

ANNUAL REPORT

1999-2000



THE
PHOSPHATE
COMPANY
LIMITED

THE PHOSPHATE COMPANY LIMITED

BOARD OF DIRECTORS

Shri G.D. Bangun, *Chairman*
Shri C.D. Bangun, *Managing Director*
Shri Banod Khanan
Shri N.A. Bhaduri
Shri M.D. Damani, *Director & Secretary*

BANKERS

State Bank of India, Calcutta
ICICI Bank Limited, Calcutta

AUDITORS

Messrs Batliboi, Purohit & Darbari

INTERNAL AUDITORS

Messrs. R. D. Daga & Co.

COST AUDITORS

Messrs. S. Gupta & Co.

REGISTERED OFFICE

21, Strand Road, Calcutta-700001

ADMINISTRATIVE OFFICE

14, N.S.Road, Calcutta-700001

WORKS

47, Ramkrishna Road,
Rishra, Hooghly, (W.Bengal)-712248

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, 15 B, Hemadri Bazar Sarani, Calcutta-700001 on Tuesday the 21st November 2000 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 30th June, 2000 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 C.D. Bangur, who retires by rotation and being eligible offers himself for re-election
- 3) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following Resolutions:-

As an Ordinary Resolution

- 4) "Resolved that Shri M. D. Damani be and is hereby re-appointed as a Director of the Company liable to retire by rotation".

As an Ordinary Resolution:

- 5) "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 appointment of Shri Murali Dhar Damani, as the whole-time Director of the Company designated as Director & Secretary, for a period of three years with effect from 27th July, 2000 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 this meeting and for the purpose of identification initialled 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 to 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".

As a Special Resolution

- 6) "Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby modified and altered to the extent and in the manner hereunder:-

- a) In Article 1 of the Articles of Association of the Company under the heading interpretation Clause, the following new definitions shall be inserted at the respective places in alphabetical order:-

"Beneficial Owner", means the beneficial owner as defined in clause (a) of the sub-section(1) of Section 2 of the Depositories Act, 1996

"Depositories Act" means the Depositories Act, 1996 and any modification thereto or re-enactment thereof for the time being in force.

"Depository" means a depository as defined in clause (e) of sub-section 1 of Section 2 of the Depositories Act, 1996.

- b) After Article 44 of the Articles of Association of the Company the following new Articles numbered 44A and 44B shall be inserted:

Nomination -

- 44A (1) Every shareholder or debentureholder of the Company may, at any time, nominate in the prescribed manner a person to whom his shares in or debentures of the Company shall vest in the event of his death.

- (2) Where the shares in or debentures of the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of all the joint shareholders, become entitled to all the rights in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- (4) Where the nominee is minor, it shall be lawful for the holder of the shares or debentures to appoint in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death during the minority of the nominee.

Dematerialisation of Securities

- 44B (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other Securities and to offer its shares, debentures and other Securities in dematerialised form pursuant to the provisions of the Depositories Act, 1996 and the rules framed thereunder.

Options for Investors:

- (2) Every person holding or subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can, at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time as prescribed, issue to the beneficial owner the required certificates of the securities.

THE PHOSPHATE COMPANY LIMITED

Securities in Depositories to be in fungible form:

- (3) All securities held by a Depository shall be dematerialised and shall be in fungible form and the provisions of the Depositories Act, 1996 and the rules framed thereunder shall apply.

Rights of Depositories and Beneficial Owners:

- (4) (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner;
- (ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it;
- (iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the duties, and obligations and liabilities in respect of any security held by the Depository.

Depository to furnish information:

- (5) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs or such other mode as may be prescribed.

Option to opt out in respect of any Security:

- (6) If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall on receipt of the information as above, make appropriate entries in its record and shall inform the company accordingly. The company shall on receipt of such information and on fulfillment of such conditions and on payment of such fees as may be specified, rematerialise the relevant security and issue the certificates of security to the beneficial owner or the transferee as the case may be.

Applicability of the Depository Act,

- (7) In case of transfer of shares, debentures and any other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

Recognition of the rights:

- (8) Save as otherwise provided, the Company shall be entitled to treat the persons whose names appear on the Register of Members as the holder of any shares as also the Beneficial owner of the shares in the records of the depository as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the company, and accordingly, the Company shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or the claim to or interest in such share or the part of any other person whether or not it shall have express or implied notice thereof.

Register and Index

- (9) The Register and Index of beneficial owners maintained by a Depository, under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and securities holders for the purpose of these Articles and the Act.

Registered Office:

21, Strand Road,
Calcutta-700001.

