

# Annual Report

*for the year ended 31st March, 2010*



# THE PHOSPHATE COMPANY LIMITED

# THE PHOSPHATE COMPANY LIMITED

## BOARD OF DIRECTORS

Shri G.D.BANGUR, Chairman  
 Shri BINOD KHAITAN  
 Shri N.A.BHADURI  
 Shri M.D.DAMANI, Director & Secretary

## BANKERS

State Bank of India, Kolkata  
 State Bank of Mysore, Kolkata  
 Syndicate Bank, Kolkata

## AUDITORS

Messrs Batliboi, Purohit & Darbari

## REGISTERED OFFICE

14, N.S.Road, Kolkata-700001  
 Tel.033-2230 0771(3lines)  
 Fax.91-33-2243 6236  
 E.Mail-phosphate@vsnl.net

## WORKS

45, Ramkrishna Road, Rishra,  
 Hooghly (W.Bengal)-712248  
 Tel.033-2672 1448/1497  
 Fax.91-33-2672 2270  
 E.Mail-pclsuper@vsnl.net

## REGISTRAR & TRANSFER AGENT

Messrs Maheshwari Datamatics Pvt. Ltd.  
 6, Mangoe Lane, Kolkata-700001  
 Tel.:033-2243 5029/5809

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## THE PHOSPHATE COMPANY LIMITED

### NOTICE

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held at Somany Conference Hall of Merchants' Chamber of Commerce, 15B Hemant Basu Sarani, Kolkata-700001 on Saturday, the 4th September, 2010 at 11.30 AM to transact the following business :-

- 1) To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2010 and Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
- 2) To elect a Director in place of Shri Binod Khaitan, who retires by rotation and being eligible offers himself for re-election.
- 3) To elect a Director in place of Shri Gopal Das Bangur, who retires by rotation and being eligible offers himself for re-election.
- 4) To appoint Auditors and to fix their remuneration.

Registered Office :  
14, Netaji Subhas Road,  
Kolkata-700001.  
Dated: 30th July, 2010

By Order of the Board  
**M. D. Damani**  
Director & Secretary

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### NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of the meeting.
2. Members who hold shares in Dematerialized form are requested to bring their Client ID and DP ID nos. for easier identification of attendance at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from the 1st September, 2010 to 4th September, 2010 (both days inclusive).
4. A member desirous of obtaining any information concerning the accounts and operation of the Company is requested to send his queries to the Company at least 7 days before the date of the meeting, so that the information required by the member is made available at the meeting.
5. Members who have not encashed their dividend warrant for F.Y. 2006-07 are requested to write to the Company.
6. Pursuant to Section 205A of the Companies Act, 1956, as amended: -
  - a) All unclaimed/unpaid dividends upto the Financial Year 1993-94 have been transferred to the General Revenue Account of Central Government. Members concerned are requested to claim the amount from the Registrar of Companies, West Bengal.

## THE PHOSPHATE COMPANY LIMITED

- b) Unclaimed dividend for the financial years 1994-95 to 1998-99 have been transferred and thereafter, there remain no unpaid or unclaimed for a period of 7 years to be transferred to the Investor Education and Protection Fund of the Central Government and no payment shall be made in respect of any such claim.
7. Members attending the meeting are requested to bring their Copy of the Annual Report with them to the meeting.
8. As per the provisions of the Companies Act, 1956, as amended, facility for making nomination is available to individual shareholder. The prescribed form can be obtained from the Company.
9. As per SEBI's circular in respect of transaction involving transfer of shares in physical form of a listed company, it is mandatory for the transferee(s) to furnish a copy of PAN card for registration of transfer of Shares.
10. Details of Directors seeking appointment/re-appointment;
- i. **Shri Binod Khaitan** aged 67 years, a Commerce Graduate & MBA (Geneva) is on the Board of Directors of the Company since December 1990. He is an eminent businessman with wide experience and associated with leading social & charitable organisations. He holds directorships in Electro Steel Casting Ltd., Art Finance & Trade Ltd. and Adelina Investment Pvt. Ltd.
- ii. **Shri G. D. Bangur**, aged 64 years, is the Chairman of the Company since March 2000. He is a Commerce Graduate from University of Calcutta and belongs to the pioneer Industrial Group of Bangurs. He has a wide experience of more than 43 years in managing various industries viz. Jute, Textile, Engineering, Plantation. He has been Chairman of Indian Jute Manufacturers Association and Indian Wire Rope Association and was associated with Indian Chamber of Commerce, Kolkata. At present he is the Chairman & Managing Director of Gloster Jute Mills Ltd. and Chairman of Joonktollee Tea & Industries Ltd. and holds directorship in a number of other companies.

