



THE PHOSPHATE COMPANY LIMITED

Annual Report

2002-2003

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

AUDITORS

Messrs Batliboi, Purohit & Darbari

REGISTERED OFFICE

14, N.S.Road, Kolkata-700001
Tel.033-2220 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

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 Friday, the 26th September, 2003 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, 2003 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 M.D.Damani, 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 Ordinary Resolution.

- 4) "Resolved that pursuant to provisions of Section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company do hereby approve the re-appointment of and the remuneration paid to Shri C.D.Bangur as Managing Director of the Company for the period 21st January, 2002 to 31st January, 2003 upon terms and conditions as set out in the Agreement entered into with Shri Bangur as placed before the meeting."
 - 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 re-appointment of Shri Murali Dhar Damani as the whole-time Director of the Company designated as Director & Secretary for a period of 3 years with effect from 27th July, 2003 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 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 Special Resolution

- 6) "Resolved that pursuant to the provisions of Section 163 of the Companies Act, 1956, the Register of Members and Index of Members of the Company be kept and maintained at the office of Company's Registrar and Transfer Agent, Messers Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, Kolkata-700001 and/or such other office of the said Registrar and Transfer Agent within the city of Kolkata as may be decided by them"

Registered Office:
14, Netaji Subhas Road,
Kolkata-700 001.
Dated: 30th July, 2003

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 Dematerialised 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 22nd day of September 2003 to the 26th day of September 2003 (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. 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 has been transferred 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 and no payment shall be made in respect of any such claim.
 - c) Members, who have not encashed their dividend warrants for the financial year 1995-96 to 1998-99 may please write immediately to the Company at its Registered Office.
6. Members attending the Meeting are requested to bring their Copy of the Annual Report with them to the meeting.
7. 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.
8. 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 shareholding dematerialised.
9. Details of Director seeking appointment/re-appointment : 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.

THE PHOSPHATE COMPANY LIMITED

ANNEXURE TO NOTICE

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

Item no . 4

The Board of Directors of the Company, at its meeting held on 30th October 2002, has extended/ re-appointed Shri C.D.Bangur as Managing Director of the Company for a further period of five years effective from 21st January 2002 subject to the approval of the Members. Accordingly, an agreement dated 30th October 2002 was entered into. In the meanwhile Shri Bangur has resigned from the employment as well as from the Board of Directors of the Company w.e.f. 1st February 2003. In consideration of his services as Managing Director, Shri Bangur was paid the following remuneration:-

Salary Rs.30000/- per month. and other perquisites within the permissible limits as laid in Schedule XIII of the Companies Act, 1956. The Directors commend the resolution for approval of the members.

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

Item no. 5

At the General Meeting of the Company held on 21st November 2000, 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.27.07.2000. With regard to his wide experience and qualifications, the Board of Directors of the Company, in its meeting held on 30th July 2003, has re-appointed Shri Damani as Director & Secretary of the Company for a further period of 3 years effective from 27th July 2003 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. 25,500/- p.m. subject to the periodical 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) Reimbursement of Medical Expenses : For himself and family members equal to one month's salary in a year and accumable 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.4,000/- 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.

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.6

As instructed by SEBI all work related to share registry in terms of physical and electronic form are to be maintained at a single point. Accordingly, Messers Maheshwari Datamatics Pvt. Ltd. has been appointed as the Registrar and Transfer Agent of the Company for both physical and electronic form. With a view to provide expedite and satisfactory services to the shareholders, Register of Members and Index of Members be kept and maintained at the office of Company's Registrar and Transfer Agent, Messers Maheshwari Datamatics Pvt. Ltd., 6 Mangoe Lane, Kolkata-700001 and/or such other office of the said Registrar and Transfer Agent within the city of Kolkata as they consider expedient.

The Directors 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 31st March, 2003.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year (12 months)	Previous Year (9 months)
Sales & Other Incomes	3,235.13	1,785.19
Operating Profit before Interest & Depreciation	275.88	135.28
Interest	151.91	93.49
Gross Profit	123.97	41.79
Depreciation	73.06	52.36
Net Profit /(Loss)	50.91	(10.57)
Less: Extra Ordinary Items	(30.38)	(64.47)
Add: Excess Tax Provision written back	—	7.35
Balance of Previous year brought forward	(287.25)	(219.56)
Balance Carried forward	(266.72)	(287.25)

DIVIDEND

Your Directors regret their inability to recommend any dividend owing to brought forward losses.

