dye intermediates and fertilizers. He is responsible for the production and quality control maintained by our Company at our manufacturing facilities situated in Lote Parshuram, Rathagiri, Maharashtra. He also assists in formulation of corporate policy and strategies for our Company.



**Mr. Ramakant Nayak,**

**(Independent Director)**

Aged 71 years, a resident Indian national, is a Non-Executive and Independent Director on the Board of our Company. He holds a Bachelor's degree in Science from Karnataka University, a Bachelor's degree in Law from University of Mumbai and a Diploma in Marketing and Advertising from Rajendra Prasad College of Mass Communications & Media. He is an associate member of The Indian Institute of Bankers. He has more than four decades of experience in the financial services industry particularly commercial banking, manufacturing industry and realty industry.



**Mr. Dinesh Modi,**

**(Independent Director)**

Aged 65 years, is a Non-Executive and Independent Director on the Board of our Company. He holds a Bachelor's degree in Commerce from University of Bombay. He is also a law graduate from the University of Bombay. He is a member of the Institute of Company Secretaries of India. He has about four decades of experience in the field of corporate compliance and secretarial practice.

**Ms. Poonam Garg (Nominee Director of IFCI Venture Capital Funds Ltd) -** Aged 48 years, is a Non-Executive and Nominee Director of IFCI Venture Capital Funds Limited on the Board of our Company. She holds a Bachelor's degree in Commerce The Institute of Cost and Works Accountants of India. She has more than 18 years of experience in the field of private from University of Delhi and Master's degree in Business Administration from Sikkim Manipal University. She is also a member of equity, venture capital, management etc.

**Mr. Nirmal Kedia.****(Independent Director)**

Aged 46 years, a resident Indian national, is a Non-Executive and Independent Director on the Board of our Company. He holds a Bachelor's degree in Commerce from University of Bombay. He has more than two decades of experience in the field of Management, Finance and Legal industry such as Castings, Engineering, Construction and Software Industry.

**Mr. Soumendra Nath Sengupta.****(Associate Director)**

aged 71 years is Associate Director - (Corporate Planning, Financial Planning, Project Implementation) of our Company. He holds a Bachelor's degree in Science from University of Bombay. He has also done Post Graduation Diploma Course in Business Management from Marathwada University. He is an Associate Member of the Indian Institute of Chemical Engineers since 1986. He has an experience of around 33 years in project financing and techno economic feasibility studies of industrial projects, and has also played a major role in setting up a merchant banking division in Maharashtra State Financial Corporation. He joined our Company as a consultant on August 1, 2007. Prior to joining our Company, he was working with Maharashtra State Financial Corporation and held various senior positions in the organizations like Regional Manager and also officiated as Zonal Manager and Chief of technical wing until his retirement from MSFC.

**Mr. Ratan Jha.****(Chief Financial Officer)**

Aged 31 years is the Chief Financial Officer of our Company. He holds a master's degree in commerce from University of Mumbai. He is also a qualified Chartered Accountant. He joined our Company on April 10, 2012 as Chief Accountant. He was reappointed as Chief Financial Officer of our Company on June 20, 2013. He has an experience of 6 years in accountancy and taxation. Prior to joining our Company, he was working with one of the reputed Merchant Bankers in Mumbai, where he gained experience in various corporate and strategic business activities along with handling his core domain of accounts, audit and assurance.

**Mr. Satish Chavan.****(Company Secretary (W.e.f. 11.07.2016))**

Aged 28 years is the Company Secretary and Compliance Officer of our Company. He holds a Bachelor's degree in Commerce from Shivaji University, Kolhapur. He has also obtained Bachelor's degree in Law from Pune University. He is a qualified Company Secretary. He has joined our Company on July 11<sup>th</sup>, 2016. He has an experience of around 2 years in corporate compliance and secretarial matters. Prior to joining our Company, he has served as company secretary in a listed company and has held senior positions in various reputed organizations.

**DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT**

To,

The Members,

**Shree Pushkar Chemicals & Fertilisers Limited**

Your Directors have pleasure of presenting before you the 23<sup>rd</sup> Annual Report of your Company along with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2016. The Management Discussion and Analysis is also included in this report.

