

Annual Report

for the year ended 31st March, 2008



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

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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, 2008.

FINANCIAL RESULTS

	Rs. in Lacs.	
	Current Year	Previous Year
Sales & Other Income	3946.58	5007.65
Operating Profit (PBIDT)	102.13	262.95
Interest	98.81	86.84
Gross Profit	3.32	176.11
Depreciation	75.44	71.72
Net Profit (PBT)	(72.12)	104.39
Provision for Income Tax	—	11.80
Provision for Fringe Benefit Tax	1.22	1.27
Deffered Tax credit	19.43	Nil
MAT Credit	11.57	Nil
Profit (Loss) after tax	(42.34)	91.32
Balance brought forward	81.18	—
Transfer from General Reserve	118.49	—
Available for Appropriations	157.33	91.32
Deferred Tax Liability (Opening) provided	118.49	—
Proposed Dividend	—	8.66
Tax on proposed dividend	—	1.47
Balance Carried forward	38.84	81.19
	157.33	91.32

DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the year under review.

YEAR IN RETROSPECT

The Indian economy has maintained the growth rate leading to substantial demand of all products. The high food grain price has increased the demand for all fertiliser including Single Super Phosphate (SSP) an abnormal increase in prices of basic raw materials in international market since 2nd half without corresponding increase in the realisation either through MRP or Concession has led to reduction in all India SSP production during the year from 29.72 lac mt. to 22.46 lac mt. It is important to mention that the international price of Rock phosphate which were more or less steady till August 2007 started rising on month to month basis and double within a short period whereas of Sulphur has increased manifold during the year. An official study on price movement of select food, energy and fertiliser shows that price of Sulphur, key SSP raw material has outpaced the price hike of oil and food. This crisis was further aggravated by increase in Ocean Freight, due to hike in oil price. The industry's representation to Government of India and Government of West Bengal has yielded no response during the year under review and it forced us to reduce the production and finally, to avoid further losses had to suspend the operation of works w.e.f. 16-2-2008. The delay in disbursement of concession has further affected the working.

OUTLOOK

Government of India has finally announced new SSP policy w.e.f. 1-5-2008 wherein monthly escalation/de-escalation of Rock phosphate & Sulphur prices will be recognised on industry average, but has not considered the revision in cost of

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manufacturing and servicing due since long. However, Govt. of India has agreed to refer the matter to Tariff Commission to recommend for rationalising the other cost of SSP manufacturing to bring it in line with other decontrolled Phosphatic fertilizer.

Moreover, the Government of India has further reduced the MRP of SSP to make it available at an affordable price in comparison to other fertilisers. This action of Government has necessitated substantial rise in concession in view of increased raw material cost, resultant this has enhanced the working capital requirement abnormally.

We are to inform that out of 72 SSP manufacturers, Government of India has allowed only 11 SSP manufacturers to market SSP directly and your company is one of them.

MARKET SCENARIO

Infrastructure investment has started showing results. Timely movement of Agro-produce to the market gave better realization to the farmer and has encouraged more use of fertilizer. The demand of Phosphatic fertilizer is outpacing the supply.

FUTURE OUTLOOK

Government of India has recently announced New Nutrient Base fertilizer policy, wherein has recognised SULPHUR as FOURTH Nutrient. This will while care for Balance use of Fertiliser and also influence for more use of Sulphur base fertilizer. Single Super phosphate is one of the best carriers of Sulphur. Hence, the demand will further improve.

RISK & CONCERN

The Company is exposed to risk of uncertainty in the availability of raw materials and changes in Governments' Fertiliser Policy.

ENVIRONMENT & SAFETY

The Company has taken all possible steps for treatment and safe disposal of all process waste ensuring compliance with the required prevention of air and water pollution.

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.

FIXED DEPOSITS

Your Company has not accepted any deposit from the public under Section 58A of the Companies Act, 1956 and the Deposit Rules during the year under review.

INDUSTRIAL RELATIONS

The relations with the workers remained cordial. Your company is negotiating with the labour union for a long term settlement on reasonable terms acceptable to both sides so that at least part of the operation can continue till the final long term policy is announced.

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

Shri N. A. Bhaduri retires by rotation and being eligible, offers himself for re-appointment. Particulars of the retiring director are appended in the notes forming part of the notice for the ensuing General Meeting.

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;

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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.

CORPORATE GOVERNANCE

Your company does not fall under the provisions of the revised clause 49 of Listing Agreement.

COMPULSORY DEMAT

Trading in your company's shares has been made compulsory in dematerialized form as notified by SEBI. Your company's International Security Identification Number (ISIN) is INE398C01016.

LISTING OF EQUITY SHARES

Equity shares of your company are listed with The Calcutta Stock Exchange Association Ltd. under scrip code no 100226031 and annual listing fee has been paid for the year 2008-09. An application has been made for listing with Bombay Stock Exchange through The Calcutta Stock Exchange.

COST AUDIT

In compliance with the orders of Government of India, your Board has appointed M/s. Gupta & Co. Cost Accountants, to conduct the cost audit of Sulphuric Acid and Fertilizers manufactured by the company for the financial year ended 31.3.2009.

INSURANCE

All the properties of the company are adequately insured.

SECRETARIAL AUDIT & RECONCILIATION OF CAPITAL

As stipulated by SEBI, a firm of Chartered Accountants carried out secretarial audit and reconciliation of total admitted capital every quater and their reports were submitted to The Calcutta Stock Exchange.

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.

ADEQUACY OF INTERNAL CONTROLS

The company has adequate internal control system commensurate to its size and business. M/s. R. D. Daga & Co., Chartered Accountants, has been appointed Internal Auditors, to conduct internal audit on the companies' activities.

CEO'S CERTIFICATE

A certificate from the Chief Executive of the company in the Financial Statements of the company, in terms of clause 49 of the Listing Agreement, placed before the Board and was taken on record.

COMPLIANCE OFFICER & MEANS OF COMMUNICATION

Shri M. D. Damani, Director & Secretary, is the Compliance Officer. He is available at the Registered Office of the company at 14, Netaji Subhas Road, Kolkata - 700 001. Tel : 033-22300771-3, Fax : 033-224346236, Mob : 09230508645, E-mail : phosphate@vsnl.net

Registrar & Share Transfer Agents : M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, Kolkata - 700 001, Tel : 91-033-2243 5029 / 5809

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 : 21st July, 2008

On behalf of the Board
G. D. Bangur
 Chairman

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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 :

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	2841	3531		
Total	Rs./Lacs	124.51	150.50		
Rate/Unit	Rs./KWH	4.38	4.26		
(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	20.20	3689		
2. Coal (Specify & Where Used):					
Quantity	Tonnes	—	—		
Total Cost	Rs./Lacs	—	—		
Average Rate	Rs./Tonne	—	—		
3. Furnace Oil :					
Quantity	KL	20	50		
Total Cost	Rs./Lacs	4.10	10.45		
Average Rate	Rs./KL	20501	20901		
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		31.78	—	28.18	—
Sulphuric Acid		77.79	—	76.10	—
Graunlated Fertiliser		11.40	10.43	10.12	11.17
Sodium Silico Fluoride		43.91	—	37.85	—

II. FOREIGN EXCHANGE EARNINGS & OUTGO

Earnings	Rs./Lacs	Nil	Nil
Outgo	Rs./Lacs	1731.72	2271.56

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	54	Chief Executive (Production & Development)	Rs. 8,62,192/-	B. Com 35 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 fee, 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 Contactual.
4. Terms & Conditions - As per Company's Rules.

On behalf of the Board

G. D. BANGUR

Chairman