

SHREE PUSHKAR CHEMICALS & FERTILISERS LTD.

THE CHEMISTRY BEHIND COLOURS

24th ANNUAL REPORT 2016 - 2017



CIN: U24100MH1993PLC071376

An ISO 9001-2008 Certified Company

An ISO 14001-2004 Certified Company

CONTENTS

- 1-** *Corporate Information*
- 2-** *Chairman's Letter to Shareholders*
- 4-** *Brief Profiles of Directors and
Key Managerial Personnel's*
- 6-** *Directors' Report and Management Discussion
& Analysis Report*
- 45-** *Corporate Governance Report*
- 57-** *Independent Auditors' Report*
- 63-** *Balance Sheet as on 31st March, 2017*
- 64-** *Statement of Profit and Loss*
- 65-** *Cash Flow Statement*
- 66-** *Notes to Financial Statements*
- 88-** *Notice calling Annual General Meeting*
- 97-** *Ballot Form*
- 99-** *Attendance Slip & Proxy Form*
- 101-** *Route Map for Annual General Meeting*

ANNUAL GENERAL MEETING

Date: 11th September, 2017 at 3.30 p.m.

Venue: Brijwasi Palace Hall, Brijwasi Estate,

Sonawala Road, Goregaon (East), Mumbai – 400063.

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





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

Mrs. Ranjana Makharia- Non-Executive Director (Appointed w.e.f 10th February, 2017)

Mrs. Poonam Garg – Nominee Director (Resigned w.e.f 7th December, 2016)

CHIEF FINANCIAL OFFICER

CA Ratan Jha

COMPANY SECRETARY

CS Satish Chavan

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:

301-302, 3rd Floor, Atlanta Center,
Near Udyog Bhavan Sonawala Road,
Goregaon East, Mumbai-400063
Tel: 022-42702525.

BANKERS:

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

FACTORY

Unit No.

- I B-102/103, MIDC LoteParshuram,
TalukaKhed, Dist. Ratnagiri,
Maharashtra, India.
- II D-25 MIDC LoteParshuram, TalukaKhed,
Dist. Ratnagiri, Maharashtra, India.
- III B-97, MIDC LoteParshuram, TalukaKhed,
Dist. Ratnagiri, Maharashtra, India.
- IV D-18 MIDC LoteParshuram, TalukaKhed,
Dist. Ratnagiri, Maharashtra, India.

REGISTRARS & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

1st floor, Bharat Tin Works Building, Opp. Vasant
Oasis Apartments, (Next To Keys Hotel),
Marol Maroshi Road,
Andheri East, Mumbai – 400059
Tel : 91-22-62638200.
E-mail: investor@bigshareonline.com



From the Chairman's Desk ...



Dear Shareholders,

I welcome you all to the 24th Annual General Meeting of your Company.

This is the second year after the listing of your Company at the National Stock Exchange and Bombay Stock Exchange, and it gives me immense pleasure to greet you at this momentous occasion. We all have travelled together, this one and a half year's journey, and I thank all of you, for remaining loyal to the Company. On this occasion I take the opportunity to also welcome those of you who have joined us midway on this journey.

As you are aware that since inception over the years, Shree Pushkar has progressed by persistently widening its product base by way of backward integration as also diversifying not only into newer products but also adding up new product verticals, depending upon the needs of the occasion, while keeping our attention focused on our mainstream activity of producing Dye-intermediates and now Reactive Dyes as well.

The year 2017 has been unique and one-of-its-kind for us, a year of significant achievements, of putting on stream various additional product lines by way of:

- ❖ Reactive dyes.
- ❖ 2 new product lines in our fertiliser division namely Sulphate of Potash (SOP) & NPK mixed fertiliser.
- ❖ Creating additional capacities in our intermediates division to meet captive needs,

And all this within the period when we have seen new highs and lows in the prices of our mainstream products. Though it has been a time of significant opportunities and successes, yet at the same time it was of stern challenges.

As we look back, you will observe that the operational performance of the year was strong; the product volumes surpassed those of the earlier years and also did meet the expectations of our budgeted figures. All this at a time of falling unit prices of intermediates and consequently that of dyes, the late arrival of monsoon, adversely affecting the Kharif season, which as all of you know is the most important contributor for the demand for the fertiliser industry. Against these odds, you will agree with me, that the overall performance has been fairly satisfactory if not a boom.

Key indicators of our performance over the last five years show that we have with our unique business model reached a sustainable operating platform that could be considered amongst the best in the industry.

After nearly 2 years of volatility and high prices of intermediates, we have been witnessing a sustained stabilisation.

This, as you all will agree with me, will have a profound impact on our industry.

