

Annual Report

2017-2018



THE PHOSPHATE COMPANY LIMITED

For The Phosphate Co. Ltd.

Shankar Banerjee
Shankar Banerjee
Company Secretary
ACS-45073



THE PHOSPHATE COMPANY LIMITED

CIN: L24231WB1949PLC017664

BOARD OF DIRECTORS

Shri Binod Khaitan	<i>Non Executive Director</i>
Shri Hemant Bangur	<i>Non Executive Director</i>
Shri Dilip P Gocuidas	<i>Independent Director</i>
Smt. Vijaya Mohan	<i>Independent Director</i>
Shri Suresh Kumar Bangur	<i>Executive Director & CEO</i>

PRESIDENT & CFO

Shri Ajay Bangur

COMPANY SECRETARY

Shri Shankar Banerjee

STATUTORY AUDITORS

M/s S K Agrawal & Company
Chartered Accountants
Kolkata

BANKERS

State Bank of India, Kolkata
Syndicate Bank, Kolkata

REGISTRAR & TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd
CIN : U20221WB1982PTC034886
23, R. N. Mukherjee Road, 5th Floor, Kolkata-700001
Tel. : 033-22482248, Fax : 033-22484787
E-mail : mdpldc@yahoo.com

REGISTERED OFFICE

14, Netaji Subhas Road, Kolkata - 700001
Tel : 033-2230 0771 / 4035 1234
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 : pdsuper@vsnl.net

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For The Phosphate Co. Ltd.

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Company Secretary
ACS-1000

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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, 2018.

FINANCIAL RESULTS	(Amount in Rs.in lacs)			
	Stand-alone		Consolidated	
	Current year	Previous year	Current year	Previous year
Turnover	7546	6873	7546	6873
EBIDTA	829	837	828	836
Finance Cost	509	672	509	672
Depreciation	103	99	103	99
Net Tax Provisions	63	18	63	17
Profit after tax	154	49	153	48
Other Comprehensive Income	(10)	(9)	(10)	(9)
Total Comprehensive Income	143	39	142	38

BUSINESS PERFORMANCE

We are pleased to report an all-round growth in the affairs of the Company.

Sales of SUPER PHOSPHATE Fertiliser, both Powder and Granulated together was at 65946 MT, an increase of 17 % over previous year from 56563 MT. Similarly, turnover of the Company also increased to Rs.7546 lacs, an increase of 10% over previous year from Rs.6873 lacs.

Major rationalisation of selling price became effective with the introduction of Goods & Service Tax (GST) from July 2017

EBIDTA of the Company is more or less at same level of Rs.829 lacs in current year compared to Rs.837 lacs in previous year.

Better working capital management, certain low cost borrowing and less delay in the disbursal of Subsidy from Central Government helped the Company to save Rs.163 lacs in Finance Cost during the year.

On making Provision for Depreciation, Income Tax (Current & Deferred), the Company earned a Profit after Tax of Rs.154 lacs in current year in comparison Rs.49 lacs in previous year.

After adjusting Other Comprehensive Income, Total Comprehensive Income for the year stood at Rs.143 lacs in current year compared to Rs.39 lacs in previous year on standalone basis.

OUTLOOK

World over price of commodities led by crude oil is increasing. Looking to the trend of increasing prices, Government of India has increased subsidy by 26% from Rs.2166 PMT of Super Phosphate sold in 2017-18 to Rs.2734 PMT for the year 2018-19.

Monsoon is expected to be normal as per long range forecast predicted by Indian Meteorological Department (IMD) and by Skymet.

Government of India in its vision of doubling farm income has increased Minimum Support Price (MSP) of all major crops at a level of 1.5 times of Farmers cost.

These measures should auger well for the Company.



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ACCOUNTING STANDARD

The Company has adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from April 1, 2016 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 ("Act") read with the relevant Rules framed thereunder and the other accounting principles generally accepted in India.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

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 Directors Report.

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

CREDIT RATING

Latest Credit Rating has been carried by India Ratings in May 2018 which is valid for one year and thereafter subjected to annual surveillance. The Company's Bank Loan Rating has improved consistently as follows:

Particulars	Based on financials of FY.2014-15 & issued in Nov. 2015	Based on financials of FY.2015-16 & issued in Jan. 2017	Based on financials of FY.2016-17 & issued in May. 2018
Long Term Rating	B	BB-	BB
Short term Rating	A4	A4+	A4+

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 Director's Report.

SHARE CAPITAL

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

The paid-up Equity Share Capital as on 31st March, 2018 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. However, the Company has secured an approval from the members to issue Compulsorily Redeemable Cumulative Preference Shares on Preferential Basis.