Dated: 28th September, 2000

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. The Register of Members and Share Transfer Books of the Company will remain closed from the 15th day of November 2000 to the 21st day of November 2000 (both days inclusive)
3. 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 year 1994-95 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrants for the said period, may please write immediately to the Company at its Registered Office.
4. Members desirous of obtaining any information concerning the accounts and operation of the Company are requested to send their queries to the Company at least 7 days before the date of the Meeting, so that the information required by the Members is made available at the Meeting.
5. Members attending the Meeting are required to bring their Copy of the Annual Report with them to the Meeting.
6. As per the provisions of the Companies Act, 1956, as amended, facility for making nomination is available to individual shareholders. The prescribed form can be obtained from the company.
7. The Equity shares of the Company are listed with The Calcutta Stock Exchange. Listing fees have been paid for the year 2000-2001.
8. In terms of SEBI's directive of May 29, 2000 the Equity shares of the company will be compulsorily traded in dematerialised form effective from November 27, 2000.

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ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item no. 4 & 5

Shri Murali Dhar Damani (Shri Damani) was appointed as a Director of the Company to fill in the casual vacancy caused by the resignation of Shri C.M. Mookherjee (Shri Mookherjee) from the Board of Directors of the Company (the Board) at the Meeting of the Board held on 27th July 2000.

In terms of Section 262 of the Companies Act 1956, Shri Damani will hold office only upto the date of this Annual General Meeting when Shri Mookherjee would have retired in the normal course. Notice has been received from a member of the Company under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/- signifying his intention to propose the candidature of Shri Damani for the office of Director and to move the resolutions as set out in item 4 of the notice.

Further Shri 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 Senior Manager & Secretary of the Company. In view of his vast experience the Board of Directors has assigned Shri Damani as a whole-time director of the Company and designated as Director & Secretary for a period of three years.

The appointment of Shri Damani and the remuneration payable to him on his appointment are subject to the approval of the Members of the Company. Accordingly, an agreement is proposed to be entered into between the company and Shri Damani, in respect of his appointment, interalia, containing the following remuneration and conditions of service.

SALARY:- Rs.21,000/- p.m. subject to the periodical increments as decided by the Board from time to time.

EXGRATIA:- As applicable to other executive staff.

Category 'A'

House Rent Allowance : @ 15% of Salary, Reimbursement of Medical Expenses for himself and family members equal to one month's salary in a year and accumulative over a period of three years, Leave Travel Assistance for himself and family members equivalent to one month's salary, Club Fees: Fee for a Single Club which will not include Admission or Life Membership Fee, Personal Accident Insurance premium not exceeding Rs.4,000/- per annum.

Category 'B'

Contribution to Provident Fund @ 12% of Salary, Contribution to Superannuation Fund @ 15% of Salary, Contribution to Gratuity Fund as per actuarial valuation based on 15 days salary for each completed year of service, Leave encashment at the end of tenure.

Category 'C'

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

Shri Damani shall be entitled to leave on full remuneration in accordance with the leave rules of the Company.

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

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 Resolutions.

Item no. 6

The Companies (Amendment) Act, 1999 has made a provision for holders of securities of a Company to nominate a person to whom the rights in the securities shall vest in the event of his death. It would be beneficial, if such nomination clause is included in the Articles of Association of the Company in the lines as stated in the resolution.

Further, consequent to the enactment of Depositories Act, 1996 and SEBI notifying compulsory dematerialised trading of the Company's shares with effect from 27/11/2000, the Company will be signing an agreement with NSDL/CDSL to enable its shareholders to dematerialise their shareholdings in the Company. The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer, transmission and dealing in shares and other securities for facilitating introduction and implementation of the depository system.

In view of the above, it is proposed to alter the Articles of Association of the Company by amending/incorporating the relevant provisions to bring the articles in line with the amended provisions.

The Director, commend the resolution for approval of the members.

None of the Directors of the Company is concerned or interested in the said Resolution except to the extent of their shareholding.

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 30th June, 2000.

Rs. in Lacs.

FINANCIAL RESULTS

| | |
|---|-----------------|
| | 3894.86 |
| Sales & Other Incomes | |
| Operating Profit before Interest | 80.19 |
| Depreciation & Tax | 148.98 |
| Interest | (68.79) |
| Gross Profit/(Loss) | 74.27 |
| Depreciation | (143.06) |
| Profit/(Loss) | 32.92 |
| Add : Excess Tax Provision written back | 135.02 |
| Balance of Previous brought forward | 24.88 |
| Balance Carried forward | |

DIVIDEND

Your Directors regret their inability to recommend any dividend owing to adverse results.

