



# *Annual Report*

2016-2017

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**THE PHOSPHATE COMPANY LIMITED**

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# **THE PHOSPHATE COMPANY LIMITED**

## **BOARD OF DIRECTORS**

Shri Binod Khaitan  
Shri Hemant Bangur  
Shri Dilip P Goculdas  
Smt. Vijaya Mohan  
Shri Suresh Kumar Bangur – Executive Director

## **PRESIDENT**

Shri Ajay Bangur

## **SECRETARY**

Shri Shankar Banerjee

## **BANKERS**

State Bank of India  
State Bank of Mysore  
Syndicate Bank

## **AUDITORS**

Messers Batliboi, Purohit & Darbari  
Chartered Accountants

## **REGISTERED OFFICE**

14, Netaji Subhas Road, Kolkata - 700001  
Tel : 033-2230 0771  
Fax : 91-33-2243 6236  
E.Mail : phosphate@vsnl.net  
Website : www.phosphate.co.in

## **WORKS**

45, Ramkrishna Road, Rishra,  
Hooghly (W.Bengal) - 712248  
Tel : 033-2672 1448/1497  
Fax : 91-33-2672 2270  
E.Mail : pclsuper@vsnl.net

## **REGISTRARS & TRANSFER AGENTS**

Messers Maheshwari Datamatics Pvt. Ltd.  
23, R. N. Mukherjee Road, 5th Floor, Kolkata-700001  
Tel. : 033-22482248, Fax : 033-22484787  
E-mail : mdpl@yahoo.com

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## THE PHOSPHATE COMPANY LIMITED

### DIRECTORS' REPORT

#### TO THE MEMBERS

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2017.

(Amount in ₹ lacs)

FINANCIAL RESULTS	<u>Stand-alone</u>		<u>Consolidated</u>	
	<u>Current year</u>	<u>Previous year</u>	<u>Current year</u>	<u>Previous year</u>
Turnover	6873	7878	6873	7878
Other Income	26	875	26	876
Operating Profit ex. Other Income	791	298	789	298
Finance Cost	658	716	658	716
Depreciation	99	104	99	104
Net Tax Provision	18	185	17	185
Profit after tax	42	169	41	169

#### BUSINESS PERFORMANCE& AFFAIRS

During the year under review, sales of your Company was adversely affected by NOTEBANDI (Demonetisation) unfortunately initiated by Government of India during fertiliser Peak Season. This resulted into reduced production of Green Single Super Phosphate fertiliser at 51,805 tons in comparison to 63,772 tons in previous year. Similarly, Turnover also fell to Rs. 6,873 lacs from Rs. 7,878 lacs achieved in previous year.

Effect of NOTEBANDI is still being felt in Agriculture Economy

During the year, subsidy from Government of India was reduced from Rs.3,173 per ton to Rs. 2,343 per ton. However, stable and soft raw materials prices helped the company to post higher operating profit of Rs. 791 lacs in comparison to Rs. 298 lacs in previous year.

Government of India has further reduced subsidy on sale of fertiliser to Rs. 2,166 per ton for the year 2017-18.

#### OPPORTUNITIES

Government has already introduced Goods & Service tax w.e.f. 1st July 2017 and very soon existing subsidy scheme will be changed to Direct Benefit Transfer (DBT) Scheme.

Government of India is pushing for doubling of farm Income from existing level.

These measures should augur well for your Company

#### THREAT

Under Direct Benefit Transfer Scheme, all fertiliser needs to be sold to identified Registered Farmers on Government Portal through Point of Sale (POS) machines being installed at Retailers outlet. Poor infrastructure at retailers place may create difficulty for the Company. Moreover, subsidy will be received only after sale to Registered Farmers instead of sale to Retailers.

#### DIVIDEND

To conserve the resources, no dividend is proposed by the Company.