As you all know price is a derivative of demand and supply, on which we have hardly any control. We can however, to a certain degree, take corrective action when the prices go against us.

One of such actions being lower and controlled inventory, both in terms of raw material as also finished goods. This along with a few more similar corrective actions, we have been in a position to ride on the tide and continue to generate surplus.

Let me now look to the future.

From the basic human necessities you will agree that apparels, textiles and colourants in that order will always be needed at all times. The yarns or for that matter the textures may and will certainly change, however to be inline if not ahead, we need to be sure that we can, within reasonable limits, anticipate or foresee the changes in the coming, and respond to such changes.



Your board, as the steward of the Company, has been looking over a medium term horizon. We have a good portfolio of projects and more to come with promising returns.

The industry continues to operate within a tough environment. The current economic aspirations, the perennial pollution problems and cleaner environmental necessities, pose a challenge on the Industry which under any circumstances has to be met. Our challenges are not only financial. Our task in oversight involves monitoring three areas of risk, Financial, operational and geopolitical.

On our part, I may say in very few words that we, within our capacity and reach, are clear on our financial framework, and are in the course of action to meet the other challenges as well.

Currently we have on our drawing board plans for the next 3 years to maintain our upward trajectory of growth through continued expansions in our operations, a planned approach and a strict discipline over capital costs and gearing.

In conclusion Shree Pushkar is in a good place with a great team and an emerging market.

I once again thank you for your support and I sincerely look forward to your continued support in the future as well. I also express my heartfelt thanks to my colleagues and team at Shree Pushkar without whose active support, it would not have been possible to reach the current stage. Let me say, we may be a little larger Company than before, but it is also equally agile and ready for the future.

Thank You,

Punit Makharia
Chairman & Managing Director.



Shree Pushkar Chemicals & Fertilisers Limited

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



Mr. Punit Makharia,

(Chairman & Managing Director)

Aged 47 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 44 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 16 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, Ratnagiri, Maharashtra. He also assists in formulation of corporate policy and strategies for our Company.



Mr. Ramakant Nayak,

(Independent Director)

Aged 72 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 67 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 fellow 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



Mr. Nirmal Kedia,
(Independent Director)

Aged 47 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 72 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 34 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 32 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 8 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)

Aged 29 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 June 6th, 2016. He has an experience of around 3 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 the 24th Annual Report of your Company along with the Audited Accounts of the Company for the financial year ended 31st March, 2017. The Management Discussion and Analysis is also included in this report.

1. SUMMARY OF FINANCIAL RESULTS:

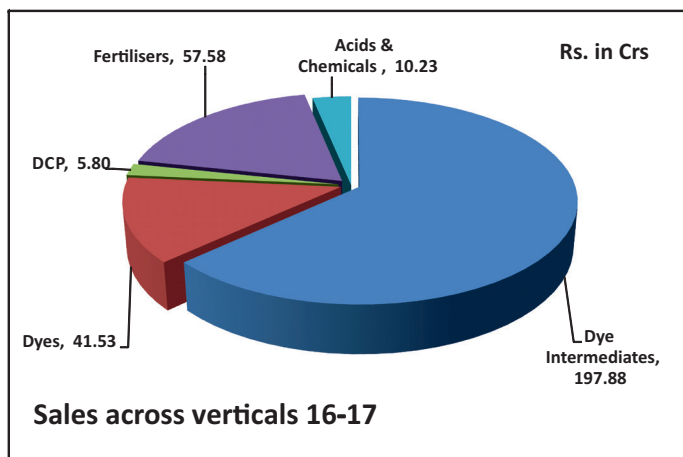
The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

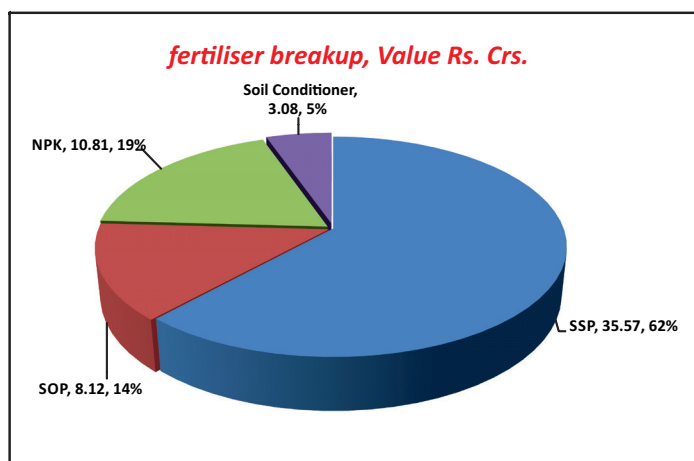
(Rupees in Lacs)

