

ANNUAL REPORT

2012-2013



THE PHOSPHATE COMPANY LIMITED

THE PHOSPHATE COMPANY LIMITED

BOARD OF DIRECTORS

Shri BINOD KHAITAN
Shri HEMANT BANGUR
Shri D. P. GOCULDAS
Shri P. K. BHANJACHAUDHURY
Shri SURESH KUMAR BANGUR – Executive Director
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, Netaji Subhas Road, Kolkata-700001
Tel.033-2230 0771(3 lines)
Fax.91-33-2243 6236
E.Mail-phosphate@vsnl.net
Website <http://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

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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NOTICE

Notice is hereby given that the Annual General Meeting of the Members of the Company will be held at Somany Conference Hall of MCC Chamber of Commerce & Industry, 15B Hemant Basu Sarani, Kolkata-700001 on Monday, the 12th August, 2013 at 11.30 A.M. to transact the following business:-

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2013 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 Binod Khaitan, who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in place of Shri Dilip Pratapsingh Goculdas, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and to fix their remuneration.

Special Business

As an Ordinary Resolution

5. **“RESOLVED THAT** Shri Suresh Kumar Bangur, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

As a Special Resolution

6. **“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 appointment of Shri Suresh Kumar Bangur, as a Whole-Time Director of the Company designated as Executive Director, for a period of 3 (three) years with effect from 13th August, 2013 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Shri Suresh Kumar Bangur, as laid before the meeting, 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 Suresh Kumar Bangur 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 Suresh Kumar Bangur, remuneration by way of salary, perquisites and allowances not exceeding the ceiling/limits 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: 28th May, 2013

By Order of the Board

M.D.Damani
Director & Secretary

THE PHOSPHATE COMPANY LIMITED

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 1st August, 2013 to 12th August 2013 (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 immediately 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 to the Investor Education and Protection Fund of the Central Government and no claim be made in respect of dividend from the Company.
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 dt.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 your 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 copy of PAN card for registration of transfer of Shares.
12. Details of Director seeking appointment/re-appointment;
 - i. **Shri Binod Khaitan** aged 70 years is holding degree of B.Com. & M.B.A. (Geneva) is on the Board of Director of the Company. since December 1990. He is an eminent businessman with wide experience in the business of Timber, Tea, Jute, Fertilizer, Tyre-Tubes and Soft Drinks. He is also a Director of Art Finance & Trade Ltd. and independent Director in Electrosteel Casting Ltd. He is member of Rotary Club of Central Calcutta and actively involved in social service, specially in the upliftment of villages around Kolkata. He along with his family members holds 570560 Equity Shares in the Company.
 - ii. **Shri Dilip Pratapsingh Goculdas** aged 54 years, has been appointed Director on the Board of the Company since 2011. He is an industrialist with over 3 decades of experience in Industry, Commerce, Corporate Affairs and International Trade. He has been actively involved in setting-up and management of a number of companies

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in the field of Chemicals, Fertiliser and Engineering. He is currently on the Board of Indus-Agro Services and Consultants Private Ltd. The Greens Textile Manufacturing Company Private Ltd. and Chairman of Poseidon Breeding Private Ltd.. He is also Trustee of Bombay Gowrakshak Trust & the member of Managing Committee of Bombay Gowrakshak Mandalee.

- iii. **Shri Suresh Kumar Bangur** aged 60 years is a Commerce Graduate. He has a business experience of over 35 years with wide experience in Fertilizer, Paper & Plastic Packaging Industry. He is also Director of Rajyavardhan Vanijya Pvt. Ltd., Swastik Global Papers Pvt. Ltd., Mani Packaging Pvt. Ltd. & Abhinandan Goods Pvt. Ltd. He was Regional Chairman of Indian Chemical Association, Mumbai and Member of SSP Advisory Committee of Fertilizer Association of India, New Delhi. He along with his family members holds 156340 Equity Shares of the Company.
13. All documents referred to in the Notice and accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days between 11 A.M. and 1 P.M. upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5

Shri Suresh Kumar Bangur was appointed as an Additional Director of the Company by the Board on 13th August, 2012.

In terms of Section 260 of the Companies Act, 1956 he holds office upto this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Shri Bangur as a Director of the Company has been received along with a deposit of Rs. 500/- signifying his intention to propose the candidature of Shri Bangur for the office of the Director and move the resolution as set out in item 5 of the notice.

Shri Bangur is a Commerce Graduate and has business experience of over 35 years out of which over 30 years is in Fertiliser, Paper & Plastic Packing industry. He has been the Regional Chairman of Indian Chemical Association, Mumbai and is a member of SSP Advisory Committee, Fertilizer Association of India, New Delhi. In view of his vast experience, the Board of Directors has considered it appropriate to induct Shri Bangur on the Board.

The Board considers it in the interest of the Company to avail the services of Sri Bangur and accordingly commend the resolution for your approval.

None of the Directors, except Shri Suresh Kumar Bangur, is in any way regarded as concerned or interested in the aforesaid resolution.

Item No. 6

The Board of Directors of the Company in its meeting held on 13th August, 2012 considered it appropriate to appoint Shri Suresh Kumar Bangur as a Whole Time Director designated as Executive Director for a period of three years w.e.f. 13th August 2012 subject to approval of the members of the Company. An agreement was entered into between the Company and Shri Bangur, in respect of his appointment, inter-alia, containing the following terms and conditions.

Salary : - Rs.1,00,000/- to Rs. 2,50,000/- subject to revision by the Board from time to time.

Perquisites :

- (i) House Rent Allowance : As per rules of the Company
- (ii) Medical Expenses : Reimbursement of medical expenses for self, spouse, dependent children / parent equivalent to one month's salary in a year.
- (iii) Leave Travel Assistance : Reimbursement of actual travelling expenses for self, spouse, dependent children / parents equivalent to one month's salary in a year.
- (iv) Car : Free use of Company's Car with Driver and / or reimbursement of expenses incurred thereto.
- (v) Telephone : Free mobile and telephone facility at residence and / or reimbursement of expenses incurred thereto.

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- (vi) Leave Encashment : As per rules of the Company.
- (vii) Club Fees: Payment of Club fee of two clubs.
- (viii) Personal Accident Insurance : Payment of all accident premium for self, spouse and dependent children subject to a maximum of Rs. 10,000 in a year.
- (xi) Reimbursement of Expenses : Reimbursement of all entertainment, travelling, hotel and other expenses incurred during the course of and in connection with the business of the Company.
- (x) Any other perquisites as may be allowed by the Board.

The provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri Bangur.

In the event of absence or inadequacy of profits, the Executive Director shall be entitled to receive a remuneration including allowances, perquisites etc. as are recommended by the Remuneration Committee to the Board of Directors but not exceeding the limits as may be prescribed in the Schedule XIII of the Companies Act, 1956 as amended as minimum remuneration.

The above also may be treated as an abstract of the terms and conditions governing the appointment and remuneration of Shri Bangur as Executive Director, pursuant to Section 302 of the Companies Act, 1956.

The Board commend the resolution for approval of the members.

None of the Directors, except Shri Suresh Kumar Bangur is in any way regarded as concerned or interested in the aforesaid resolution.

Information pursuant to Schedule XIII of the Companies Act, 1956 in respect of the appointment of a managerial person and paying specified remuneration.

General Information : The Company was incorporated in 1949 and engaged in the business of manufacturing of Single Super Phosphate Fertiliser and Sodium Silico Fluoride.