SEGMENT WISE PERFORMANCE

Your Company deals in a 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.



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Shri Binod Khaitan (DIN: 00128502) 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.

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. Company Secretary of the Company are the Key Managerial Personnel of the Company.

The tenure of Shri Suresh Kumar Bangur as Executive Director/CEO expires on 11th August 2018. Approval of the members is being sought for re-appointment of Shri Bangur as Executive Director/CEO at the ensuing Annual General Meeting.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

Your Board of Directors met 6 times during the financial year 2017-18. The dates are 25th May 2017, 18th August 2017, 8th November 2017, 15th January 2018, 13th February 2018 & 19th March 2018. Intervening gap between two meetings is within the time 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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.
- 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.
- The directors have prepared the annual accounts on a going concern basis.
- 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.
- 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.

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



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held on 15th May, 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.

FORMAL ANNUAL EVALUATION

Pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013 and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and Individual Directors. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and its Committees with the Company

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 Auditor reports to the Chairman of the Audit Committee. The Internal Auditor 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 auditor, 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, 2018 your company had 52 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



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conflicting interest with your company at large. A statement of all Related Party Transactions is placed before the Audit Committee for its review, specifying the nature, value and terms and conditions of the transactions. The policy on related party transaction, 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.

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-D forming a part of the Director'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.

DEMATERIALISATION OF SHARES

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with ISIN:INE398C01016. SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 notified in Gazette of India on 8th June, 2018, has made transfer of securities compulsorily in dematerialised form w.e.f. 5th December 2018. Shareholders holding shares in physical segment are therefore advised to get their shares dematerialised immediately, if not done already. As on March 31, 2018, 93.76% of the share capital stands dematerialized.

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 it is neither having net worth of Rupees Five Hundred Crore or more, or turnover of Rupees One Thousand Crore or more or a net profit of Rupees Five Crore or more during any financial year.

INSURANCE

All the properties of your Company are adequately insured.

STATUTORY AUDITOR & AUDIT REPORT

M/s S.K.Agrawal & Co., Chartered Accountants (F.R.No.305158E), were appointed as the Statutory Auditors of the Company at the 69th AGM of the Company. The appointment was for a term of 5 (five) consecutive years from the conclusion of 69th AGM till the conclusion of 74th AGM of the Company subject to ratification of the



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members at each Annual General Meeting. Accordingly, the proposal to ratify their appointment forms part of the Notice convening the ensuing AGM.

It is to be noted that the Companies (Amendment) Act, 2017 has omitted the provision for seeking ratification of such appointment at every intervening AGM. However, as a cautionary measure, members approval for ratification of such appointment has been sought in 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 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, your Company is required to have its cost records audited by a Cost Accountant in practice. The Board of Directors, upon the recommendation of the Audit Committee, has approved the appointment of M/s. S Gupta & Co., Cost Accountants (F.R.No.000020) as the Cost Auditors of the Company for the Financial Year ending March 31, 2019. Pursuant to Section 148 of the Act, read with Rule 14(a)(ii) of Companies (Audit and Auditors) Rules, 2014, ratification of the remuneration of Cost Auditors is being sought from the Members of the Company at the ensuing AGM. The details of the same are provided in the Notice convening the AGM.

INTERNAL AUDITORS

Your Directors have appointed M/s Batliboi Purohit & Darbari, Chartered Accountants, (F.R.No.303086E), as Internal Auditor for the financial year ending 31st March, 2019.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

In compliance with the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors, upon the recommendation of the Audit Committee, has approved the appointment of CS Ajay Kumar Agarwal, Proprietor of M/s Agarwal A & Associates, Company Secretaries in Whole-time-Practice [C.P. No. 13493 (FCS-7604)], as the Secretarial Auditor of the Company for the Financial Year ending March 31, 2019. The Secretarial Audit Report for the financial year ended March 31, 2018, in Form MR-3, forms an integral part of this report and is annexed herewith as Annexure : 'H'.

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 Kumar Bangur, two of them are Independent Directors and one is a Non-Independent Executive Director. The Committee met six times in the financial year 2017-18. 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 in place and 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.

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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

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

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	2017-18	2016-17
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo		
– Purchase of Raw materials	Rs. 28,72,04,717	Rs. 15,92,58,877

Particulars of Employees

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided by way of Annexure G.

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 at Kolkata against dismissal of writ petition earlier filed by the Company for recovery of Freight Rebate.

CORPORATE GOVERNANCE

In terms of 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 2018 affecting the financial position of the Company requiring disclosure.



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