# THE PHOSPHATE COMPANY LIMITED

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors present their Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

### FINANCIAL RESULTS

	all in ₹ rupees
<b>Sales &amp; Other Income</b>	12,52,28,280
<b>Operating Profit</b>	1,37,79,872
Interest	1,28,45,619
<b>Gross Profit</b>	9,34,253
Depreciation	8,55,378
<b>Net Profit</b>	78,875
Extra Ordinary Item – VRS or Voluntary Retirement Scheme	(74,96,633)
Deferred Tax Credit Liability Written Back	23,72,325
Profit/(Loss) after Tax	(50,45,433)

### YEAR IN RETROSPECT

Global economy is recovering despite glitches from Euro countries. India is witnessing good growth all around. Agriculture Production is robust and price of almost all agro-produce is high, this augurs well for us, as Agro input Industry.

Policy of Variable Concession on Single Super Phosphate (SSP) fertiliser based on monthly variation in Raw material prices remained operative from 1-5-2008 to 30-9-2009 by extending policy from time to time.

Effective from 1-10-2009 SSP concession policy was revert back to fixed concession regime with a marked change in Retail Pricing Scheme. FREE pricing was introduced wherein PRICES were decided by manufacturers in place of Government controlled prices.

Change in pricing policy gave a fillip to the industry. This resulted in rise in All India SSP production by 22.10% over previous year. Our production at Udaipur also increased but the same is not comparable. However, this also resulted in higher price SSP for farmers who showed resistance in purchasing high price SSP in comparison to other heavily subsidised comparable fertiliser.

Your company's production agreement with DMCC, Khemli (Rajasthan) resulted in production and sale of 16005 MT and 14830 MT of SSP respectively, during the year. Due to change in management at DMCC, our agreement was terminated with them w.e.f. 31-3-2010.

Turnover of the company during the year was ₹1252 lacs in comparison to ₹457 lacs in previous year. Company has been able to turn the table and made Operating profit, Gross Profit and Net Profit in the year under review in place of losses suffered last year. However your Directors do not recommend any dividend for the year under review.

### CURRENT SCENERIO

Effective from 1-5-2010, Government of India has introduced Nutrient Based Subsidy (NBS) Policy for all decontrolled P & K Fertiliser, giving same rate of subsidy to all phosphate based fertiliser. Our long standing demand to include SULPHUR and CALCIUM as secondary nutrient, besides PHOSPHOROUS as primary nutrient in SSP has been partially met, as Sulphur has been recognised as one of the Nutrient. Both these measures have resulted in more than doubling of subsidy amount for SSP from ₹2000/- to ₹4400/-.

Considering judicious, long-term and positive approach of Government of India, your company has decided to restart the operation at Rishra works. As per NBS policy, company is gearing up its plant & machinery to produce

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Boronated(Powder / Granulated) Single super Phosphate and hopes to start production by August 2010. Further Government has allowed crop specific customised fertiliser. Accordingly, company plans to revamp its NPK fertiliser plant to produce customised fertiliser. Your company envisages a capital expenditure of ₹4.50 crores in phased manner to achieve desired quality product.

### **FUTURE STRATEGY**

Your works / factory at Rishra is facing infrastructure bottleneck. Narrow Roads all around the factory and heavy movement of railway and bus commuters due to close proximity of Railway Station as well as Inter-State Bus terminal restricts movement of Heavy Trucks at times and often creates jam. Therefore, your management is preparing a road map to shift the entire production line to new spacious place in next 3 years.