Information about the Appointee : **Shri Suresh Kumar Bangur** aged 60 years is a Commerce Graduate. He has a business experience of over 35 years with wide experience in Fertilizer, Paper & Plastic Packing Industry. He is also Director of Rajyavardhan Vanijya Pvt. Ltd., Swastik Global Papers Pvt. Ltd., Mani Packaging Pvt. Ltd. & Abhinandan Goods Pvt. Ltd. He was Regional Chairman of Indian Chemical Association, Mumbai and Member of SSP Advisory Committee of Fertilizer Association of India, New Delhi. He has no pecuniary relation directly or indirectly with the Company or relationship with the management personnel except he holds 4.33% Equity Shares in the Company.

Other information : The Company earned an operational profit of Rs. 258 lakhs for the year ending 31-3-2013 comparative to Rs. 587 lakh in the previous year. After providing financial expenses, depreciation, tax provisions & extra ordinary expenses, Company made a loss of Rs. 163 lakh in the current year compare to profit of Rs. 160 lakh in the previous year.

In order to reduce Subsidy burden, Government of India steeply reduced Subsidy on Fertilizer during 2012-13 and allowed manufacturers to increase selling price. Such steep increase in selling price in a short period could not be fully passed on the market, hence Company suffered loss.

Disclosures : Remuneration package of the appointee is specified in Item 6 of the explanatory statement forming a part of notice calling the Annual General Meeting.

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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 on 31st March, 2013

	Rs. in lacs	
	Current year	Previous year
FINANCIAL RESULTS		
Turnover & Other Incomes	6,234	7,535
Operating Profit (EBITDA)	259	588
Finance Cost	442	368
Depreciation	57	46
Net Profit (Loss)	(240)	173
Tax Provision Net	(80)	13
Share Issue Expenses	3	—
Profit (Loss) after tax	(163)	160

OPERATION

Production & Sale of Single Super Phosphate (SSP) Fertiliser (Powder & Granulated) of your Company was at 56321 MetricTon (MT) & 53383 MT respectively during the year, compared to 67514 MT & 71696 MT in the Previous Year. Company also Produced & Sold 294 MT & 274 MT of Sodium Silico Fluoride, a Value Added Product during the year compared to 208 MT & 205 MT in the previous year.

Govt. of India reduced Subsidy on SSP Fertiliser from Rs. 5539/-Per Metric Tone (PMT) for the year 2011-12 to Rs. 3673/-PMT for the year 2012-13, a steep cut of over 33%. Since prices of fertiliser are market determined by manufacturers themselves from 2010 onwards, it was assumed that reduction in Subsidy will be recovered from market by respective manufacturers by increasing their selling prices, balancing company's total realisation / revenue when enhanced subsidy was payable.

Sale of Co's product was restricted due to draught in early part of Kharif in West Bengal coupled with initial resistance from farmers for sudden & steep increase in prices of Fertilisers. However, of late farmers are accepting new prices and demand is stabilising.

Huge (unchecked) import of finished Fertiliser during last two years, much in excess of demand and temporary reduction in consumption due to abnormal increase in market prices of Fertilisers has resulted in very high inventory of finished fertiliser (imported and indigenous) within the trade channel.

Due to factors discussed above, your Company could not fully pass on increased cost (including deep cut in Subsidy) to the market. This resulted in operating profit of (EBITDA) Rs. 259 lakh only in the year compared to Rs. 588 lakh in the previous year.

Abnormal delay in payment of Subsidy by Govt. of India and higher credit (Tenor & Amount) to Wholesalers, further raised finance cost of the Company.

After providing for financial cost, depreciation, tax adjustments & share issue expenses, your Company reported a net loss of Rs. 163 lakh in this year compare to net profit of Rs. 160 lakh in the previous year.

In view of losses in current year, Directors regret their inability to declare any dividend.

The Company continues to keep on hold the production of Sulphuric Acid as the overall business dynamics do not warrant resumption of production.

As reported last year about modernization of Granulation Plant, we are pleased to inform that refurbished Granulation Plant has started since 19th January, 2013. Now this Plant consume coal as fuel in place earlier Furnace oil. Company is ready with Granulation Plant but Govt. of India has deferred STOP sale of Powder SSP for one more year from May-2013 to May-2014. However, Co. has started Granulation Plant albeit in low capacity.

In order to give transparency and to make the availability visible, Department of Fertiliser, Government of India has launched a website in their portal, wherein the manufacturers / marketers of fertilisers have to update the information of

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purchase of raw materials, production and sale of fertiliser on daily basis. This has further scrolled down and all the dealers (wholesalers & retailers) are being required to update the details of availability of fertiliser with them. This process is on the initial stage and is expected to be regular by the end of ensuing Rabi Season 2013. Linking to this, Government of India is progressing on their plan to give subsidy directly to the farmers. The trial of this is in progress.

PREFERENTIAL ALLOTMENT OF SHARES

As per approval of the members to increase the Authorised Capital of the Company in the last Annual General Meeting and in terms of the specific approval received from the Members of the Company by Postal Ballot for preferential issue of shares, your Company has successfully raised Rs. 450 lacs by issuing 18,75,000 equity shares of Rs. 10/- each at a premium of Rs. 14/- per share on Preferential Basis to Promoters and others for General (Regular) Capital Expenditure and to shore up net Working Capital margin. As a Result of Preferential Allotment, the paid-up Equity Share Capital of the Company has increased from Rs. 173.25 lacs to Rs. 360.75 lacs and created a balance in Share Premium Account to the tune of Rs. 262.50 lacs.

CREDIT RATING

As per BASEL II norms, Company's working capital facilities has been rated by CARE, wherein Long Term Bank Facilities has been rated as CARE B+ (pronounced Single B plus) and Short Term Bank Facilities has been rated as CARE A4 (pronounced A Four).

RISK & CONCERN

Your Company's product is agro input, the demand of which is dependent on good monsoons 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 Annexure A 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 relation 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 B and forms a part of this Report.

DIRECTORS

Shri Binod Khaitan retires by rotation and being eligible, offers himself for re-appointment.

Shri Dilip Pratapsingh Goculdas retires by rotation and being eligible, offers himself for re-appointment.

Shri Suresh Kumar Bangur has been appointed by the Board on 13th August 2012 as an Additional Director and Whole Time Director. In terms of Section 260 of the Companies Act, 1956 he holds office as Additional Director upto this Annual General Meeting and being eligible offers himself for re-appointment.

Approval of the shareholders is sought for the appointment of Shri Bangur as Whole-Time Director designated as Executive Director w.e.f. 13th August 2012 on the terms and conditions as mentioned in the resolution which are placed before you as per explanatory statement attached to the notice.

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

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2. that the Directors have selected such accounting policies and applied them consistently and made judgments 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.

CORPORATE GOVERNANCE

As per Listing Agreement Corporate Governance has become applicable to the Company at the fag end of financial year i.e. from 21st March 2013. In accordance with that, three committees namely Audit Committee, Remuneration Committee and Share Transfer & Shareholders/Investors Grievance Committee have been formed and mandated with terms of reference, powers and rules conform to the requirement of Section 292A of the Companies Act 1956 and as specified in Clause 49 of the Listing Agreement. Meetings of these Committees are being held in current year and report thereof will be placed before you in the next Annual General Meeting. However, the Company has always practiced principles of Corporate Governance and some highlights of same are annexed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis Report as required under Listing Agreement is annexed and forms part of this report.

COST AUDIT

Central Government has approved the appointment of M/s S. Gupta & Co., Cost Accountants for conducting Cost Audit of Fertiliser and Sulphuric Acid for the year 2012-13. Since there was no production of Sulphuric Acid in 2012-13, an application is being moved to the Ministry of Corporate Affairs, New Delhi, requesting them to keep Cost Audit Order for Sulphuric Acid in abeyance till the production of Sulphuric Acid re-commences.

