

ANNUAL REPORT

2014-2015



THE PHOSPHATE COMPANY LIMITED

THE PHOSPHATE COMPANY LIMITED

BOARD OF DIRECTORS

Shri Binod Khaitan
Shri Hemant Bangur
Shri Dilip P Goculdas
Smt. Vijaya Mohan
Shri Suresh Kumar Bangur – Executive Director

PRESIDENT

Shri Ajay Bangur

SECRETARY

Shri M. D. Damani

BANKERS

State Bank of India
State Bank of Mysore
Syndicate Bank

AUDITORS

Messers Batliboi, Purohit & Darbari
Chartered Accountants

REGISTERED OFFICE

14, Netaji Subhas Road, Kolkata - 700001
Tel : 033-2230 0771(3 lines)
Fax : 91-33-2243 6236
E.Mail : phosphate@vsnl.net
Website : www.phosphate.co.in

WORKS

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

REGISTRARS & TRANSFER AGENTS

Messers 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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THE PHOSPHATE COMPANY LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2015.

	(Amount in ₹ lacs)	
FINANCIAL RESULTS	Current year	Previous year
Turnover & Other Incomes	7,212	7,028
Operating Profit (EBITDA)	609	477
Finance Cost	608	535
Depreciation	99	76
Tax Provision (Net)	(196)	(39)
Share Issue Expenses	11	—
Profit / (Loss) after tax	87	(96)

BUSINESS PERFORMANCE & AFFAIRS

Turnover and Other Income is higher by 3% at ₹ 7212 lacs in the current year compared to ₹ 7028 lacs in the previous year.

Similarly, sale of Single Super Phosphate Fertiliser comprising of Powder & Granulated was also higher at 60378 tons in current year compared to 58774 tons in previous year.

Company has earned an Operating profit (EBITDA) of ₹ 609 lacs in current year compared to ₹ 477 lacs in previous year.

Government of India has maintained subsidy at the same level of ₹ 3173 per metric ton for every ton of SSP fertiliser sold. Delay in payment of Subsidy from Government is causing considerable stress on working capital.

Sale of other Farm Inputs including Pesticides and Sulphuric Acid (in excess of consumption) was ₹ 254 lacs in current year compared to ₹ 250 lacs in previous year. Your Company wishes to leverage its popular LAKSHMI Brand aggressively by increasing volume from Trading / Production by Job manufacturing.

DIVIDEND

Your Directors do not propose any dividend for financial year 2014-15 due to increased requirement of funds for working capital (due to delayed subsidy receipt) and routine capital expenditure.

SHARE CAPITAL

The Company has increased its Authorised Share Capital to ₹ 25 crores by further creation of 150000 Redeemable Preference Shares of Rs.1000 each during the financial year 2014-15. A proposal to issue is under consideration.

MATERIAL CHANGES AND COMMITMENTS, BETWEEN FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

SEGMENTWISE PERFORMANCE

Your Company deals in single business segment of FARM inputs and all its business revolves around it.

EFFECT OF DEPRECIATION & REVALUATION

In terms of transition provision of Schedule II of the Companies Act 2013, depreciation on Fixed Assets amounting to ₹ 378.29 lacs has been recognised from the opening retained earnings in respect of Fixed Assets whose remaining useful life as on 1st April 2014 is nil. Revaluation reserve and revaluation depreciation on building to the extent of ₹ 253.14 lacs and ₹ 162.44 lacs respectively have been written back. Freehold land of the Company has been revalued to ₹ 5762.70 lacs to report its fair value in the financial statements as per valuation report.

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DIRECTORS

Your Company has been bereaved of its eminent Director Pranab Kumar Bhanjachowdhury who left for his heavenly abode on 16th September 2014. He has been on the Board of Directors since 2013 and had enriched the Company with his expertise. Shri M.D.Damani ceased to be a director of the Company on 24-07-2014. The Board place on record the appreciation for excellent services rendered during the tenure of his Directorship.

Shri Binod Khaitan retires by rotation and being eligible, offers himself for re-appointment. **Mrs Vijaya Mohan** has been appointed as an Additional Director in Independent Directory Category and she holds office until the conclusion of this annual general meeting and eligible for reappointment. A notice along with prescribed fee has been received from a member proposing Mrs Vijaya Mohan as a candidate for the office of Director.