**1. SUMMARY OF FINANCIAL RESULTS:**

The Company's financial performance, for the year ended 31<sup>st</sup> March, 2016 is summarized below:

**(Rupees in Lacs)**

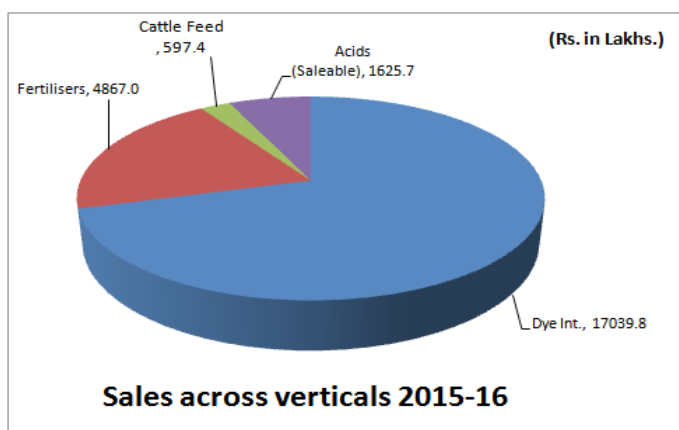
<b>PARTICULARS</b>	<b>YEAR ENDED 31/03/2016</b>	<b>YEAR ENDED 31/03/2015</b>
<b>Total Revenue</b>	<b>24870.23</b>	<b>26652.00</b>
Profit Before Interest, Depreciation & Tax	3389.17	3009.37
Depreciation for the year	380.16	362.47
Interest Cost	95.76	367.16
Profit Before Taxation	2913.25	2279.74
<b>Provision for Income Tax</b>	<b>(622.50)</b>	<b>(477.84)</b>
Provision for Deferred Tax	(161.96)	63.12
MAT Credit Entitlement availed	100.70	-
<b>Profit After Taxation</b>	<b>2229.49</b>	<b>1865.02</b>
Add: Profit Brought Forward from Previous Year	5750.05	3885.03
Less: Dividend Including Dividend Distribution Tax	(363.71)	0
Balance carried to Balance Sheet	7615.83	5750.05

**2. OPERATIONS:**

During the year under review, the Revenue from operations of your company has been at Rs.24,870.23 lacs an apparent reduction from last year's revenue of Rs.26,652.00 Lacs. The exports during the year has been at Rs.2093.20 Lacs, considering our current imports, in terms of Rock Phosphate and Sulphur which are basic raw material for SSP & Sulphuric Acid, we still continue to be a net importer.

The reduction in sales during FY 2015-16 has been of the order of 6.69% over last year. This has mainly been on account of the Dye-intermediate division, which experienced a steady stabilization of the prices during the year. It may be recalled that some items of Dye-intermediates like H-Acid & VS have been experiencing an unprecedented volatility during the last over a year and a half. Wherein the average annual prices of these items have been fluctuating in the range of 26% to as high as 82% in most of the core items. However with the stabilization of prices the production in terms of volumes has improved by about 25%. This has resulted in better profitability as compared to that of the preceding year.

As regards the Fertiliser division, the sale of fertiliser during Kharif season in the first half of the year under reference was subdued due to delay in the monsoons. We could however partially mitigate the same during the Rabi season and the overall sale of fertilisers have been to the extent of about 55,600 MT having a capacity utilisation of about 48% contributing Rs.48.46 Crs to the overall revenue.





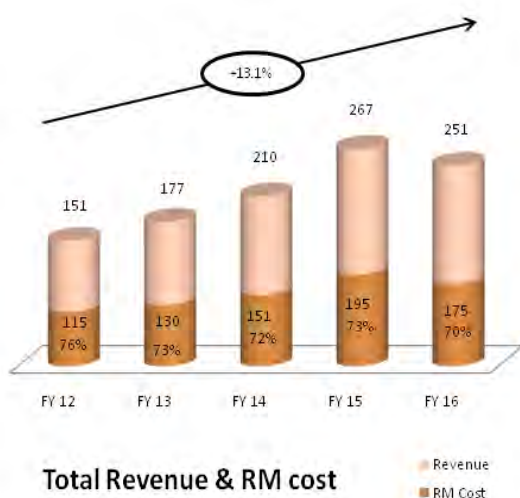
A good news is that the Company having struggled for the past about 2 years has been successful in receiving license from the Govt. of Maharashtra, for manufacture of mixed NPK fertilisers, an item extensively used across cash crops throughout the country. Accordingly a capacity of 20,000 MTA has been established for this product, in the Soil Conditioner granulation plant, without any significant capital cost, as there was sufficient idle capacity in this department. The manufacture of this item commenced in January 2016.

The Capacity utilisation in the Cattle feed division which is used only to the extent of utilising the spent acid generations from the Dye-intermediates division, has recorded, an increase of 13% in volumetric terms.