INSURANCE

All the properties of the Company are adequately insured.

AUDITORS & AUDITORS REPORT

Messers. Batliboi, Purohit & Darbari, Chartered Accountants, the Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Board commend their appointment.

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

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 company's activities.

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 & Auditors for the continuous support and assistance.

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

Kolkata
Dated: May 28, 2013

Suresh Kumar Bangur Binod Khaitan
Executive Director Director

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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

Disclosure of Particulars with respect to conservation of energy

	This Year		Previous Year
A. Power and Fuel Consumption			
1. Electricity:			
(a) Purchased:			
Units	'000KWH	1695504	2012888
Total	Rs./Lacs	139.18	136.71
Rate/Unit	Rs./KWH	8.21	6.79
(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	—	—
2. Coal (Specify & Where Used):			
Quantity	Tonnes	163.610	—
Total Cost	Rs./Lacs	17.30	—
Average Rate Rs./Tonne	Rs./Tonne	10574	—
3. Furnace Oil :			
Quantity	KL	—	—
Total Cost	Rs./Lacs	—	—
Average Rate	Rs./KL	—	—
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	28.82	—	26.74 —
Sulphuric Acid	—	—	—
Granulated Fertiliser	12.80	0.337	—
Sodium Silico Fluoride	35.64	—	35.86 —
II. FOREIGN EXCHANGE EARNINGS & OUTGO			
Earnings	Rs./Lacs	Nil	Nil
Outgo	Rs./Lacs	2910.96	3226.54
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 (Rs.)	Qualification & Experience	Date of Commencement of Employment	Previous Employment held with	% of Equity held
Shri Suresh Kumar Bangur	60	Executive Director (Production & Development)	18,23,801/-	B. Com 40 yrs.	15th Oct., 1982	M/s. Raj Luxmi Associates	4.33

NOTES :

1. Remuneration includes Salary, House rent Allowance, Contribution to Provident fund, Superannuation Annuity 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 Contractual.
4. Terms & Conditions - As per Company's Rules.

Kolkata
Dated: May 28, 2013

*On behalf of the Board of Directors of
The Phosphate Co. Ltd.*
Suresh Kumar Bangur Binod Khaitan
Executive Director Director

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MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development :

India is primarily an agrarian economy with agriculture as the backbone of economy. Resultant, Indian fertilizer industry has fabulous scope for providing agri-input. Burdened with a mission of feeding its increasing population India needs to be self reliant in food grains and trust will have to be placed on fertilizers.

Single Super Phosphate (SSP) Fertilizer industry is the ground-breaking fertilizer industry in the country. SSP fertilizer contains Sulphur and Calcium besides Phosphorus so it is an ideal manure to abolish sulphur deficiency in soil resulting into increase in yield of potato, rice tobacco, oilseeds etc. to a great extent.

We therefore expect SSP to have a good future in the years to come.

Production & Performance :

During the year under review, your company achieved production of 51528 MT of Powdered Single Super Phosphate, 4842 MT of Granulated Single Super Phosphate (GSP) as against production of 71694 MT of Powdered Single Super Phosphate and Nil MT of GSP in the previous year.

The Company reported an operating profit (EBITDA) of Rs. 259 lacs in current year against an operating profit of Rs. 588 lacs in previous year. After providing for Finance Cost, Depreciation, Tax Adjustments and Share Issue Expenses, the Company reported a net loss of Rs. 163 lacs against profit of Rs. 160 lacs.

Internal Control Systems and their adequacy :

The Company has proper and adequate system of internal controls commensurate with its size and scale of operation to protect all its assets against loss from unauthorized use or disposition and all transactions are authorized, recorded and reported in conformity with generally accepted accounting principles. Internal Controls are also reviewed by the Internal Auditor.

Human Resources :

Human Capital forms the critical part of an enterprises privileged assets. The Company continued its commitment to acquire, develop and enhance its human potential. With a dedicated strategy of empowering people at all levels and encouraging to take decisions supplemented with free flow of information and ideas, has helped in strengthening its human capital base of the Company.

Opportunities :

The Company's manufacturing unit situated at Rishra in the Hooghly district of West Bengal which put it in a good stead to speedily service demand. The Company's integrated Granulated Super Phosphate Plant to manufacture Granulated Super Phosphate in conformity with Government line of action. Proximity to sea port /markets coupled with a dedicated multi-disciplinary work force has all along enabled the company to respond to spurts in demand. The Company's "LAKSHMI" brand of produce is well accepted in the market as premium quality product which has also created a benchmark in terms of reliability and output.

Threats :

Since the company's business is dependent upon policy of the Government and good monsoon, any change therein may likely to affect the projections and plans of the company. Any adverse movement in Rupee/Dollar parity can also effect Company's operation.

Future Outlook :

For an industry linked with food grain production to meet the requirement of ever growing population, the future outlook seems positive. Despite India being third largest producer of fertilizer in the world, is also second largest importer and therefore there is a scope of increasing production of fertilizer to cater the demand of farmers and restrict import to conserve precious foreign exchange.

Government of India has further reduced subsidy for the year 2013-14. However, this time price of raw materials is softening. Further, this year import of Phosphatic fertiliser is only marginal. Moreover, there is a forecast of Good Monsoon. All these factors must be converted in robust demand and should auger well for the Company.

Cautionary Statement :

Statement in this management discussion and analysis describing the Company's objectives, projection, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied as many factors- like, availability of raw materials, changes in political and economic environment in India, applicable Statutes, Labour Relations and Interest Costs etc., may affect the company's operations.

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REPORT ON CORPORATE GOVERNANCE

Company's Philosophy

The Company's Philosophy on governance is founded upon and structured on a rich legacy of ethical and transparent business conduct at building trust amongst diverse stakeholders on fairness, transparency and ethical behavior.

Board of Directors

The Company's Board of Directors comprises of an optimal complement of independent professionals experienced promoters as-well-as Company Executives having in-depth knowledge of the business and the industry. It represents a mix of professionalism, experience and knowledge. The size and composition of the Board conform to the requirements of the Corporate Governance Code under the Listing Agreement with the Stock Exchange.

i) Composition & Category

The Board of Directors of your Company as on 31st March, 2013 consisted of six directors as under :

NAME OF DIRECTORS	CATEGORY
Shri Binod Kumar Khaitan	Promoter/Non Executive Director
Shri Hemant Bangur	Promoter/Non Executive Director
Shri Suresh Kumar Bangur (w.e.f. 13-8-12)	Promoter/ Executive Director
Shri Dilip Pratapsingh Goculdas	Independent/ Non Executive Director
Shri Pranab Kumar Bhanjachaudhury	Independent / Non Executive Director
Shri Murali Dhar Damani	Non Promoter/Executive Director

None of the Directors on the Board holds the office of director in more than 15 companies or memberships in committees of the Board in more than 10 committees or Chairmanship of more than 5 committees.

ii) Board Proceedings

In terms of the Company's Corporate Governance Policy, all statutory and other significant material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company as trustees of the Shareholders.

iii) Attendance at the Board Meetings/last AGM etc.

