

# Annual Report

*for the year ended 31st March, 2006*



# THE PHOSPHATE COMPANY LIMITED

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## 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 Friday, the 25<sup>th</sup> August, 2006 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 31<sup>st</sup> March, 2006 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 resolution: -

As Ordinary Resolution.

- 4) "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 27<sup>th</sup> July, 2006 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".

Registered Office :

14, Netaji Subhas Road,  
Kolkata-700001.

Dated: 12<sup>th</sup> July, 2006

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 21<sup>st</sup> August to the 25<sup>th</sup> August 2006 (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 to 1997-98 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 1998-1999 may please write immediately to the Company at its Registered Office.

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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 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.

## ANNEXURE TO NOTICE

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

#### Item No. 4

At the General Meeting of the Company held on 26<sup>th</sup> September, 2003 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. 27.07.2003. With regard to his wide experience and qualifications, the Board of Directors of the Company, in its meeting held on 12<sup>th</sup> July 2006, has re-appointed Shri Damani as Director & Secretary of the Company for a further period of 3 years effective from 27<sup>th</sup> July 2006 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.31000/- 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) 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,
- (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.

# 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 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

	Rs. in Lacs.	
	Current Year	Previous Year
Sales & Other Incomes	6,237.58	5,326.70
Operating Profit before Interest & Depreciation	287.98	197.00
Interest	116.25	108.58
Gross Profit	171.73	88.42
Depreciation	66.91	67.62
Profit before Tax	104.82	20.80
Provision for Income Tax	8.72	-
Provision for Fringe Benefit Tax	1.25	-
Profit after Tax	94.86	20.80

### DIVIDEND

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

### YEAR IN RETROSPECT

Better realization of the farm produce to the farmers has increased the demand of all fertilizers. Single Super Phosphate (SSP) production at all India level was restricted due to non-availability of rock phosphate and movement restrictions during the peak sowing time.

### OPERATION AND PERFORMANCE

An all round growth in business of the Company was recorded. Production of SSP was 107702 Mts. and Sulphuric Acid at 67869 Mts. against 76257 Mts. and 49167 Mts. respectively in last year. Ad-hoc concession was revised from Rs.650/- to Rs.975/- per Mt. with effect from September 2005. However, this increase was not sufficient compared to increase in costs of raw materials and its movement.

### OUTLOOK

Government of India is emphasizing on the use of balanced fertiliser to achieve the higher farm yield. It has also recognized the need of sulphur in the soil. This will hopefully lead to a better demand of SSP being the best carrier of sulphur fertiliser. There is significant world-wide rise in the demand of phosphatic fertiliser leading to increase in prices of rock phosphate. Government of India is exploring the new sources within and outside the country to meet the future demand of rock phosphate at a reasonable price through joint ventures. Fertiliser Association of India on behalf of SSP industry is pursuing the matter with the Central Government to compensate the industry for increase in the cost. The department of fertiliser is considering a long term policy on decontrolled fertiliser.

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## 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.

## 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.

## DIRECTORS

Shri M.D.Damani 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 2006-07.

## 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 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 : 12<sup>th</sup> July, 2006

On behalf of the Board  
**G. D. Bangur**  
Chairman