PARTICULARS	YEAR ENDED 31/03/2017	YEAR ENDED 31/03/2016
Total Revenue	31302.16	24876.15
Profit Before Interest, Depreciation & Tax	5366.64	3389.17
Depreciation for the year	548.82	380.16
Interest Cost	175.68	95.76
Profit Before Taxation	4642.14	2913.25
Provision for Income Tax	(1040.00)	(622.50)
Provision for Deferred Tax	(552.56)	(161.96)
MAT Credit Entitlement availed	0	100.70
Profit After Taxation	3049.58	2229.49
Add: Profit Brought Forward from Previous Year	7615.83	5750.05
Less: Dividend Including Dividend Distribution Tax	0	(363.71)
Balance carried to Balance Sheet	10665.41	7615.83

2. OPERATIONS:

During the year under review, the Revenue from operations of your Company has been at Rs. 31,302.16 lacs an increase of 25.83% over last year's revenue of Rs. 24,876.15 Lacs. This has been mainly on account of better performance of the Dye-intermediates segment coupled with the contribution coming from the Dyes Division effectively launched during the year. The Dyes & Dye-Intermediate division together contributed about 76% of the revenue. The improvement in sales of the Intermediates division has mainly been on account of a steady stabilization of the prices during the year. It may be recalled that the prices of some items of Dye-intermediates like H-Acid & VS have been experiencing an unprecedented volatility over the last year and a half. The prices of these items have been fluctuating in the range of 126% to as high as 182% in most of the core products. However with the stabilization of prices during the year, the production volumes have increased by about 25%. This has resulted in better profitability as compared to that of the preceding year.





The exports during the year have been at Rs.1,904.43Lacs. Considering raw material imports during the year, in terms of Rock Phosphate, chemicals and to a certain extent Sulphur, we still continue to be a net importer.

With respect to the Fertiliser division, it may be recalled that we had commissioned the NPK mixed fertilisers plant in the last quarter of FY 2015-16. In FY 2016-17, the year under reference we have commissioned the Sulphate of Potash (SOP) plant with a capacity of 10,000 MT/ annum in October 2016. Thus we now have four distinct products in this vertical, each having their own specialized area of usage for different cash crops.

The sale of fertiliser during the Kharif season in the first half of the year 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 59,772 MT having an overall capacity utilisation of about 45%, contributing Rs.5,758 lakhs to the overall revenue.

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 however remained stagnated at a sale of Rs. 580lakhs.

As regards the Acid division, in view of the increase in captive consumption of this product on account of better capacity utilisation of the Dye-Intermediate division, there has been a corresponding reduction in the availability of saleable acid. The sales realization in this division has thus recorded a decrease by about 37%.

The segmental sales across the 5 product verticals as compared to that of last year are as under:

Division	16-17		15-16		Growth %		% share of Revenue	
	Qty MT	Rs. Crs	Qty MT	Rs. Crs	Volume	Revenue	16-17	15-16
Reactive Dyes	1,398	41.53	--	--	100%	100%	13%	--
Dye Int.	6,014	197.88	4,944	170.4	22%	16%	63%	71%
Cattle Feed	2,145	5.80	2,203	5.97	-3%	-3%	2%	2%
Fertilisers	59,772	57.58	55,606	48.67	8%	18%	18%	20%
Acids (Saleable)	17,257	10.23	24,686	16.26	-30%	-37%	3%	7%



OVERALL PERFORMANCE DURING THE LAST 5 YEARS

Viewing the operational performance of the Company which made a modest beginning in the year 2001, The Company has been expanding both by way of Backward and forward integration more specifically during the last 5 years. Utilising the waste generated in the process to give rise to newer value added products thereby improving the operational efficiency and leading to better profitability. This can be gauged from the figures of revenue vis-à-vis raw material cost.

This unique business model of utilising the waste generated into value added by-products has helped the Company to efficiently tackle the pollution problem, winning for itself the distinction of a “Zero Waste” Company.

This feature along with improvement in process yields, a better cost control and inventory management has reflected in terms of lower raw material cost to sales, which has come down from 73.8% in FY2012-13 to around 67.5% in 2016-17.

In terms of sales and profits the Company has been maintaining a steady progress over the years. Viewing the overall performance over the last 5 years the Company's revenue receipts has steadily grown at an average rate of 22% p.a. with the post-tax profits having an average annualized growth of 104%.

The EBIDTA over the last 5 years has grown from Rs.22.74 Crs in 2012-13 to Rs.52.34 Crs in 2016-17, which in % terms has improved from 13.2% to 16.7 % during the period.

The Earning per share on the expanded capital, in view of the IPO last year has also improved from Rs.8.51 in 2016 to Rs.10.09 in 2017.