Six Board Meetings were held on the following dates:

14.05.2012 22.06.2012 13.08.2012 05.11.2012 06.02.2012 21.03.2013

The attendance of the directors at the Board Meetings held during the year is given in the chart below which also shows details of the number of Directorships, Committee Chairmanships/ memberships held by them in other companies excluding private limited companies, foreign companies, membership of managing committees of various chambers/bodies and alternate directorships during the Financial Year under review,

Name of the Director	No of Board Meetings attended	Attendance at last AGM held on 13.8.12	Directorship/Committee Chairman/Membership in other Companies
Shri Binod Khaitan	6	Yes	1 Company & 2 committees
Shri Hemant Bangur	6	Yes	8 Companies & 3 committees
Shri Suresh Kumar Bangur (w.e.f. 13.08.2012)	4	Yes	Nil
Shri Dilip Pratapsingh Goculdas	3	Yes	Nil
Shri Pranab Kumar Bhanjachowdhury	5	Yes	Nil
Shri Murali Dhar Damani	5	Yes	Nil

THE PHOSPHATE COMPANY LIMITED

Board Committees

There are three committees of the Board viz., Audit Committee, Remuneration Committee and Share Transfer and Shareholders/ Investors Grievance Committee .

Matters requiring the Board's attention/approval will be placed before the Board along with Minutes of the respective Committees. The Terms of Reference role and composition of these Committees are provided below:

Audit Committee

Composition

Audit Committee was formed on 21st March, 2013, consisting of three Directors namely Shri Pranab Kumar Bhanjachaudhury. Non Executive Independent Director as Chairman, Shri Dilip Pratapsingh Goculdas - Non Executive Independent Director as Member and Shri Suresh Kumar Bangur-Executive Promoter Director as Member with Shri M. D. Damani as Secretary of the Committee.

No meeting of the Committee was held during the financial year under review and as such no fee was payable.

Broad Terms of Reference :

Audit Committee will assist the Board in discharging its responsibilities regarding compliance with legal and regulatory requirements, the quality and integrity of the accounting, auditing, reporting practices & financial disclosures of the Company. The terms of reference of the audit committee are in accordance with paragraphs (C and D) of Clause 49(II) of the Listing Agreement and as specified by the Board of Directors of the Company and inter-alia include:

- Reviewing the company's financial reporting process and disclosure of financial information;
- Recommending the appointment, re-appointment and removal of statutory auditors, fixation of audit and other fees;
- Reviewing the quarterly and annual financial statements with primary focus on accounting policies and practices, compliance with accounting standards and legal requirement concerning financial statements;
- Reviewing the adequacy of internal control systems and internal audit function, ensuring compliance of internal control systems and reviewing the Company's financial and risk management policies;
- Reviewing the reports furnished by the internal auditors and statutory auditors and ensure suitable follow-up thereon;
- Reviewing the financial statements.

Audit Committee while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended 31st March, 2013.

Share Transfer & Shareholders'/Investors Grievance Committee

Composition :

Share Transfer & Shareholders' Investors/ Grievance Committee consisting of three members, Shri Binod Khaitan, Non Executive Promoter Director as Chairman, Shri Suresh Kumar Bangur, Executive Promoter Director and Shri M. D. Damani, Director was formed during the financial year under review.

No meeting of the Committee was held during the financial year under review and as such no fee was payable.

Broad Terms of Reference :

The terms of reference of the Committees are to look into redressal of Shareholders/Investors complaints relating to non-receipt of notices, share certificates, annual reports, dividends, transfer of shares, dematerialization of shares and other grievances and to oversee redressal of shareholder and investor grievances and approval of transfer / transmission / subdivision / rematerialisation of shares, issue of duplicate share certificates etc.. Registrar & Share Transfer Agents M/s Maheshwari Datamatocs Pvt. Ltd. (MDPL) will give periodical reports to the Committee about all the above activities.

THE PHOSPHATE COMPANY LIMITED

Further, all transfers / transmissions and other work will be done under authentication of Company officials as per advice /approval of M/s MDPL.

Compliance Officer :

Mr. Murali Dhar Damani Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

The details of complaints received and attended to during the year are given below:

- | | | | |
|----|--|---|-----|
| a. | No. of complaints received from shareholders | : | Nil |
| b. | No. of complaints resolved / redressed | : | Nil |
| c. | No. of complaints pending as on 31st March, 2013 | : | Nil |

No investors grievances remained unattended/pending for more than 30 days and no requests for share transfers and dematerialisation received during the financial year were pending for more than two weeks.

Remuneration Committee

Composition :

Remuneration Committee comprised of three members, Shri Dilip Pratapsingh Goculdas, Non Executive Independent Director as Chairman with Shri Hemant Bangur Non Executive Promoter Director and Shri Pranab Kumar Bhanjachowdhury, Non Executive Independent Director as member, was formed on 21st March 2013.

No meeting of the Committee was held during the financial year under review and as such no fee was payable.

Broad Terms of reference

- Reviewing the overall compensation policy, service agreements and other employment condition of Whole time Director(s).
- Reviewing the performance of the Whole time Director(s) and recommending to the Board the quantum of annual increments .

Remuneration Policy

- Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fee @ Rs. 10,000 for each meeting of the Board and Rs. 5,000 for each meeting of Committee attended thereof by them.

- Remuneration to Whole time Director(s)

The appointment of Whole time Director(s) are governed by resolutions passed by the Board of Directors, Shareholders of the Company and also the respective Agreements executed between them and the Company which cover the terms of such appointment and payment of remuneration etc..

Remuneration to Directors

Non-Executive Directors

(Rs.)

Name	Sitting Fees
Shri Binod Khaitan	60,000
Shri Hemant Bangur	60,000
Shri Dilip Pratapsingh Goculdas	30,000
Shri Pranab Kumar Bhanjachaudhury	50,000
Total	2,00,000

THE PHOSPHATE COMPANY LIMITED

Executive Directors :

	Shri S K Bangur 13.08.12 to 31.03.13	Shri M.D.Damani 01.04.12 to 31.03.13
Earnings	Amount	Amount
Salary	761290	583500
Benefits	445858	353445
Total	1207148	936945
Service Contract	3 years	2 years

Notes :

i. Service Contracts, Severance Fees and Notice Period :

The appointment of Executive Directors is governed by resolutions adopted by the Board of Directors and the shareholders of the Company, which covers the terms and conditions of such appointment read with the service rules of the Company. Separate Service Contracts have been entered into by the Company with the Executive Directors. There is no provision for payment of severance fee under the resolutions governing the appointment of Whole-time Directors. The resignation of Executive Directors becomes effective upon acceptance by the Board.

ii. Employees Stock Option Scheme :

The Company does not have any Stock Option Scheme.

iii. Performance Linked Incentives :

The Company has internal norms for assessing the performance of its senior executives including Whole-time Directors and any payment thereof require the approval of the Board.

CEO / CFO Certification

As required under Clause 49 of the Listing Agreement, a Certificate was placed before the Board in its meetings held on 28th May, 2013 from Chief Executive Officer designated as Executive Director as appended be treated as Certificate from CEO / CFO.

May 23, 2013

To
The Board of Directors
The Phosphate Co. Ltd.
Kolkata-700001

This is to certify that –

- a) I have reviewed financial statements and the cash flow statement for the year ended 31-03-2013 and that to the best of my knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transaction entered in to by the company during the year which are fraudulent, illegal or violate of the company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

THE PHOSPHATE COMPANY LIMITED

- d) I have indicated to the auditors
- i) significant changes in the internal control over financial reporting during the year,
 - ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of management or an employee having a significant role in the company's internal control system over financial reporting.

Suresh Kumar Bangur
Executive Director

Statutory Compliance Certification

Based on representation by the concerned departments a certificate relating to necessary statutory compliances on quarterly basis, issued by Director & Secretary, is placed before the Board for its perusal.

