

THE PHOSPHATE COMPANY LIMITED

Annual Report

2004-2005



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

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 13th August, 2005 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, 2005 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 N.A.Bhaduri, 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 the following resolution, which will be proposed as special resolution:-
"Resolved that pursuant to section 149(2A) of the Companies Act 1956, approval be and is hereby accorded to the commencement by the Company of business of imports, exports, buyers, sellers of and dealers in cement, iron & steel, chemicals such as -petrochemicals, hydro carbon, naphtha & products thereof and such other merchandise.

Registered Office :

14, Netaji Subhas Road,
Kolkata-700001.

Dated: 4th July, 2005

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 the 8th day of August 2005 to the 13th day of August 2005 (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 financial years 1994-95, 1995-96 and 1996-97 have 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 1997-1998 and 1998-1999 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 share holding dematerialised.
9. Details of Director seeking appointment/re-appointment;
Shri N.A. Bhaduri was appointed as a Director on the Board with effect from 15th March, 1995. He is an eminent advocate and tax adviser with 49 years standing as a renowned consultant on taxation. He was a director on the board of a number of companies and also has vast experience in different industries. He retires by rotation and being eligible, offers himself for re-appointment. Shri N.A. Bhaduri would function as a non-executive director of the Company, if appointed, at the meeting. His reappointment is recommended in view of his wide experience and knowledge.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act 1956

Item 4

The Company is presently engaged in the manufacture and sale of fertilisers & heavy chemicals and is buyers and sellers of Jute & Textiles etc. In order to avail the market opportunity, the Board of Directors of the Company (the Board) has considered it desirable to undertake the business of importers, exporters, buyers, sellers of and dealers in cement, iron & steel, chemicals such as — petrochemicals, hydro carbon, naphtha & products thereof and such other merchandise, which the Company is empowered to undertake under clause 3 of its Memorandum of Association. As the commencement of the proposed business activities may be considered to be the commencement of new business within the meaning of section 149(2A) of the Companies Act, 1956, it is desirable to obtain approval of the members by a special resolution. The resolution set out in item 4 of the notice convening the meeting has to be considered accordingly and the Board recommends its acceptance.

No Director of the company is concerned or interested in the resolution.

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, 2005.

FINANCIAL RESULTS

	Rs. in Lacs.	
	Current Year	Previous Year
Sales & Other Incomes	5390.03	3586.07
Operating Profit before Interest & Depreciation	190.03	229.91
Interest	101.61	157.30
Gross Profit	88.42	72.61
Depreciation	67.62	71.54
Net Profit	20.80	1.07

DIVIDEND

In order to conserve resources your directors decided not to recommend any dividend for the year.

YEAR IN RETROSPECT

Agriculture sector recorded growth on the back of reasonably good monsoon. Demand of all fertilisers was very good. However production of SSP on all India basis declined substantially except in West Bengal.

OPERATION AND PERFORMANCE

Despite Good Demand of SSP, your Company could not increase the production due to poor availability, as well as prohibitive cost of major Raw materials i.e. Rock phosphate and Sulphur the bulk of which is imported. As reported earlier international shipping freight remained high throughout the year coupled with buoyancy in Commodity Trade all over the world restricted the availability of raw materials even at higher prices despite which Government of India maintained concession uniformly at Rs.650/- per mt. However, Government of West Bengal increased MRP of SSP by Rs. 320/- per mt. in December 2004 which was immediately absorbed by the market. However, this marginal increase is not sufficient to cover up the increased cost. Moreover, effect of this has not reflected much because this announcement was made at the fag end of the season. During the year the Company entered into agriculture related activity of Raw Jute trading and later moved on to Textile trading.

OUTLOOK

The Government in order to cut import and become self reliant in edible oil is encouraging oilseed production, SSP is the best fertiser for oilseed cultivation, which should ensure increase in demand. Fertiliser Association of India as well as the Company is making regular representations to the Central Government to announce fair realisation of the product, the same is under active consideration and is expected to be announced soon.

TECHNOLOGY ABSORPTION CONSERVATION OF ENERGY, 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 a part of this Report.

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.

THE PHOSPHATE COMPANY LIMITED

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

Industrial Relation remained cordial during the year. Long term Agreement with the workmen expired on 31-8-2004. Negotiation are progressing for the settlement of Charter of Demand.

DIRECTORS

Shri N.A.Bhaduri retires by rotation and being eligible, offers 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 2005-06.

AUDITORS

- Messers. 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 State Bank of India, State Bank of Mysore, Syndicate Bank, Central Government, State Government, Shareholders, Customers, Dealers and Overseas Suppliers & Vendors for the continuous support and assistance.

Kolkata
Dated : 4th July, 2005

On behalf of the Board
G. D. Bangur
Chairman

THE PHOSPHATE COMPANY LIMITED

ANNEXURE TO DIRECTORS' REPORT

A. 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	2734	2937		
Total	Rs./Lacs	135.86	166.22		
Rate/Unit	Rs./KWH	4.97	5.66		
(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	2883	2503		
2. Coal (Specify & Where Used):					
Quantity	Tonnes	—	—		
Total Cost	Rs./Lacs	—	—		
Average Rate	Rs./Tonne	—	—		
3. Furnace Oil :					
Quantity	KL	170	130		
Total Cost	Rs./Lacs	23.03	16.85		
Average Rate	Rs./KL	13547	12961		
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		26.19	—	26.19	—
Sulphuric Acid		64.73	—	59.50	—
Graunlated Fertiliser		13.74	10.07	11.00	11.16
Sodium Silico Fluoride		41.50	—	26.60	—

II. FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings	Rs./Lacs	1.65	2.56
Outgo	Rs./Lacs	1746.92	1389.82

B. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Name	Age	Designation/ Nature of Duty	Remuneration	Qualification & Experience	Date of Commencement of Employment	Previous Employment held with	% of Equity held
Shri Suresh Bangur	51	Chief Executive (Production & Development)	Rs. 7,03,440/-	B. Com 32 yrs.	15th Oct., 1982	M/s. Raj Luxmi Associates	4.41

NOTES :

1. Remuneration includes Salary, House rent Allowance, Contribution to Provident fund, Superannuation Benefit policy, Leave Travel Assistance, Club Membership free, Reimbursement of medical expenses and other perquisites evaluated on the basis of Income Tax Act, 1961 & Rules framed thereunder.
2. Gratuity has not been included in remuneration.
3. Nature of Employment non Contractual.
4. Terms & Conditions As per Company's Rules.

On behalf of the Board

G. D. BANGUR

Chairman

THE PHOSPHATE COMPANY LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF THE PHOSPHATE COMPANY LIMITED

We have audited the attached Balance Sheet of THE PHOSPHATE COMPANY LIMITED as at March 31, 2005 and also the Profit and Loss Account & Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows :

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except provision of Deferred Tax as per AS-22 of Institute of Chartered Accountants of India (Note No.13(b) of Schedule 'Q');
- v. On the basis of the written representations received from the Directors as on March 31, 2005, which have been taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2005 from being appointed as a Director in terms of clause (g) of sub-section (I) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required subject to our remark in foregoing paragraph iv having a consequential effect on the profit for the year and net assets position of the company, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. in the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2005,
 - b. in the case of the Profit and Loss Account of the profit for the year ended on that date and
 - c. in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For BATLIBOI, PUROHIT & DARBARI

Chartered Accountants

S. M. BASU

Partner

Membership No. : 51973

Kolkata

Dated : 4th July, 2005