

ANNUAL REPORT

2011-2012



THE PHOSPHATE COMPANY LIMITED

THE PHOSPHATE COMPANY LIMITED

BOARD OF DIRECTORS

Shri BINOD KHAITAN
Shri HEMANT BANGUR
Shri D. P. GOCULDAS
Shri P. K. BHANJACHAUDHURY
Shri M.D.DAMANI

- Director & Secretary

BANKERS

State Bank of India
State Bank of Mysore
Syndicate Bank

AUDITORS

Messrs Batliboi, Purohit & Darbari

REGISTERED OFFICE

14, Netaji Subhas 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
E-mail : mdpl@cal.vsnl.net.in
Tel. : 033-2243 5029/5809

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NOTICE

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B Hemant Basu Sarani, Kolkata-700001 on Monday, the 13th August, 2012 at 11.30 A.M. to transact the following business:-

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2012 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 Murali Dhar Damani, who retires by rotation and being eligible offers himself for re-election.
3. To appoint Auditors and to fix their remuneration.

Special Business

4. To consider and if thought fit to pass with or without modification as a SPECIAL RESOLUTION:-

"Resolved that pursuant to the provisions of Sections 198, 269, 309 and read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendment or modification thereto the Company hereby approves the re-appointment of Shri Murali Dhar Damani, as the whole-time Director of the Company designated as Director & Secretary, for a period of 2 years with effect from 27th July, 2012 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Shri Murali Dhar Damani, as laid before the meeting and for the purpose of identification initialed by the Chairman, which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors of the Company to alter, vary and modify the terms and conditions of the said appointment and/or remuneration and/or agreement, in such manner as may be agreed upon by and between the Board of Directors and Shri Murali Dhar Damani as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any amendment thereof from time to time being in force".

"Resolved further that notwithstanding anything herein above stated, where in any financial year the Company has no profits or its profits are inadequate, the Company do pay Shri Murali Dhar Damani, remuneration by way of salary, perquisites and allowances not exceeding the ceiling/limit specified under Schedule XIII of the Companies Act, 1956".

"Resolved further that the Board of Directors of the Company be and is hereby authorised to do and perform such acts, deeds, matters, or things and take such steps as may be necessary, expedient, or desirable to give effect to the aforesaid Resolutions".

5. To consider and if thought fit to pass with or without modification as an ORDINARY RESOLUTION:-

"Resolved that Shri Pranab Kumar Bhanjachoudhury, be and is hereby appointed as a Director of the Company liable to retire by rotation".

6. To consider and if thought fit to pass with or without modification as a SPECIAL RESOLUTION:-

"Resolved that pursuant to section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.5 Crore (Rupees Five Crore) divided into 5000000 Equity Shares of Rs.10/- each to Rs.10 Crore (Rupees Ten crore only) divided into 10000000 Equity Shares of Rs.10/- each by creation of further 5000000 Equity Shares of Rs.10/- each.

Further resolved that in the existing clause 5 of the Memorandum of Association of the Company, the words "The Authorised Share Capital of the Company is Rs.5 Crore (Rupees Five Crore only) divided into 5000000 Equity Shares of Rs.10/- each" be substituted by the words "The Authorised Share Capital of the Company is Rs.10 Crore (Rupees Ten Crore only) divided into 10000000 Equity Shares of Rs.10/- each."

"Further resolved that pursuant to provisions of Section 31 of the Companies Act, 1956 in Article 4 of the Articles of Association of the Company the words "The Authorised Share Capital of the Company is Rs. 5 Crore (Rupees Five Crore only) divided into 5000000 Equity Shares of Rs.10/- each" be substituted by the words "The Authorised Share Capital of the Company is Rs.10 Crore (Rupees Ten Crore only) divided into 10000000 Equity Shares of Rs.10/- each."

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"Resolved further that for the purpose of giving effect to these resolutions, the Board of Directors of the Company be and is hereby authorised to take such step, acts and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

7. To consider and if thought fit to pass with or without modification as an ORDINARY RESOLUTION:-

"Resolved that pursuant to section 258 and other applicable provisions of the Companies Act, 1956 the maximum number of directors of the Company be increased from seven to ten."

"Resolved further that in article 83(1) of Articles of Association of the Company the word 'seven' be and is hereby substituted by the word 'ten'."