General Body Meetings

The last three Annual General Meetings :

Sl.	Date	Time	Venue	Special Resolutions passed
1	13th August, 2012	11.30 a.m	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15, Hemant Basu Sarani, Kolkata-700001.	2
2	29th Sept., 2011	11.30 a.m	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15, Hemant Basu Sarani, Kolkata-700001.	NIL
3	4th Sept., 2010	11.30 a.m	Somany Conference Hall of MCC Chamber of Commerce & Industry, 15, Hemant Basu Sarani, Kolkata-700001.	NIL

Meeting by Postal Ballot

A Special Resolution as proposed in the Postal Ballot Notice dated 28-01-2013 , Ms Mamta Binani a Practicing Company Secretary was appointed as scrutinizer for conducting the Postal Ballot process. She reported the vote count on 26th February, 2013 as follows:

Particulars	No. of Postal	No. of	% of voting
Total postal ballot forms received	54	997604	—
Less : Invalid postal ballot forms (as per register)	3	39378	3.95
Net valid postal ballot forms (as per register)	51	958226	—
Postal Ballot Forms with assent	50	958126	96.04
Postal ballot forms with dissent	1	100	0.01
Postal Ballot forms not voted	—	—	—

THE PHOSPHATE COMPANY LIMITED

After receiving the scrutinizer's report, it was announced on 28th February 2013 That the Special Resolution as proposed in the Postal Ballot Notice was duly passed with the requisite majority and the Notice thereof, had been put on Notice Board at the Registered Office of the Company and recorded in the Minute Book recording the proceedings of the shareholders meetings.

Disclosures

(a) Related party transactions

The Company has not entered into transaction(s) of materially significant nature with its Promoters or Directors or their relatives etc. that have potential conflict with the interest of the Company at large.

Transactions with the related parties have been disclosed in Note no. 30 of the Notes to the Financial Statements.

(b) Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or any statutory authorities on matters related to capital markets, during the last three years.

(c) Whistle Blower Policy

Transparency forms an integral part of the Company's Corporate Philosophy and employees are encouraged to be guardians of the Code of Conduct and Ethics and to report any variance.

(d) Risk Minimization Policy

The Company has formulated risk minimization policy for the guidance by the Board Members to ensure that executive management controls risk through means of a properly defined framework. The same is being monitored from time to time to ensure that all identified risks are provided for adequately.

(e) Details of use of Public funds obtained in the last three years :

The Company has raised funds through preferential issue of equity shares of Rs.10/- each at a premium of Rs.14/- per equity share. Fund has been utilized as stated in the notice of Postal Ballot dated 18th January, 2013.

(f) Compliance with Mandatory requirements and adoption of Non-mandatory requirements

All mandatory requirements of the Corporate Governance Code are being complied with. Non-mandatory requirements, will be reviewed by the Board periodically.

Particulars of appointment of Directors

This forms part of the Notice convening the Annual General Meeting.

Means of Communication

- a. The quarterly, half-yearly and annual results of the Company are published in prominent dailies such as 'The Echo of India' in English and ' Arthik Lipi ' in Bengali. No separate communications are sent to the Shareholders. The results are also posted on the Company's website <http://phosphate.co.in> shortly after these are submitted to the Stock Exchanges.
- b. No presentations to the Shareholders, Institutional Investors or to Analysts have been made during the year under review

Code of Conduct

A Code of Conduct has been laid down by the Board. This code is derived from the fundamental principle on which The Phosphate Company Limited's corporate philosophy is based, namely, trusteeship, accountability and ethical corporate citizenship and is applicable to all Directors, senior management and employees of the Company. This has been accepted by all Directors and Senior Executives.

THE PHOSPHATE COMPANY LIMITED

Code of Conduct for Prevention of Insider Trading

The Phosphate Company Limited's has a Code of Conduct for Prevention of Insider Trading in the shares of the Company. The Code, inter alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

Shareholder Information

Annual General Meeting
Date, Time & venue : Monday, 12th August, 2013 at 11:30 A.M. Somany Conference Hall of MCC Chamber of Commerce & Industry, 15 Hemant Basu Sarani, Kolkata-700001

Financial Calendar (tentative)

Financial Results

1st quarter : By 14th August, 2013
2nd quarter : By 15th November, 2013
3rd quarter : By 15th February, 2014
4th quarter : By 31st May, 2014
Book Closure : 1st August, 2013 to 12th August, 2013 (both days inclusive)
Dividend : The Board of Directors have not recommended any dividend for the year ended 31st March, 2013
Listing on Stock Exchanges : The Company's equity shares are listed on The Calcutta Stock Exchange Limited (CSE).
Listing Fee / Custody Fees : Annual Listing fee to CSE has been paid upto the year 2013-14
Annual Custody fees have been paid to NSDL and CDSL for 2013-14.
Stock Code : Calcutta Stock Exchange Limited (CSE) : 10026031(Physical)
: INE398C01016(Demat)

There was no transaction of shares on CSE during the year.

Distribution of Shareholding as on 31st March, 2013

Shareholding	Number of Holders	Percentage	Number of Shares	Percentage
Upto 500	862	79.2279	154788	4.2908
501 to 1000	95	8.7316	70140	1.9443
1001 to 2000	48	4.4118	69370	1.9229
2001 to 3000	10	0.9191	25900	0.7180
3001 to 4000	10	0.9191	35940	0.9968
4001 to 5000	2	0.1838	9756	0.2704
5001 to 10000	16	1.4706	124370	3.4476
10001 and above	45	4.1360	3117216	86.4098
Grand Total	1088	100	3607480	100

THE PHOSPHATE COMPANY LIMITED

Statement showing Shareholding Pattern as on 31st March, 2013

Category	Number of Shares Held	Percentage of Shareholding
A. Shareholding of Promoter & Promoter Group		
a. Individuals / HUFs	924046	25.6147
b. Bodies Corporate	1176530	32.6136
B. Public Shareholding		
a. Financial Institutions / Banks	4300	0.1192
b. Insurance Companies	333480	9.2441
c. Bodies Corporate	456670	12.6590
d. Indian Public	711514	19.7233
e. NRIs	940	0.0261
Grand Total	3607480	100

Share Transfer System :

The share transfers duly received with documentation being in order are processed within 15 days from the date of receipt. Shares meant for the purpose of transfer/transmission in physical form, should be lodged with the Company's Registrar & Share Transfer Agent at the address given above. Executives of the Company are authorized to approve the share transfer/transmission of shares on the recommendation of Maheshwari Datamatics Pvt. Ltd. , Registrar & Share Transfer Agents, and transferred shares are dispatched to the transferee immediately.

As required under Clause 47(c) of the Listing Agreement(s) entered into with the Stock Exchanges, a certificate is obtained every six months from a Company Secretary in Practice, inter-alia, confirming completion of transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificates are forwarded to the Stock Exchanges, where the equity shares are listed, within 24 hours of issuance.

Dematerialization of Shares :

The Company's scrips form part of the SEBI's Compulsory Demat segment for all investors. The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar & Share Transfer Agents - Maheshwari Datamatics Pvt. Ltd.

Outstanding GDRs / ADRs / Warrants or any convertible instruments. etc.

The Company has not issued these types of securities.

Plant Location :

45, Ramakrishna Road, Rishra,
Hooghly (W. Bengal)-712248
Tel. 033-26721448/1497, Fax. 91-33-26722270
E.mail-pclsuper@vsnl.net

Address for Correspondence :

Registered Office :

14, Netaji Subhas Road, Kolkata-700001
Tel. 033-22300771(3lines), Fax. 91-33-22436236
E.Mail-phosphate@vsnl.net

Registrar and Share Transfer Agents :

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane (Surendra Mohan Ghosh Sarani),
2nd Floor, Kolkata – 700 001
Tel : (033) 2243 5809, 2248 2248, Fax : (033) 2247 4787
E-mail: mdpl@cal.vsnl.net.in.