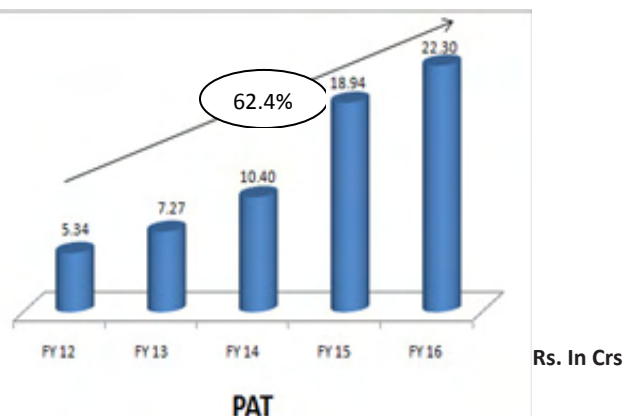
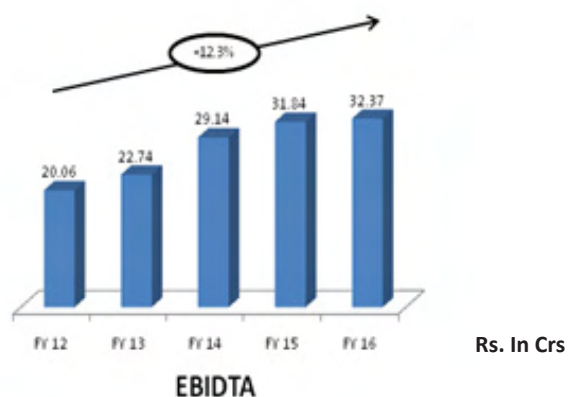
As regards the Acid division, in view of the increase in captive consumption on account of better capacity utilisation of the Dye-Intermediate division, there has been a corresponding reduction in sales volume (saleable acid), never the less on account of improved pricing and sale of a special quality of Sulphuric acid required by a few customers, which commands a premium price, the sales realisation in this division has recorded an increase by about 58%.

The segmental sales across the 4 product verticals as compared to last year have been as under:

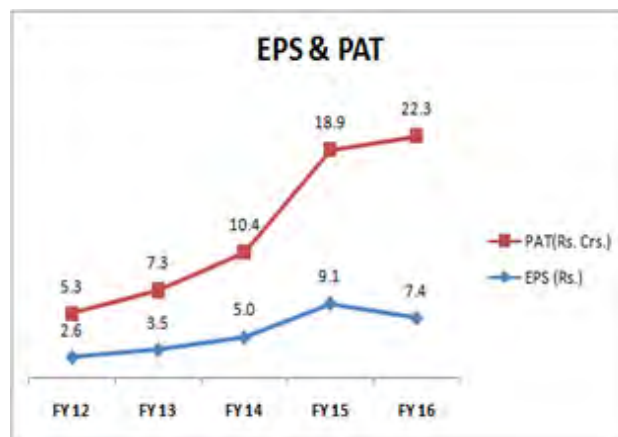
	15-16		14-15		Growth %		% share of Revenue
Division	Qty MT	Rs. Crs	Qty MT	Rs. Crs	Volume	Revenue	
Dye Int.	4,944	170.40	3,957	201.24	25%	-15%	70.6%
Cattle Feed	2203	5.97	1949	5.34	13%	12%	2.5%
Fertilisers	55606	48.67	49317	48.19	13%	1%	20.2%
Acids (Saleable)	16137	16.26	19124	10.32	-16%	58%	6.7%



Viewing the operational performance of the company which made a modest beginning of manufacturing activities in the year 2001 with a single plant for manufacturing Gamma Acid, has been expanding both by way of Backward and forward integration and currently has 7 dye-intermediate plants, A plant for manufacture of Sulphuric and its derivative Acids – like Oleums & Chloro sulphonic Acid (CSA) with a captive power plant based on waste heat generated in the manufacture of Acids, A plant for manufacture of Di-Calcium Phosphate-DCP (A cattle feed supplement) based on spent acid generated in the manufacture of Die-intermediates, as also fertilisers like SSP manufacture based on 70 % acid generated in the manufacture of CSA, and “Dharti Ratna” our branded Soil Conditioner based on Gypsum generated in the manufacture of DCP. This unique model of the company of utilising the waste generated into value added by products has helped the company to tackle the pollution problem so critical in our type of industry, and has won for itself the distinction of “Zero Waste” company. The company has successfully maintained steady progress over the years in terms of sales and profits. During the last 5 years the company's revenue receipts has been growing at an average rate of 13.5%



With our continues efforts on improvement in process yields, better cost control by conservation on other fronts including better inventory management has reflected in terms of lower raw material cost from 76% in FY2012 to around 70% during the year under reference. The Earning per share has also improved from Rs.2.60 to Rs.9.10 during 2012 to 2015. The EPS for FY2016 has been at Rs7.40 on the expanded capital.



The Operating profit as also the Profit after taxes have grown at the rate of 12.3% and 62.4% respectively during the corresponding period.

This reflects in terms of rise in the net worth of the Company which grew from Rs.23.13 Crs as at FY 2012 to Rs. 163.13 Crs as on 31.03.2016, registering a compounded annual growth rate of 27.8%, The said figure is partially influenced on account of the share premium account, nevertheless the growth in the intrinsic value during the last 5 years has been commendable.

The book value of the shares as on 31.03.2016 has been at Rs.53.98 per share, this as you will appreciate is without the benefits of the additional capital raised through the IPO, which will start being visible from the current year once the proceeds of the expansion starts flowing in.