#### ACCOUNTING PRINCIPLE

Up to the year ended 31st March, 2017, the Company has prepared its Financial Statements in accordance with

## **THE PHOSPHATE COMPANY LIMITED**

Generally Accepted Accounting Principles in India, including accounting standards read with Section 133 of the Act notified under the Companies (Accounting Standards) Rules, 2006.

From 1st April 2017, the Company will be preparing Financial Statements as per IND-AS Standards.

### **SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

The annual financial statements of the subsidiary and related detailed information will be kept at the Registered Office of the Company, as also at the registered office of the respective subsidiary companies and will be available to investors seeking information at any time.

M/s Abhinandan Goods Pvt. Ltd. is the wholly owned subsidiary of your Company. Particulars of subsidiary company is presented in Form AOC-1 as per Annexure – D forming a part of the Board's Report.

### **DIVIDEND**

To conserve the resources, no dividend is proposed by the Company.

### **TRANSFER TO GENERAL RESERVES**

The Company does not propose to transfer any amount to the General Reserve.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis comprising details of the overview, industry structure and development of the Company is appended and forms an integral part of the Boards Report.

### **CREDIT RATING**

The Company bank loans have been rated by CRISIL Ratings, which are valid upto February, 2018 and are as under :

Long Term Rating: CRISIL BB – Short term Rating: CRISIL A4+

### **SHARE CAPITAL**

There has been no alteration of share capital during the year.

The paid up Equity Share Capital as on 31st March, 2017 was Rs.360.75 lacs. During the year under review, the Company has not issued any shares. The Company has not issued shares with deferential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

### **SEGMENT WISE PERFORMANCE**

Your Company deals in single business segment of FARM inputs and all its business revolves around the same.

### **DIRECTORS**

There has been no change in the composition of the Board of Directors during the year under review.

Shri Hemant Bangur (DIN:00040903) retires by rotation and is eligible for re-appointment.

Particulars of the Directors seeking appointment / re-appointment are appended in the notes forming part of the notice for the ensuing Annual General Meeting.

### **WOMAN DIRECTOR**

In terms of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has appointed Mrs. Vijaya Mohan (DIN: 02474421) as Director and she is on the Board of the Company, since 11th November 2014.

## THE PHOSPHATE COMPANY LIMITED

### KEY MANAGERIAL PERSONNEL

Shri Suresh Kumar Bangur, Executive Director/CEO (DIN:00040862), Shri Ajay Bangur, President/CFO (PAN:ADRPB5699N), and Shri Shankar Banerjee (ACS 45073) Dy. Secretary has been appointed as Secretary of the Company w.e.f. 10th August 2016 are the key Managerial Personnel.

### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met 4 times during the financial year 2016-17. The dates are 30th May 2016, 10th August 2016 9th November 2016 & on 10th February 2017. Intervening gap between two meetings is within the limit prescribed under the Companies Act, 2013.

### DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that :

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 under review.
- c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The directors have prepared the annual accounts on a going concern basis.
- e) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- f) The directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.

### DECLARATION BY INDEPENDENT DIRECTOR(S)

All independent Directors hold office for a fixed period of five years and are not liable to retire by rotation. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (LODR) Regulations. The terms of appointment of Independent Directors are available in the Company's website [www.phosphate.co.in](http://www.phosphate.co.in).

### APPOINTMENT AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In adherence of section 178(1) of the Companies Act, 2013, the Board of Directors of your Company in its Meeting held on 13th August, 2014, approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee. The broad parameters covered under the Policy are –

Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and Senior Management and the Remuneration of Other Employees. The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in ANNEXURE –C and forms part of this Report.

## **THE PHOSPHATE COMPANY LIMITED**

### **FORMAL ANNUAL EVALUATION**

As the ultimate responsibility for sound governance and prudential management of the company lies with its Board, it is imperative that the Board remains continually energized, proactive and effective. An important way to achieve this is through an objective stock taking by the Board of its own performance. The Companies Act, 2013 as well as SEBI through Equity Listing Agreement are inclined on the requirements of evaluation. The Board of Directors, in its Meeting held on 25th May 2017, undertook the evaluation of its own performance, its Committees and all the individual Directors in FY 2016-17. The review concluded by affirming that the Board as a whole as well as all of its Members, individually and the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual Member and Committee of the Board contributed its best to the organisation.