Particulars of directors seeking appointment/reappoint being a part of and is annexed with the notice.

KEY MANAGERIAL PERSONNEL

In compliance with the provisions of Section 203 of the Companies Act 2013, the Company has appointed Shri Ajay Bangur as the Chief Financial Officer. Shri M.D.Damani (FSC01769) continues to be the Company Secretary of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met 4 times during the financial year 2014-15 on 14th May 2014, 13th August 2014, 11th November 2014 and 14th February 2015. Intervening gap between two meetings is within the limit prescribed under the Companies Act, 2013.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 under review.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The directors have prepared the annual accounts on a going concern basis.
- e) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTOR(S)

All the Independent Directors have submitted their disclosures to the Board that they comply with all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

APPOINTMENT AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In adherence of section 178(1) of the Companies Act, 2013, the Board of Directors of your Company in its Meeting held on 13th August, 2014, approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee. The broad parameters covered under the Policy are –

Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and

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Senior Management and the Remuneration of Other Employees. The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in ANNEXURE –A and forms part of this Report.

FORMAL ANNUAL EVALUATION

As the ultimate responsibility for sound governance and prudential management of the company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance. The Companies Act, 2013 as well as SEBI through Equity Listing Agreement are inclined on the requirements of evaluation. The Board of Directors, in its Meeting held on 19th May, 2015, undertook the evaluation of its own performance, its Committees and all the individual Directors in FY 2014-15. The review concluded by affirming that the Board as a whole as well as all of its Members, individually and the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual Member and Committee of the Board contributed its best to the organisation.

INTERNAL CONTROL SYSTEM & AUDIT

Your Company has an Internal Control System, commensurate with the size, scale and complexity of operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board for its direction.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Your Company has not entered into any transactions within the purview of Section 186 of the Companies Act 2013.

SUBSIDIARY COMPANY

Your Company does not have any subsidiary.

FIXED DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

HUMAN RESOURCES

As on March 31, 2015 your company had 41 permanent employees at its manufacturing plant and administrative office. The company acknowledges the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them. The company maintained cordial relationship with workers and staff during the year.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflicting interest with your company at large.

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the company. Your Company believes in "Zero Tolerance" against unethical practices of any form and the Board has laid down the directives to counter such acts. The code laid down by the Board is known as "code of business conduct" which forms an Appendix to the Code. The Code lays down the standard procedure of business conduct which is expected to be followed by the

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Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure. All the Board Members and the Senior Management personnel have confirmed compliance with the Code. All Management Staff were given appropriate training in this regard.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

Your Company has a well defined vigil mechanism to deal with fraud or mismanagement, if any. The Policy ensures that strict confidentiality be maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

PREVENTION OF INSIDER TRADING

Your Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act 2013 relating to Corporate Social Responsibility Committee and its obligations are not applicable to your Company as the paid up capital or turnover or net profit is below the threshold limit of ₹ 500 crores ₹ 1000 crores ₹ 5 crores respectively during a financial year. Your company admits that it is significant part of the society and discharges its obligations to the society at large.

INSURANCE

All the properties of your Company are adequately insured.

STATUTORY AUDITOR & AUDIT REPORT

M/s Batliboi Purohit & Darbari, Chartered Accountants, (F.R.No.303086E), the Auditors of the Company are to hold office as statutory auditors to the conclusion of the Annual General Meeting for Financial Year 2016-17 subject to ratification of the appointment by the members at every Annual General Meeting. A certificate has been received to the effect that their re-appointment would be within the prescribed limit under section 141 of the Companies Act, 2013.

The Notes on financial statements referred to in Auditors Report are self explanatory and do not call for any further comments.

