

# Annual Report

*for the year ended 31st March, 2011*



## THE PHOSPHATE COMPANY LIMITED

# THE PHOSPHATE COMPANY LIMITED

## BOARD OF DIRECTORS

Shri G.D.BANGUR, (upto 1st August 2011)  
Shri BINOD KHAITAN  
Shri HEMANT BANGUR (from 1st August 2011)  
Shri N.A.BHADURI (upto 24th June 2011)  
Shri M.D.DAMANI, Director & Secretary

## BANKERS

State Bank of India  
State Bank of Mysore  
Syndicate Bank

## 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  
E-mail : mdpl@cal.vsnl.net.in  
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 29th September, 2011 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, 2011 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 Hemant Bangur, who retires by rotation and being eligible offers himself for re-election.
- 3) To appoint Auditors and to fix their remuneration.

Registered Office :  
14, Netaji Subhas Road,  
Kolkata-700001.  
Dated: 1st August, 2011

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 16th September, 2011 to 21st September, 2011 (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.
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 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.

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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. 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.
10. Ministry of Corporate Affairs vide its circular no. 17/2011 dated 21/04/2011 & 18/2011 dated 29/04/2011 has taken Green Initiative in the Corporate Governance by allowing the companies to send various notices / documents including audited financial results, directors report, auditors report, general meeting notices to the members through electronic mode to the registered email addresses of the shareholders.

Members are therefore requested to register their email addresses with the Company at its Registered Office and also keep a note to inform any change in their email address.

11. 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.
12. Details of Directors seeking appointment/re-appointment;

**Shri Hemant Bangur** aged 39 years, a Post Graduate in International Trade has been appointed to fill in the casual vacancy on August 1, 2011 and retire by rotation in the ensuing Annual General Meeting. He is currently Chairman of The Cochin Malabar Estates & Industries Ltd., executive vice chairman of Joonktolle Tea & Industries Ltd. and holding directorships in various companies including Gloster Ltd. He has wide experience in tea, coffee, rubber, jute and real-estate industry. Presently, he is senior vice-president of Tea Association of India. He has keen interests in modernization and expansions of industry.

# 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, 2011.

### FINANCIAL RESULTS

	₹ in '000
<b>Sales &amp; Other Income</b>	4,76,640
<b>Operating Profit</b>	16,989
Interest	12,962
<b>Gross Profit</b>	4,027
Depreciation	3,224
<b>Net Profit</b>	803
Deferred Tax Credit Liability provided	687
Profit after Tax	116

### OPERATION

The Company's Rishra Plant commenced trial production as per schedule in August 2010 and went into Commercial Production by October 2010. The Company's Flagship product LAXMI BRAND Single Super Phosphate was very well accepted in the market.

The company produced 36305 MTs during the period under review as compared to 16131 MTs in the previous year (produced by third party on job work basis). The sale of fertiliser was 34291 MTs as compared to 14830 MTs in the previous year.

The company continued to keep on hold the production of Sulphuric Acid at its Rishra facility as the overall business dynamic did not warrant the resumption of the product.

The new Nutrient based fertiliser subsidy policy announced by the Govt. of India last year is very progressive and shall help restore the soil fertility of the nation. The previous policy, which was heavily biased in favour of Nitrogen have caused immense damage to the nation's soil. As there has been a radical change in the fertiliser subsidy policy, there has been frequent fine tuning and change in documentation procedures which is leading to unwarranted confusion and uncertainties to the Industry.

Rising crude prices and strong demand for agrochemicals across the world is causing significantly upward revision in the price of fertiliser raw-materials. The problem has been accentuated because of the political uncertainties in the main supplying countries of MENA (Middle East & North Africa) region. As the prices of agricultural produce have become quite remunerative, the Company continues to experience strong demand for its product.

### FUTURE STRATEGY

The Company intends to run its Rishra facilities at its optimum capacity and market the same in its traditional markets of rural Bengal. The rising cost of agricultural labour and the substantial reduction in availability of agricultural labours all over the country warrants a change in the product mix of fertiliser inputs in the farming sector particularly in respect of the method and form of fertiliser application. While liquid fertiliser are used in the more advanced commercial agricultural farm lands of the Western Hemisphere, the same is not the panacea in the Indian context. The immediate future in the fertiliser industry appears to be in the form of mixed granulated fertiliser i.e. NPK. The Company has an existing Granulation plant based on Furnance oil. However, as the liquid fuels are likely to be expensive in the long run, your Company is contemplating to install a state of the art granulation plant based on an alternative viable feed stock for making NPK and other complex fertilisers.

# THE PHOSPHATE COMPANY LIMITED

The precarious state of finance of the Union of India is causing uncertainty regarding the timing of receipt of fertiliser subsidy. With rising cost of raw material; the working capital requirement of the Company has significantly shot up. The combined effect of delay in disbursement and rising cost of raw materials warrant a significant enhancement of the working capital. To augment its working capital and to source capital contribution for the envisaged new plant the Company shall soon come with a proposal to enhance its capital base.

## RISK & CONCERN

Your Company's product is agro input, the demand of which is dependent on good monsoon and fair climatic conditions besides Government policy.

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

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 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.

## 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

Your Company has been bereaved of its eminent Director Nares Acharya Bhaduri who left for his heavenly abode on 24th June 2011. He has been on the Board of Directors since 1995 and had enriched the Company. The Board took on record the appreciation for excellent services rendered during tenure of his Directorship.

Shri Hemant Bangur has been appointed to fill in the casual vacancy and 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

Shri G. D. Bangur has resigned from the Board of Directors of the Company w.e.f. the close of 1st August, 2011. He has been on the Board since March 2000 and had enriched the Company with his wide industrial experience and able guidance. The Board took on record the appreciation for excellent services rendered during tenure of his Directorship.

## 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 Ltd. under scrip code no 10026031 and annual listing fee has been paid for the year 2011-12. Application made for listing with Bombay Stock Exchange through The Calcutta Stock Exchange is pending.

## COST AUDIT

On lifting of suspension of works at Rishra, only fertiliser has been manufactured during the year under review. Therefore application is being moved to the Ministry of Corporate Affairs, New Delhi, requesting to keep in abeyance Cost Audit Order on your Company's product Sulphuric Acid till the production re-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. Observations by auditors in their report in para IV regarding non provision of Gratuity liability is self explanatory in Note 7 of Schedule S.

## 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 was placed before the Board and 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. : 033-2230-0771 - 3, Fax : 033-2243-6236, Mob : 09681096817, E-mail : phosphate@vsnl.net

Registrar & Share Transfer Agents : M/s. Maheshwari Datamatics Pvt. Ltd.  
6, Mangoe Lane, Kolkata - 700 001, E-mail : mdpl@cal.vsnl.net.in, 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 : 1st August, 2011

On behalf of the Board  
**Binod Khaitan**  
Director