### **INTERNAL CONTROL SYSTEM & ADEQUACY**

Your Company has an Internal Control System, commensurate with the size, scale and complexity of operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board for its direction.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Your Company has not entered into any transactions within the purview of Section 186 of the Companies Act 2013.

### **FIXED DEPOSITS**

Your Company has not accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### **HUMAN RESOURCES**

As on March 31, 2017 your company had 53 permanent employees. The company acknowledges the importance of human value and ensures that proper encouragement both moral and financial is extended to employees to motivate them. The company maintained cordial relationship with workers and staff during the year. Particulars of employees required under section 197(12) of the Companies Act 2013 read with Rule 5(1) of Companies (Management and Administration) Rules 2014 is annexed in Annexure G and forms an integral part of this report.

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflicting interest with your company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website.

Details of the transactions with Related Parties are provided in the accompanying financial statements.

## **THE PHOSPHATE COMPANY LIMITED**

### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company and its subsidiary, which forms a part of the Annual Financial Statements, have been prepared in accordance with the provisions of section 129(3) of the Companies Act 2013. The salient features of the Financial Statement including details of performance and financial position of the Subsidiary Company is presented in the prescribed format in Form AOC-1 as per Annexure- forming a part of the Board's Report.

### **CODE OF CONDUCT**

The Code of Conduct, adopted by your Board of Directors, is applicable to Directors, senior management and employees of the Company. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct in relation to the Company's business and reputation. The Code covers commitment to responsibility and sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability, legal compliance and the philosophy of leading by personal example.

### **VIGIL MECHANISM & WHISTLE BLOWER POLICY**

Your Company has in place a robust vigil mechanism for reporting genuine concerns through the Company's whistle blower policy to deal with fraud or mismanagement, if any. The Policy ensures that strict confidentiality be maintained whilst dealing with concerns and that no discrimination will be meted out to any person for a genuinely raised concern.

### **PREVENTION OF INSIDER TRADING**

Your Company's Code of Conduct for Prevention of Insider Trading 2015, approved by the Board of Directors, inter alia, prohibits purchase or sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

### **CORPORATE SOCIAL RESPONSIBILITY**

Section 135 of the Companies Act 2013 relating to Corporate Social Responsibility Committee and its obligations are not applicable to your Company as the paid up capital or turnover or net profit is below the threshold limit of Rs.500 or crores or Rs.1,000 crores or Rs.5 crores respectively during a financial year. However, your company admits that it is significant part of the society and discharges its obligations to the society at large.

### **INSURANCE**

All the properties of your Company are adequately insured.

### **STATUTORY AUDITOR & AUDIT REPORT**

M/s Batliboi Purohit & Darbari, Chartered Accountants, (F.R.No.303086E), the Auditors of the Company are to hold office as statutory auditors till the conclusion of the Annual General Meeting for Financial Year 2016-17. They cannot be re-appointed as they have already been in appointment for the maximum tenure specified by the Companies Act 2013.

The Board proposes to appoint M/s S.K.Agrawal & Co., Chartered Accountants (F.R.No.305158E) subject to approval of members of the Company at the ensuing annual general meeting.

The Notes on financial statements referred to in Auditors Report are self-explanatory and do not call for any further comments.

### **COST AUDITOR & COST AUDIT**

Pursuant to the provisions of Section 141 read with Section 148 of the Companies Act, 2013 and Rules made thereunder, M/s. S Gupta & Co., Cost Accountants (F.R.No.000020) were re-appointed as the cost auditors of the Company for the year ending 31st March, 2017. Report for Financial Year ended 31st March, 2017 will be filed before the due date. Further, they have been reappointed for the financial year ended 31st March, 2018 by the Board of Directors.