OPERATION & PERFORMANCE

The SSP Industry at present passing through sluggish business conditions. The overall production and consumption of SSP has suffered and your company is no exception. Offtake of materials was erratic and slow due to continued depression in the agriculture. Further on account of continued unfavourable Government policies and discriminatory treatment by the Central Government in allowing ad-hoc concession announcements unrelated to DAP and as the State Government do not fix remunerative price by not taking into consideration the continued rise in cost of production, the woes of SSP industry get compounded. Resultant shrinking margin adversely affected the operation of your company.

During the year under review, ad-hoc concession to SSP was reduced from Rs. 900/- to Rs. 800/- per ton with effect from 29.2.2000 and a further reduction to Rs. 700/- was announced on 30.6.2000 with retrospective effect from 1.4.2000. With this delayed announcement, the manufacturer could not pass on the effect to its consumers and had to bear the burden of reduction in subsidy by Rs. 100/- per MT which has further added to the losses. The production of Sulphuric Acid and SSP was 54424 MTs and 102888 MTs against 56441 MTs and 107575 MTs respectively in the previous year. As the net realisation of the SSP was lower the company has incurred cash loss.

In the current year, it is expected that the Governments at Centre as well as at State will take effective steps to rescue the SSP industry by drawing a favourable policy fixing higher ad-hoc concession and revision of price to check erosion in the bottom line.

Modernisation of plant for total utilisation of liquid process discharge has been completed and all liquid effluents discharged from process is recycled.

Y2k

There was a smooth transition into the new millennium.

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

Information regarding conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in terms of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

INDUSTRIAL RELATIONS

Relations between Management and Employees at all levels remain cordial. The agreement with labour unions had expired on 31.12.1998. Negotiations on charter of demands is in progress.

THE PHOSPHATE COMPANY LIMITED

PARTICULARS OF EMPLOYEES

There is no employee in the Company in the receipt of remuneration exceeding the limits specified under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Shri C. D. Bangur retires by rotation and being eligible offers himself for re-appointment.

Shri B. G. Bangur and Shri C. M. Mookherjee resigned from the Board of Directors of the Company and Shri G. D. Bangur and Shri M. D. Damani were appointed as Directors in the casual vacancies so caused from 24th March, 2000 and 27th July, 2000 respectively.

In terms of Section 262 of the Companies Act, 1956 Shri M. D. Damani holds office upto the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board place on record their deep sense of appreciation and gratitude for the valuable guidance and advice given by Shri B. G. Bangur and Shri C. M. Mookherjee.

DEMATERIALISATION

In view of the placement of your company's share in compulsory dematerialised form, necessary steps are being taken to complete the formalities.

AUDITORS

Messrs. Batliboi, Purohit & Darbari, Chartered Accountants, the Auditors of the Company also retire and are eligible for re-appointment.

SUBSIDIARY COMPANY

A statement relating the subsidiary company namely Phosphate Enterprise & Investment Limited pursuant to Section 212 of the Companies Act, 1956 together with Audited Accounts for the year ended 31st March, 2000 is annexed and forms a part of this Report.

ACKNOWLEDGEMENT

The Directors wish to record their appreciation of dedication and commitments of the employees and the team work displayed by them. Your Directors are also thankful to Financial Institutions, Banks, Central Government and State Government, Shareholders, Customers, Dealers and Overseas Suppliers & Vendors for the continuous support and assistance.

Calcutta

Dated : 28th September, 2000

On behalf of the Board

G. D. BANGUR

Chairman

STATEMENT TO SECTION 212 OF THE COMPANIES ACT., 1956 RELATED TO SUBSIDIARY COMPANY

- | | | |
|--|---|---|
| 1. Name of the Subsidiary Company | : | Phosphate Enterprise & Investment Ltd. |
| 2. Financial Year of the Subsidiary Company ended on | : | 31.3.2000 |
| 3. Holding Company's interest | : | Entire paid up Share Capital of 250000 Equity Shares of Rs. 10/- each |
| 4. Net aggregate amount of Profit of Subsidiary Company | | |
| a) Not dealt with the accounts of the Holding Company for the financial year ended 31.3.2000 | : | Rs. 265,209/- |
| b) Dealt with in the accounts of the Company | : | NIL |
| 5. Net aggregate amount of Profit of the Subsidiary for previous financial year | | |
| a) Not dealt with in the accounts of the Holding Company for the year ended 31.03.1999 | : | Rs. 35,371/- |
| b) Dealt with in the Accounts of the Company | : | NIL |

Calcutta

28th September, 2000

On behalf of the Board

G. D. BANGUR

Chairman