

Annual Report

for the year ended 31st March, 2009



THE PHOSPHATE COMPANY LIMITED

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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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 Thursday, the 3rd September, 2009 at 11.30 AM to transact the following business :-

- 1) To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2009 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 Murali Dhar 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 Special 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 27th July, 2009 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 the meeting and for the purpose of identification initialed 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: 31st July, 2009

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 1st September, 2009 to 3rd September, 2009 (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. Members who have not encashed their dividend warrant for F.Y. 2006-07 are requested to write to the Company.

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6. 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 1998-99 have been transferred and thereafter, there remain no unpaid or unclaimed for a period of 7 years to transfer to the Investor Education and Protection Fund of the Central Government and no payment shall be made in respect of any such claim.
7. Members attending the meeting are requested to bring their Copy of the Annual Report with them to the meeting.
8. 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.
9. As per SEBI's circular in respect of transaction involving transfer of shares in physical form of a listed company, it is mandatory for the transferee(s) to furnish a copy of PAN card for registration of transfer of Shares.
10. Details of Directors seeking appointment/re-appointment;
 - i. **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 25th September, 2006 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. 20-07-2006. With regard to his wide experience and qualifications, the Board of Directors of the Company, in its meeting held on 31st July 2009, has re-appointed Shri Damani as Director & Secretary of the Company for a further period of three years effective from 27th July 2009 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. 37,500/- 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 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 : For 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 of 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 31st March, 2009.

FINANCIAL RESULTS

	Rs. in Lacs.
Sales & Other Income	457.49
Operating Profit /(Loss)	(31.13)
Interest	62.68
Gross Profit	(93.81)
Depreciation	10.07
Net Profit (Loss)	(103.88)
Extra Ordinary Item	45.88
Provision for Fringe Benefit Tax	0.96
Fringe Benefit Tax written back	0.07
Deferred Tax Credit	73.13
MAT Credit	—
Profit/(Loss) after Tax	(77.52)

DIVIDEND

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

YEAR IN RETROSPECT

Global economy was a game of Sea-saw last year. Prices of almost all commodity / goods were risen to new highs during first half of the year and suddenly everything busted, demand vanished and prices nosedived at much faster speed than one can imagine. This phenomenon has greatly impacted Indian economy at all levels. However, 3 stimulus package one after another by Government of India (GOI) and sharp cuts in all key rates by Reserve Bank of India coupled with stable domestic demand kept our economy growing albeit at a slow pace.

GOI has announced Single Super Phosphate (SSP) Fertilizer Policy w.e.f. 1-5-2008 and revised the same on 25-08-08, which did not favour manufacturers dependent on imported raw material. Since your company was totally dependent on imported raw material, it had no option but to continue suspension of operation. During the year Department of Fertiliser has amended policy guidelines frequently, which have created more confusions than solutions. The said policy expired on 31-03-2009, was extended upto 30-06-09, and has since expired.

GOI has announced a separate uniform "Freight Policy" and Fertilizer Monitoring System for all fertilisers including SSP. This is a welcome development and will go a long way in availability of fertiliser to every nook and corner of the country.

Since Government has emphasised and favoured manufacturing of SSP with indigenous raw materials, your Company has an arrangement at Udaipur (Rajasthan) based unit to process SSP for your Company. Indigenous raw materials are being procured locally. After some teething problems in obtaining various permissions being sorted out, operations are in process of stabilising.

OUTLOOK

The last policy announced for SSP has since expired on 30-06-2009, and a new long term policy is expected shortly.

MARKET SCENARIO

Government's recognition and acceptance of Sulphur as the fourth nutrient besides nitrogen phosphorous and potash. Your Company's product SSP is the best and cheapest carrier of Sulphur along with Phosphorous and Calcium required to be supplemented in the soil for all major crops. Thus the product has good potential.

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FUTURE OUTLOOK

Operations based on indigenous raw material is stabilising and your Company is in course of increase the scope of operations at Udaipur to cater to the local demand as well as market of M.P., U.P., and Bihar along with our traditional market of West Bengal which have a brand image of your Company's "Laksmi Brand."

Hon'ble Finance Minister in his budget speech has come with the proposal of nutrient based fertiliser policy and the concession will be linked to nutrient content and details thereof awaited.

Meanwhile, new policy on SSP is expected and hopefully it should be more pragmatic in line with recent budget speech of Hon'ble Finance Minister and Hon'ble Agriculture Minister.

RISK & CONCERN

Your Company's product is agro input, the demand of which is totally dependent on good monsoon and fair climatic conditions besides Government policy. Thus viability of SSP industry depends on all these factors.

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

The operation at Company's works continued to remain under suspension hence any technology absorption and conservation of energy in manufacture of product does not arise. Information as per 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 are given in an 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 employees remained cordial. In absence of any long term Government policy on SSP and due to continuity of suspension of operations at Rishra works, workers are opting for VRS in terms of bipartite discussion / arrangement with their unions and dues are settled accordingly from time to time.

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 M. D. Damani 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;
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.

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CORPORATE GOVERNANCE

Your company does not fall under the provisions of the revised clause 49 of Listing Agreement. However, Corporate Governance practice are being followed by the Company.

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 10026031 and annual listing fee has been paid for the year 2009-10. An application has been made for listing with Bombay Stock Exchange through The Calcutta Stock Exchange.

COST AUDIT

Since the works at Rishra is under suspension, an application is being moved to the ministry of Corporate Affairs New Delhi requesting to keep in abeyance Cost Audit Orders till the suspension of works at Rishra is lifted and production commences.

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 quarter 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 on 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 : 033-22434623
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 & Vendors for the continuous support and assistance.

Kolkata

Dated : July 31st, 2009

On behalf of the Board

G. D. Bangur

Chairman