## **THE PHOSPHATE COMPANY LIMITED**

### **INTERNAL AUDITORS**

Your Directors have appointed M/s Batliboi Purohit & Darbari, Chartered Accountants, (F.R.No.303086E), for the financial year ended 31st March, 2018.

### **SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT**

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed CS Bajrang Lal Mundhra, Practicing Company Secretary, as the Secretarial Auditor of the Company. The Secretarial Audit report is given in Annexure-H and forms a part of the Boards Report. Note on Secretarial Auditor Report is self-explanatory.

### **AUDIT COMMITTEE**

The Audit Committee of the Board of Directors of the Company, comprises 3 (Three) Members, namely Smt. Vijaya Mohan, Shri Dilip P Goculdas and Shri Suresh Bangur, two of them are Independent Directors and one is a Non-Independent Executive Director. The Committee met four times in the financial year 2016-17. The Board accepted all the recommendations of the Audit Committee during the year.

### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Your Company has a duly constituted stakeholder's relationship committee. One meeting of the Committee has been held during the year.

### **EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form No. MGT-9 forms part of the Board's Report and is annexed herewith as ANNEXURE - F.

### **BUSINESS RISK MANAGEMENT**

Pursuant to section 134 (3) (n) of the Companies Act, 2013, the Board of Directors of the company regularly evaluates its associated business risks. It has an elaborate risk management procedure and in place systematic approach to mitigate risk associated with accomplishment of objectives and operations. At present it has not identified any element of risk threatening existence of the company in dealing with agro input products.

This robust Risk Management framework seeks to create transparency, minimize adverse impact on business objectives and enhance the Company's competitive advantage.

The Internal Audit Department is responsible for facilitating coordination with the heads of various Departments, with respect to the process of identifying key risks associated with the business, manner of handling risks, adequacy of mitigating factors and recommending corrective action.

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

There was no amount lying unclaimed/ unpaid with the Company for transfer to the Investor Education and Protection Fund pursuant to the provisions of 124(5) of the Companies Act 2013.

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

#### ***Energy Conservation***

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilisation of energy is achieved.
- b) No specific investment has been made towards reduction in energy consumption.
- c) Impact of conservation and optimum utilisation of energy are not readily ascertainable and as such its impact on cost cannot be stated absolutely.

## THE PHOSPHATE COMPANY LIMITED

### Technology Absorption

Company's products are manufactured by adopting the available contemporary technology. The Company constantly strives for maintenance in quality of its products and entire Research & Development activities are directed to achieve the aforesaid goal.

### Foreign Exchange Earnings & Outgo

Particulars	2016-17	2015-16
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Rs. 15,92,58,877	Rs. 25,89,30,967
Purchase of Raw materials		

### SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / STATUTORY AUTHORITIES

The Company has filed a writ-petition with Honorable High Court at Kolkata challenging the constitutional validity of West Bengal Tax on Entry of Goods into Local Areas Act 2012. Consequently, Court has granted stay for payment and/or recovery of such Tax.

The Company has preferred an appeal before Honorable High Court Kolkata against dismissal of writ petition earlier filed for recovery of Freight Rebate.

### CORPORATE GOVERNANCE

In terms of SEBI circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, the revised Clause 49 of Listing Agreement and Reg. 15 of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, Corporate Governance is not applicable to your Company.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes or commitments occurring after 31st March 2017 affecting the financial position of the Company requiring disclosure.

### ACKNOWLEDGEMENTS

The Board places on record its appreciation for the sustained co-operation and support bestowed to your Company by customers, vendors, regulators, banks, financial institutions, rating agencies, stock exchanges and depositories, auditors, advisors, consultants, associates and all the employees for their helping hand, cooperation and dedicated work. The Board deeply acknowledges the trust and confidence placed on the Company and all its shareholders.

On behalf of the Board of Directors  
For The Phosphate Co. Ltd.

Kolkata  
Dated: 18th August 2017

(Suresh Kumar Bangur)  
Executive Director  
DIN:00040682

(Binod Khaitan)  
Director  
DIN:00128502