THE PHOSPHATE COMPANY LIMITED

**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 - 700001.
Tel : 033-22300771-3, Fax : 033-22436236
Mob : 09681096817, Email : phosphate@vsnl.net

Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement.

To
The Members of
The Phosphate Co. Ltd.

We have examined the compliance of conditions of Corporate Governance by The Phosphate Co. Ltd., for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BATLIBOI, PUROHIT & DARBARI

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

Place : Kolkata
Date : 28th May, 2013

THE PHOSPHATE COMPANY LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF THE PHOSPHATE COMPANY LIMITED

We have audited the accompanying Financial Statements of THE PHOSPHATE COMPANY LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a. in the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2013,
 - b. in the case of the Profit and Loss Account of the loss for the year ended on that date and,
 - c. in the case of Cash Flow Statement of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of the written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For BATLIBOI, PUROHIT & DARBARI

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

Kolkata

Dated : 28th May, 2013

THE PHOSPHATE COMPANY LIMITED

The Annexure referred to in paragraph 1 of Our Report of even date to the members of THE PHOSPHATE COMPANY LIMITED on the accounts of the Company for year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
c. In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c. In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. a. The Company has taken inter-corporate loan unsecured from a party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 7,09,00,000/- and the year-end balance of inter corporate loan from such parties was Rs. 5,30,00,000/-. The Company has not granted any loan to any body covered in the register maintained under Section 301 of the Companies Act, 1956.
b. In our opinion, the rate of interest and other terms and conditions on which inter corporate loans has been taken from a Company, is not prima facie, prejudicial to the interest of the Company.
c. The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us there is generally adequate internal Control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a. Based on our audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
b. As per information and explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does exceed five lacs rupees in a financial year and were found to be reasonable.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information and explanations given by the management, the Company has an internal audit system commensurate with the size and nature of its business.
8. As per information and explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March 2013 for a period of more than six months from the date they became payable.
b. According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any dispute.
10. The Company has accumulated loss and has incurred cash loss during the financial year covered by our audit but not immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management we are of the opinion that the Company has not defaulted in repayment of dues to to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to the information and explanations given to us, the Company does not deal or trade in Shares, Mutual funds and other investments.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. We have been informed by the management that the funds raised on short-term basis have not been used for long-term investments and vice-versa.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the company has made preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For BATLIBOI, PUROHIT & DARBARI
Firm Reg. No. 303086E
Chartered Accountants
HEMAL MEHTA
Partner
Membership No. : 063404

Place : Kolkata
Date : 28th May, 2013

THE PHOSPHATE COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Schedule	31st March, 2013 ₹	31st March, 2012 ₹
EQUITY & LIABILITIES			
SHAREHOLDERS FUND			
Share Capital	2	3,60,74,800	1,73,24,800
Reserves & Surplus	3	4,82,57,730	3,88,27,147
Non-current liabilities			
Long-Term Liabilities	4	9,89,86,758	13,26,06,642
Long Term Provisions	5	27,28,599	20,96,581
Current Liabilities			
Short Term Borrowings	6	24,70,86,493	22,94,42,169
Trade Payables		15,09,18,687	5,84,24,357
Other Current Liabilities	7	70,79,641	64,75,249
	Total	59,11,32,708	48,51,96,945
ASSETS			
Fixed Assets			
Tangible Assets	8	15,62,85,743	11,28,48,329
Capital Work-in-Progress		—	2,88,41,679
Non-Current Investments	9	26,000	26,000
Deferred Tax Assets (Liabilities)	10	61,14,531	(21,94,783)
Long Term Loans and Advances	11	48,02,134	67,05,741
Current Assets			
Inventories	12	9,12,51,583	5,32,71,009
Trade Receivables	13	27,93,51,724	25,57,54,692
Cash and Cash Equivalents	14	3,79,57,437	1,79,11,255
Short Term Loans and Advances	15	1,53,43,556	1,20,33,023
	Total	59,11,32,708	48,51,96,945

Significant Accounting Policies

Notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For **BATLIBOI, PUROHIT & DARBARI**

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

7, Waterloo Street, Kolkata 700 069

Dated : 28th May, 2013

M. D. DAMANI
Director & Secretary

SURESH KUMAR BANGUR
Executive Director

BINOD KHAITAN
Director

THE PHOSPHATE COMPANY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
INCOME			
Revenue from Operations			75,28,96,769
Sales of Products and Subsidy thereon		62,23,30,939	<u>32,78,556</u>
Less : Excise Duty		37,06,402	<u>74,96,18,213</u>
		61,86,24,537	<u>5,53,534</u>
Other Income	16	11,01,518	<u>75,01,71,747</u>
	Total	61,97,26,055	<u>75,01,71,747</u>
EXPENSES			
(Increase)/Decrease of Finished Goods	17	(2,88,04,985)	3,40,25,073
Cost of Materials Consumed	18	48,48,88,458	53,31,36,740
Goods Purchase for Trading		24,30,307	—
Employees Benefits Expense	19	1,60,63,017	1,31,79,038
Manufacturing & Other Expenses	20	11,92,57,956	<u>11,10,65,156</u>
	Total	59,38,34,753	<u>69,14,06,007</u>
Profit before Interest, Depreciation & Tax (EBIDTA)			
Finance Cost	21	2,58,91,302	5,87,65,740
Depreciation		4,42,04,869	3,68,42,618
Less : Transfer from Revaluation Reserve		5,60,768	52,03,134
		56,93,510	<u>5,60,768</u>
		(2,40,07,077)	1,72,80,756
Profit before extraordinary items			
Extraordinary items		—	—
Share Issue Expenses		2,93,913	—
Profit before Tax		(2,43,00,990)	1,72,80,756
Tax Expense :			
Current Tax	22	—	—
Earlier year Tax Provision		2,66,973	—
Deferred Tax		(83,09,314)	<u>12,88,670</u>
		(1,62,58,649)	<u>1,59,92,086</u>
Profit for the year			
Earnings per Equity Share of Rs. 10 Basic and Diluted	23	(9.11)	9.23
Significant Accounting Policies	1		

Notes referred to above form an integral part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our Report of even date.