YEAR IN RETROSPECT

On all India basis Agriculture Sector recorded a negative growth due to widespread drought, resulted in decline of land acreage, use of Fertiliser, and consequently Crop production. All India production of Single Super Phosphate (SSP) Fertiliser was down by 6.7%.

OPERATION & PERFORMANCE

The Government of India maintained the rate of concession on SSP@ Rs.650/-per M.T. for the year 2002-2003 inspite of increase in the cost of production. As reported to you, despite tremendous selling pressure of DAP and no improvement in the selling price of SSP, and a war-like situation in the West Asian countries and finally the attack on Iraq had not only disturbed the movement but also sky-rocketed the prices of crude oil and sulphur. However, the cost control initiatives and better marketing policy helped the Company in improving the bottom line. The Government of India withdrew special additional duty (SAD) on imported raw materials w.e.f. 1/3/2003. The final rate of concession on SSP for the year 2003-2004 has not yet been announced. Meanwhile, the Government of India has entrusted Bureau of Industrial Cost and Prices to review the manufacturing cost of SSP. The fair weather condition and remunerative prices announced for agricultural produce would improve the demand of SSP fertiliser. Barring unforeseen circumstances, the directors are hopeful of better performance.

The observations in Auditor's Report are dealt within the Notes on Accounts at the appropriate places in the accounts and are self-explanatory.

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.

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.

SECRETARIAL COMPLIANCE CERTIFICATE

Your Company has a whole-time Secretary, however in view of proviso of sub-section (1) of Section 383A of the Companies Act, 1956 read with amended Rule 2(3) of Companies (Appointment and Qualification of Secretaries) Rules, 1988, a certificate from a secretary in whole time practice is attached to this Report as a matter of abandon caution.

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.

INDUSTRIAL RELATIONS

Relations between Management and Employees remained cordial during the year under review.

DIRECTORS

Shri C.D.Bangur, Managing Director, resigned from the Board of Directors and employment of the Company w.e.f. 1st of February, 2003. The Board placed on record its deep sense of appreciation and gratitude for the long dedicated services rendered by Shri Bangur.

Shri M.D.Damani retires by rotation and being eligible, offer himself for re-appointment.

LISTING

Equity shares of your Company are listed at The Calcutta Stock Exchange Association Ltd. and annual listing fee has been paid for the year 2003-04.

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.

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 I.I.B.I, S.B.I. Industrial Finance Branch, Central Government and State Government, Shareholders, Customers, Dealers and Overseas Suppliers & Vendors for the continuous support and assistance.

Kolkata
Dated : 30th July, 2003

On behalf of the Board
G. D. Bangur
Chairman

THE PHOSPHATE COMPANY LIMITED

ANNEXURE TO DIRECTORS' REPORT

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 and forming a part of the Directors' Report.

I. CONSERVATION OF ENERGY

Energy measures taken :

i.) Regular Energy Audit by experienced Engineers.

ii.) Monitoring of maximum demand regularly to control maximum KVA drawn from grid supply.

Disclosure of Particulars with respect to conservation of energy

A. Power and Fuel Consumption		This Year	Previous Year		
1. Electricity:					
(a) Purchased:					
Units	'000KWH	2481	1,804		
Total	Rs./Lacs	137.48	80.85		
Rate/Unit	Rs./KWH	5.54	4.48		
(b) Own generation:					
(i) Through Diesel Generator					
Units	'000KWH	—	—		
Unit per litre of Diesel oil	'000KWH	—	—		
Cost/Unit	Rs. /KWH	—	—		
(ii) Through Steam Turbine/Generator					
	'000KWH	2425	511		
2. Coal (Specify & Where Used):					
Quantity	Tonnes	—	—		
Total Cost	Rs./Lacs	—	—		
Average Rate	Rs./Tonne	—	—		
3. Furnace Oil :					
Quantity	KL	110	90		
Total Cost	Rs./Lacs	14.15	9.26		
Average Rate	Rs./KL	12,863	10,285		
4. Others/Internal Generation :					
	'000KWH	—	—		
B. Consumption per unit of Production		Electricity (KWH/MT)	Furnace Oil (LTRS/MT)	Electricity (KWH/MT)	Furnace Oil (LTRS/MT)
Superphosphate		23.83	—	24.18	—
Sulphuric Acid		58.59	—	44.53	—
Graunlated Fertiliser		6.19	10.39	6.76	11.38
Sodium Silico Fluoride		29.51	—	69.13	—

II. FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings	Rs./Lacs	3.70	19.36
Outgo	Rs./Lacs	1,661.34	929.82

On behalf of the Board

G. D. BANGUR

Chairman