Registered Office:
14, Netaji Subhas Road,
Kolkata-700001.
Dated: 22nd July, 2012

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

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 1st August, 2012 to 13th August 2012 (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.
 - 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. SEBI has made trading in shares of the Company compulsory in dematerialised form for all investors w.e.f. 27/2/2001 under ISIN:INE398C01016. Shareholders are requested to get their share holding dematerialised.
10. Ministry of Corporate Affairs vide its circular no.17/2011 dated 21/04/2011 & 18/2011 dt.29/04/2011 has taken Green Initiative in the Corporate Governance by allowing the companies to send various notices/documents including audited financial results, directors report, auditors report, general meeting notices to the members through electronic mode to the registered email addresses of the shareholders.

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Members are therefore requested to register their email addresses with the Company at its Registered Office and also keep a note to inform any change in your email address.

11. 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 copy of PAN card for registration of transfer of Shares.
12. Details of Director seeking appointment/re-appointment;
 - i. **Shri M.D.Damani** is a B.Com; D.M. (Cal.) and a Fellow Member of the Institute of Company Secretaries of India. He has worked at Senior Management levels handling various corporate functions. He is associated with the Company since long and presently is the whole-time director designated as Director & Secretary of the Company.
 - ii. **Shri Pranab Kumar Bhanjachoudhury** is a MA Economics & CAIIB. He is an eminent banker and had held senior status with State Bank of India over his working career of more than 35 years with the bank and thereafter he joined Centurion Bank as vice president & Regional Head and there after was an advisor to the Bank.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no.4

At the General Meeting of the Company held on 3rd September, 2009 the Members had approved the appointment and terms of remuneration of Shri M.D.Damani as Director & Secretary for a period of three years w.e.f. 27.07.2009. With regard to his wide experience and qualifications, the Board of Directors of the Company, in its meeting held on 22nd June, 2012 has re-appointed Shri Damani as Director & Secretary of the Company for a further period of two years effective from 27th July 2012 subject to the approval of the Members. Accordingly, an agreement is proposed to be entered into between the Company and Shri Damani, in respect of his appointment, inter-alia, containing the following remuneration.

Salary : - Rs.45,000/- — Rs.60,000/- p.m. subject to annual increments as decided by the Board from time to time.

Exgratia : - As applicable to other executive staff,

Perquisites :

Category 'A'

- (i) House Rent Allowance: @ 15% of Salary,
- (ii) Medical Expenses : For himself and family members equal to one month's salary in a year and accumulable over a period of three years,
- (iii) Leave Travel Assistance: For himself and family members' equivalent to one month's salary,
- (iv) Club Fees: Fee for a Single Club, which will not include Admission or Life Membership Fee,
- (v) Personal Accident Insurance: Premium not exceeding Rs.6,000/- per annum,
- (vi) Leave: On full remuneration in accordance with the leave rules of the Company and encashment of due leave at the end of tenure.

Category 'B'

Contributions to Provident Fund @ 12% of Salary, to Superannuation Fund @ 15% of Salary and to Gratuity Fund as per actuarial valuation based on 15 days salary for each completed year of service.

Category 'C'

A telephone connection at his residence. Long distance personal calls shall be billed by the Company.

In the event of loss or inadequacy of profits of the Company in any year during the term of Shri Damani's appointment, he shall be entitled by way of minimum remuneration to the salary and perquisites as hereinabove mentioned.

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Notwithstanding anything herein contained the Board may at any time during the term of this Agreement at its absolute discretion and without any further reference to the members of the Company in General Meeting may increase Shri Damani's remuneration and/or perquisites and vary other terms subject to the limits laid down in Schedule XIII of the Act and any Statutory amendments or modification thereof.

The above may be treated as an abstract of the terms and conditions governing the appointment and remuneration of Shri Damani as Director & Secretary, pursuant to Section 302 of the Companies Act, 1956.

The Directors commend the resolution for approval of the members.

None of the Directors, except Shri Damani, is in any way regarded as concerned or interested in the aforesaid resolution.

Item no. 5

Shri Pranab Kumar Bhanjachoudhury was appointed as an Additional Director of the Company on 12th November, 2011 and he will hold office upto the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Bhanjachoudhury as a Director of the Company,

The Board, considers it in the interest of the Company to avail the services of Sri Bhanjachoudhury and accordingly commend the resolution for your approval.

None of the Directors except Shri Bhanjachoudhury is concerned or interested in the aforesaid resolution.