### **RISK & CONCERN**

Your Company's product is agro input, the demand of which is dependent on good monsoon and fair climatic conditions besides Government policy.

### **TECHNOLOGY ABSORPTION CONSERVATION OF ENERGY,AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no manufacturing activity during the year under review, hence any technology absorption and conservation of energy in manufacturing of product does not take place. However, information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in an annexure and forms a part of this Report.

### **FIXED DEPOSITS**

Your Company has not accepted any deposit from the public under Section 58A of the Companies Act, 1956 and the Deposit Rules during the year under review.

### **INDUSTRIAL RELATIONS**

The relations with the employees remained cordial. Generous VRS offered by management was accepted by all the workers.

### **PARTICULARS OF EMPLOYEES**

As per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given as per Annexure and forms a part of this Report.

### **DIRECTORS**

Shri Binod Khaitan and Shri G. D. Bangur retire by rotation and being eligible, offers themselves for re-appointment. Particulars of the retiring directors are appended in the notes forming part of the notice for the ensuing General Meeting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

In pursuance to Section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state :

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have arranged preparation of the Annual Accounts on a going concern basis.

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## CORPORATE GOVERNANCE

Your company does not fall under the provisions of the revised clause 49 of Listing Agreement. However, Corporate Governance practice are being followed by the Company.

## COMPULSORY DEMAT

Trading in your company's shares has been made compulsory in dematerialized form as notified by SEBI. Your company's International Security Identification Number (ISIN) is INE398C01016.

## LISTING OF EQUITY SHARES

Equity shares of your company are listed with The Calcutta Stock Exchange Association Ltd. under scrip code no 10026031 and annual listing fee has been paid for the year 2010-11. An application has been made for listing with Bombay Stock Exchange through The Calcutta Stock Exchange.

## COST AUDIT

Since the the suspension of works at Rishra has been lifted only in the last quarter of the period under review, applications are being moved to the Ministry of Corporate Affairs, New Delhi, requesting to keep in abeyance Cost Audit Orders on your Company's product till the production commences.

## INSURANCE

All the properties of the company are adequately insured.

## SECRETARIAL AUDIT & RECONCILIATION OF CAPITAL

As stipulated by SEBI, a firm of Chartered Accountants carried out secretarial audit and reconciliation of total admitted capital every quarter and their reports were submitted to The Calcutta Stock Exchange.

## AUDITORS

Messrs. Batliboi, Purohit & Darbari, Chartered Accountants, the Auditors of the Company also retire at the ensuing Annual General Meeting and are eligible for re-appointment. Observations by auditors in their report in schedule VI regarding non provision of Gratuity liability is self explanatory in Note 7 of Schedule R.

## ADEQUACY OF INTERNAL CONTROLS

The company has adequate internal control system commensurate to its size and business. M/s. R. D. Daga & Co., Chartered Accountants, has been appointed Internal Auditors, to conduct internal audit on the companies' activities.

## CEO'S CERTIFICATE

A certificate from the Chief Executive of the Company on the Financial Statements of the Company, in terms of clause 49 of the Listing Agreement, placed before the Board and was taken on record.

## COMPLIANCE OFFICER & MEANS OF COMMUNICATION

Shri M. D. Damani, Director & Secretary, is the Compliance Officer. He is available at the Registered Office of the company at 14, Netaji Subhas Road, Kolkata-700 001. Tel. : 033-2230-0771 - 3, Fax : 033-2243-6236, Mob : 09681096817, E-mail : phosphate@vsnl.net

Registrar & Share Transfer Agents : M/s. Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, Kolkata - 700 001, Tel : 91-033-2243 5029 / 5809

## ACKNOWLEDGEMENT

The Directors wish to record their appreciation of dedication and commitments of the employees and the teamwork displayed by them. Your Directors are also thankful to State Bank of India, State Bank of Mysore, Syndicate Bank, Central Government, State Government, Shareholders, Customers, Dealers & Vendors for the continuous support and assistance.

Kolkata  
Dated : 30th July, 2010

On behalf of the Board  
**G. D. Bangur**  
Chairman