COST AUDITOR & COST AUDIT

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s. S. Gupta & Co., Cost Accountants (F.R. No. 000020) were appointed as the cost auditors of the Company for the year ending 31st March, 2015. The due date for filing the Cost Audit Reports for the Financial Year ended 31st March, 2014 was 30th September 2014 and it was filed on 29th September, 2014.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed CS Bajrang Lal Mundhra, Practicing Company Secretary, as the Secretarial Auditor of the Company. The Secretarial Audit report is given in Annexure. Note on Secretarial Auditor Report is self explanatory.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company, comprises 3 (Three) Members, namely Smt. Vijaya Mohan, Shri Dilip P Goculdas and Shri Suresh Bangur, majority of them being Independent Directors except Shri Suresh Bangur, who is a Non-Independent Executive Director. The Committee met four times in the financial year

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2014-15. Smt. Vijaya Mohan, an Independent Director, is presently the Chairperson of the Audit Committee which was earlier chaired by Late Pranab Kumar Bhanjachowdhury. The Board accepted all the recommendations of the Audit Committee during the year.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a duly constituted stakeholder's relationship committee. One meeting of the Committee has been held during the year.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form No. MGT-9 forms part of the Board's Report and is annexed herewith as ANNEXURE - B.

BUSINESS RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the Board of Directors of the company regularly evaluates its associated business risks. At present it has not identified any element of risk threatening existence of the company in dealing with agro input products.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of 124(5) of the Companies Act 2013 (Section 205C of the Companies Act, 1956), your Company has transferred ₹ 43,484/- during the year 2014-15 to the Investor Education and Protection Fund. This amount was lying unclaimed/ unpaid with the Company for a period of seven years after declaration of Dividend for the financial year ended 2006-07.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO AND PARTICULARS OF EMPLOYEES

Energy Conservation

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilisation of energy is achieved.
- b) No specific investment has been made in reduction in energy consumption apart from installing latest saving equipment.
- c) Impact of conservation and optimum utilisation of energy are not readily ascertainable and as such its impact on cost cannot be stated absolutely.

Technology Absorption

Company's products are manufactured by adopting the available contemporary technology. The Company constantly strives for maintenance in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal.

Foreign Exchange Earnings & Outgo

Particulars	2014-15	2013-14
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo		
Purchase of Raw Materials (CIF)	US\$ 26,14,88,202	US\$ 34,33,95,805

Particulars of Employees

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided by way of Annexure C.

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CORPORATE GOVERNANCE & MANAGAEMENT DISCUSSION ANALYSIS REPORT

In terms of SEBI circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, the revised Clause 49 of Listing Agreement is not applicable to your Company as the Paid-up capital and net worth is below ₹ 10 crores and ₹ 25 crores respectively.

ACKNOWLEDGEMENTS

The Board places on record its appreciation for the sustained co-operation and support bestowed to your Company by customers, vendors, regulators, banks, financial institutions, rating agencies, stock exchanges and depositories, auditors, advisors, consultants, associates and all the employees for their helping hand, cooperation and dedicated work. The Board deeply acknowledges the trust and confidence placed on the Company and all its shareholders.

Place : Kolkata
Dated: 11th August 2015

On behalf of the Board of Directors
For The Phosphate Co. Ltd.
Suresh Kr. Bangur Binod Khaitan
Executive Director Director
DIN : 00040682 DIN : 00128502

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ANNEXURE TO DIRECTORS' REPORT

ANNEXURE A

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration Committee (the Committee) has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration.

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the degree of independence of the Directors in relation to the Company so as to enable the Board to discharge its function and duties effectively. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, and reimbursement of expenses for participation in the Board meetings. A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the prospective incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (the Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval/ratification of the Members of the Company in General Meeting. The remuneration of the CEO & Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

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ANNEXURE TO DIRECTORS' REPORT (Contd.)

ANNEXURE B

FORM MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L24231WB1949PLC017664
ii.	Registration Date	25-02-1949
iii.	Name of the Company	The Phosphate Company Limited
iv.	Category/Sub-Category of the Company	Company Limited by Shares
v.	Address of the Registered office and contact details	14 Netaji Subhas Road, Kolkata-700001 033-22300771, 033-22436236 phosphate@vsnl.net
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Maheshwari Datamatics Pvt. Ltd. 6 Mango Lane Kolkata -700001 033-22435809 mdpldc@yahoo.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Single Super Phosphate	3462101	96.75
2	Others		3.25

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of The Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	- Nil -				
2.					
3.					
4.					