Item no. 6

The Company is in the business of manufacturing of fertiliser and at present the Authorised Capital of the Company is Rs. 5,00,00,000 and the Paid-up Capital is Rs. 1,73,24,800. The Company has achieved significant growth in its financial parameter and hence additional capital is required to augment with growth. It is proposed to increase the Authorised Capital to Rs. 10,00,00,000. The increase in Authorised Capital to the proposed level of Rs. 10 crores if adopted by the share holders would enable the Board of Directors of your Company, at such appropriate time or times as the Board may decide to issue and allot further share to augment the resources for Company's requirement. Consequent upon alteration of the Capital Clause of Memorandum of Association of the Company in accordance with the provisions of section 16 of the Companies Act, 1956 the existing Articles of Association is also required to be amended as proposed in item of the accompanying notice in accordance with the provisions of Section 31 of the Companies Act, 1956.

Your Directors commend adoption of the proposed resolution.

None of the Directors is concerned or interested in the aforesaid resolution.

A copy of the Memorandum and Articles of Association together with the proposed changes are available for inspection at Company's Registered Office between 11.AM to 1 P.M. on any working day.

Item no.7

At present Article of Association of the Company, the maximum number of Directors shall not be more than seven. Considering the growth of the Company and scope of fertiliser industry, the Company may be required to appoint more directors. In view of the above, it is proposed to alter Article of Association of the Company to provide that the Company shall have maximum number of ten directors as mentioned in the resolution.

Your Directors commend adoption of the proposed resolution.

None of the Directors is concerned or interested in the aforesaid resolution.

A copy of the Memorandum and Articles of Association together with the proposed changes are available for inspection at Company's Registered Office between 11.AM to 1 P.M. on any working day.

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 on 31st March, 2012

	₹ in lacs	
	This year	Previous year
FINANCIAL RESULTS		
Turnover & Other Incomes	7,502	4,767
Operating Profit (EBITDA)	587	170
Finance Cost	368	130
Depreciation	46	32
Net Profit (PBT)	173	8
Tax Provisions	13	7
Profit after tax	160	1

OPERATION

Nutrient Based Subsidy (NBS) Policy has given boost to SSP industry in general and to your Company in particular. On All India Basis Production of SSP fertiliser rose by over 16% to 43 lakhs tons yearly.

Your Company has achieved higher Turnover and Profits during last financial year. Production of Single Super Phosphate fertiliser is up by 86% at 67514 tons compared to 36305 tons in preceding year. Similarly, sale of fertiliser is 71696 tons up from 34291 tons. Operating Profit or EBITDA has arisen to Rs. 587 lacs, compared to Rs. 170 lacs in previous year.

The Company continues to keep on hold the Production of Sulphuric Acid, as the overall business dynamics do not warrant resumption of production.

In order to conserve resources, payment of dividend is not been considered.

Govt. of India has indicated that the subsidy should be given directly to farmers in place of fertiliser manufacturers. In this direction a lot of work has been done by Govt., manufacturers, wholesalers and retailers, but still a lot more is needed from wholesalers and retailers to make this happen. This scheme will absolve Fertiliser Industry from blockage of Capital and the allegation of overcharging in the guise of inefficiency of Fertiliser Industry.

OUTLOOK

Honourable Finance Minister, has observed in his Budget Speech on the floor of LOKSABHA "In case of the potassic – phosphate (P&K) fertiliser, use of Single Super Phosphate (SSP) will be encouraged through greater extension work. This fertiliser is manufactured entirely in the domestic sector. Enhanced production would bring down our dependence on imports in the P&K sector"

Price of all phosphatic and potassic (P&K) fertilisers are rising abnormally due to a) Rise in price of inputs like Rock phosphate and Sulphur / Sulphuric Acid; b) Steep depreciation in the value of Indian Rupee making imported raw material costlier; c) Increase in movement cost of Raw materials and Finished goods. Incidentally, price of Nitrogenous ('N' or 'Urea') fertiliser is controlled by Govt. and their prices are almost static by allowing higher subsidy for increase in cost. This may skew demand in favour of Urea or Nitrogenous (N) fertiliser at the cost of soil health and agricultural productivity.

Healthy increase in Minimum Support Price (MSP) for all agricultural Commodities bodes well for Farming community and in turn to Agriculture input industry. However, poor availability of irrigation water, shortage of farm labour, high fertiliser prices and fewer mechanization of farming practices due to fragmented land holdings are some of the challenges to be faced.

In view of Govt. of India's intent for phasing out subsidy /sale of powder Super phosphate by May 2013, we are happy to inform that modernization of our Granulation Plant is going in full force. Till date Company has incurred Rs. 288 lacs entirely from internal resources and estimated another Rs. 200 lacs would be further incurred to modernize main plant, alternate fuel line with matching infrastructure. Teething problems in the main plant and synchronization with powder plant is time consuming, but progressing well.