For **BATLIBOI, PUROHIT & DARBARI**

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

7, Waterloo Street, Kolkata 700 069

Dated : 28th May, 2013

M. D. DAMANI
Director & Secretary

SURESH KUMAR BANGUR
Executive Director

BINOD KHAITAN
Director

THE PHOSPHATE COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

	31st March, 2013		31st March, 2012	
	₹	₹	₹	₹
A. Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary Items :		(2,40,07,077)		1,72,80,756
Adjustments for :				
Depreciation	56,93,510		46,42,366	
Fixed Assets	(93,111)		(1,99,742)	
Interest / Dividend	3,95,65,410	4,51,65,809	3,52,77,555	3,97,20,179
Operating Profit before Working Capital Changes		2,11,58,732		5,70,00,935
Adjustments for :				
Trade and other Receivables	(2,63,33,393)		(14,79,20,900)	
Inventories	(3,79,80,574)		3,43,91,677	
Trade Payable	9,30,98,722	2,87,84,755	(2,80,33,752)	(14,15,62,975)
Cash generated from Operations		4,99,43,487		(8,45,62,040)
Interest paid	(4,17,79,710)		(3,61,48,085)	
Direct Tax paid	10,62,462		(1,54,011)	
Deferred Revenue	(2,93,913)	(4,10,11,161)	—	(3,63,02,096)
Cash Flow before extra ordinary items		89,32,326		(12,08,64,136)
Net cash flow from operating activities		89,32,326		(12,08,64,136)
B. Cash Flow from investing activities				
Purchase of Fixed Assets	(2,10,14,102)		(3,47,02,351)	
Sales of fixed assets	2,57,200		62,24,085	
Interest Received	22,14,300		8,70,530	
Net Cash used in Investing Activities		(1,85,42,602)		(2,76,07,736)
C. Cash Flow from financing activities				
Proceeds from issue of Share Capital	4,50,00,000		—	
Proceeds from long term / short term Borrowing	(1,53,43,542)		15,20,60,801	
Net Cash used in financing activities		2,96,56,458		15,20,60,801
Net increase in cash and cash equivalents		2,00,46,182		35,88,929
Cash and cash equivalents as at 1-4-12 (Opening balance)		1,79,11,255		1,43,22,326
Cash and cash equivalents as at 31-3-13 (Closing balance)		3,79,57,437		1,79,11,255

This is the Cash Flow Statement referred to in our Report of even date

For **BATLIBOI, PUROHIT & DARBARI**

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

7, Waterloo Street, Kolkata 700 069

Dated : 28th May, 2013

M. D. DAMANI

Director & Secretary

SURESH KUMAR BANGUR

Executive Director

BINOD KHAITAN

Director

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies :

i. Basis of Accounting :

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the Provisions of the Companies Act, 1956 and the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956. Accounting policies have been followed consistently.

ii. Fixed Assets & Depreciation :

Depreciation on Fixed Assets have been charged to Accounts on Written Down Value Method except on Plant & Machinery installed during the financial year 1980-81 onwards on Straight Line Method in accordance with the rate specified in Schedule XIV (as amended) of the Companies Act, 1956.

iii. Investments :

Investments are stated at Cost unless there is a permanent diminution in Value.

iv. Inventories valuation :

Raw materials, Stores & Spare Parts and Packing Materials at Cost; Finished Goods at Cost or net realisable value whichever is lower.

v. Sales :

Sales at invoice value (including Excise, VAT Freight on fertiliser) & Subsidy.

vi. Retirement Benefit :

- a) The Company contributes to E.P.F.O and approved Gratuity Fund.
- b) Leave Encashment benefit accrued on retirement / superannuation of employees is provided on actuarial basis.

vii. Foreign Currency transaction :

Transactions in foreign exchange are accounted at the exchange rates prevailing on the date of the transactions. The expenses / gains on account of exchange difference on payment is recognised in the Profit & Loss Account.

	31st March, 2013 ₹	31st March, 2012 ₹		
2a. SHARE CAPITAL				
AUTHORISED				
1,00,00,000 Equity Shares of Rs. 10/- each (Previous year 50,00,000 Equity Shares of Rs. 10/- each)	10,00,00,000	5,00,00,000		
ISSUED, SUBSCRIBED & PAID UP :				
3607480 Equity Shares of Rs. 10/- each (of the above 9,84,360 Equity Shares allotted as fully paid-up by way of Bonus Shares by capitalisation of Share Premium & General Reserve and 1875000 shares allotted on preferential allotment against cash)	3,60,74,800	1,73,24,800		
TOTAL	3,60,74,800	1,73,24,800		
b. The details of the shareholders holding more than 5% shares				
Name of the Shareholder	No.	%	No.	%
Carwin Trading Pvt. Ltd.	210000	5.82	Nil	
Devi Prasad Taparia	200000	5.54	Nil	
Life Insurance Corporation of India	189240	5.25	189240	10.92%
Joonktolle Tea & Industries Ltd.	138680	4.16	138680	8.00

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013 ₹	31st March, 2012 ₹
c. Reconciliation of the number of shares outstanding at the end of the year		
Equity shares at the beginning of the year	17,32,480	17,32,480
Add : Shares Issued	18,75,000	Nil
Less : Shares Buy Back	Nil	Nil
Equity shares at the end of the year	36,07,480	17,32,480
3. RESERVES & SURPLUS		
a. Reserve on Revaluation of Fixed Assets		
As per last Balance Sheet	1,50,95,259	1,56,56,027
Less : Transferred to Profit & Loss A/c.	5,60,768	5,60,768
Sub-total	<u>1,45,34,491</u>	<u>1,50,95,259</u>
b. General Reserve		
As per last Balance Sheet	1,65,35,533	1,65,35,533
Sub-total	<u>1,65,35,533</u>	<u>1,65,35,533</u>
c. Security Premium		
Received during the year	2,62,50,000	—
Sub-total	<u>2,62,50,000</u>	<u>—</u>
d. Profit & Loss Account		
As per last Balance Sheet	71,96,355	(87,95,731)
Add : Profit (loss) for the year	(1,62,58,649)	1,59,92,086
Sub-Total	<u>(90,62,294)</u>	<u>71,96,355</u>
Total	<u>4,82,57,730</u>	<u>3,88,27,147</u>
4. Long Term Liabilities :		
Secured Loans :		
a. Corporate Term Loan from a Bank	—	87,50,000
b. Vehicle Loans from Banks	2,53,120	6,60,004
a) Secured by equitable mortgage of immovable property and exclusive first charge on fixed assets & pari passu second charge on Current Assets		
b) Secured by first charge by way of hypothecation of cars purchased under the scheme		
Terms of repayment – equal monthly instalments over the term of loans		
Unsecured Loans		
(Repayable latest by December 2015)		
From Limited Companies	9,00,00,000	11,45,00,000
Dealers Deposits	87,33,638	86,96,638
Total	<u>9,89,86,758</u>	<u>13,26,06,642</u>
5. LONG TERM PROVISIONS		
Provisions for Leave Encashment	27,28,599	20,96,581
Total	<u>27,28,599</u>	<u>20,96,581</u>

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013	31st March, 2012
	₹	₹
6. SHORT TERM BORROWINGS		
Secured		
Cash Credit from Banks	12,96,60,578	7,19,75,542
Buyers Credit in Foreign Currency from Banks (Secured by hypothecation by way of pari-passu first charge of all existing and future stocks of Raw Materials, Finished Goods, Stores, present and future Book Debts and colaterally pari-passu second charge on fixed assets and equitable mortgage on immovable property)	1,87,25,915	3,91,66,627
Unsecured		
From Limited Companies	9,87,00,000	11,83,00,000
Total	<u>24,70,86,493</u>	<u>22,94,42,169</u>
7. OTHER CURRENT LIABILITIES		
Interest accrued but not due	-	1,35,721
Interest accrued and due	70,35,957	62,95,844
Dividend unpaid / unclaimed	43,684	43,684
Total	<u>70,79,641</u>	<u>64,75,249</u>

8. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March 2012	Additions	Sales/ Adjustments	As at 31st March 2013	Upto 31st March 2012	For the period	Sales/ Adjust-ment	Upto 31st March 2013	As at 31st March 2013	As at 31st March 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
TANGIBLE ASSETS										
Land	52,70,000	—	—	52,70,000	—	—	—	—	52,70,000	52,70,000
Buildings	4,05,15,225	97,21,996	3,08,934	4,99,28,287	2,07,78,002	16,30,999	1,44,845	2,22,64,156	2,76,64,131	1,97,37,223
Plants & Machinery	16,00,38,739	3,99,77,992	—	20,00,16,731	7,37,93,730	42,41,904	—	7,80,35,634	12,19,81,097	8,62,45,009
Computer	18,35,983	1,30,818	—	19,66,801	16,65,651	56,314	—	17,21,965	2,44,836	1,70,332
Water & Acid Installations	1,88,449	—	—	1,88,449	1,86,030	371	—	1,86,401	2,048	2,419
Laboratory Equipments	1,23,005	12,000	—	1,35,005	91,714	4,426	—	96,140	38,865	31,291
Furniture & Fittings	21,80,272	—	—	21,80,272	18,09,575	56,770	—	18,66,345	3,13,927	3,70,697
Motor Cars & Trucks	20,28,686	—	—	20,28,686	10,15,669	2,62,270	—	12,77,939	7,50,747	10,13,017
Electric Installations	3,55,631	12,975	—	3,68,606	3,47,290	1,224	—	3,48,514	20,092	8,341
	21,25,35,990	4,98,55,781	3,08,934	26,20,82,837	9,96,87,661	62,54,278	1,44,845	10,57,97,094	15,62,85,743	11,28,48,329
Plant Under Erection	—	—	—	—	—	—	—	—	—	2,88,41,679
TOTAL	21,25,35,990	4,98,55,781	3,08,934	26,20,82,837	9,96,87,661	62,54,278	1,44,845	10,57,97,094	15,62,85,743	14,16,90,008
PREVIOUS YEAR	23,22,57,814	58,60,672	2,55,82,496	21,25,35,990	11,40,42,680	52,03,134	1,95,58,153	9,96,87,661	11,28,48,329	11,82,15,134

Gross Block of Fixed Assets includes Rs. 3,02,17,953/- (Previous year Rs. 3,02,17,953/-) on account of revaluation carried out in 1985. Consequent to the said revaluation there is additional charge of depreciation of Rs. 5,60,768/- (Previous year Rs. 5,60,768/-) and equivalent amount has been withdrawn from Revaluation Reserve & Loss account. This has not impact on profit for the year.

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013 ₹	31st March, 2012 ₹
9. NON-CURRENT INVESTMENTS		
Other than trade - In Government or Trust Securities :		
6 year National Savings Certificate (VIII Issue) deposited as Security with Collector of Customs	6,000	6,000
6 year National Savings Certificate (VIII Issue) deposited as Security with Sales Tax Department, Udaipur	20,000	20,000
Total	<u>26,000</u>	<u>26,000</u>
10. DEFERRED TAX		
Deferred Tax Asset		
Lossed / Unabsorbed depreciation under Income Tax	2,73,64,903	1,59,72,217
Deferred Tax Liability		
Related to time difference of Depreciation on fixed assets	2,12,50,372	1,81,67,000
Total	<u>61,14,531</u>	<u>(21,94,783)</u>
11. LONG TERM LOANS & ADVANCES		
(Unsecured considered good)		
Security Deposits	42,86,185	48,60,357
Advance for Taxation (net of provisions) Rs. NIL, previous year Rs. 10,12,705)	5,15,949	18,45,384
Total	<u>48,02,134</u>	<u>67,05,741</u>
12. INVENTORIES		
(As valued and certified by the Management)		
Raw materials	4,11,45,013	3,43,65,801
Packing Materials	13,03,385	6,14,077
Stores & Spare Parts	1,29,43,350	1,14,84,120
Finished Goods	3,58,59,835	68,07,011
Total	<u>9,12,51,583</u>	<u>5,32,71,009</u>
13. TRADE RECEIVABLES		
(Unsecured considered good)		
Outstanding for a period exceeding six months	229	4,06,466
Below six months	6,25,02,286	2,12,44,951
Subsidy from Central Government	21,68,49,209	23,41,03,275
Total	<u>27,93,51,724</u>	<u>25,57,54,692</u>

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013	31st March, 2012
	₹	₹
14. CASH & CASH EQUIVALENTS		
Balances with Bank :		
Current A/c.	67,858	47,884
Unpaid Dividend	43,684	43,684
Fixed Deposit A/c. (pledged against margin/guarantee)	3,71,79,125	1,74,51,900
Cash on hand	6,66,770	3,67,787
Total	<u>3,79,57,437</u>	<u>1,79,11,255</u>
15. SHORT TERM LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advance recoverable in Cash or in kind or for value to be received	1,50,48,475	1,17,78,633
Advance with Central Excise	2,95,081	2,54,390
Total	<u>1,53,43,556</u>	<u>1,20,33,023</u>
16. OTHER INCOME		
Profit on Sale of Fixed Assets	93,111	1,99,742
Scrap Sales	10,08,407	3,53,792
Total	<u>11,01,518</u>	<u>5,53,534</u>
17. INCREASE/(DECREASE) IN FINISHED GOODS		
Closing stock	3,58,59,835	68,07,011
Less : Opening Stock	(68,07,011)	(4,09,70,248)
Balance	2,90,52,824	(3,41,63,237)
Add : Increase / (Decrease) in Excise Duty	(2,47,839)	1,38,164
Total	<u>2,88,04,985</u>	<u>(3,40,25,073)</u>
18. COST OF MATERIALS CONSUMED		
Raw Materials		
Rock Phosphate	35,39,47,018	37,43,95,429
Sulphuric Acid	10,14,06,826	11,89,38,637
Spend Acid	1,40,61,757	2,21,74,416
Others	22,30,200	16,86,168
Packing Materials	1,32,42,657	1,59,42,090
Total	<u>48,48,88,458</u>	<u>53,31,36,740</u>

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013 ₹	31st March, 2012 ₹
19. EMPLOYEE BENEFITS EXPENSES		
Salary, Wages, Bonus, Gratuity etc.	1,31,07,041	1,18,19,287
Staff Welfare	17,09,469	12,54,481
Contribution to :		
Provident & Other Funds	11,03,783	9,04,809
Employees State Insurance	1,42,724	84,587
Total	1,60,63,017	1,40,63,164
20. MANUFACTURING & OTHER EXPENSES		
Payment to Auditors :		
Audit Fee	28,090	28,090
Certification Fee	47,752	39,233
Tax Audit Fee	11,236	11,236
Brokerage & Commission	—	4,01,600
Charity & Donation	—	3,500
Consumption of Stores and Spares	90,73,872	73,54,627
Director's Fees	2,17,304	90,000
Distribution Expenses	1,37,24,667	80,74,120
Freight, Delivery	3,94,49,931	4,87,07,338
Packing Expenses	40,47,370	30,74,866
Information & Technology Expenses	20,772	39,827
Insurance	3,26,147	2,57,352
Legal & Consultancy Expenses	3,23,029	1,92,820
Manufacturing & Supervision Charges	50,63,921	37,21,354
Miscellaneous Expenses	29,75,679	27,00,927
Motor Vehicle Expenses	4,89,058	3,39,412
Other Maintenance	21,60,525	21,61,690
Power and Fuel	1,61,33,152	1,41,08,347
Rates and Taxes	8,79,629	8,81,229
Rent	36,25,788	2,10,000
Repairs to Building	8,20,015	7,93,803
Repairs to Machinery	11,32,475	13,64,773
Sales Tax of Earlier years	—	9,87,609
VAT & CST	1,82,00,216	1,48,99,643
Excise Duty on Sale (Rake Point)	5,07,328	—
Total	11,92,57,956	11,04,43,396

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013	31st March, 2012
	₹	₹
21. FINANCE COST		
Interest	4,17,79,710	3,72,71,223
Less : Received	(22,14,300)	(19,93,668)
	<u>3,95,65,410</u>	<u>3,52,77,555</u>
Bank Charges	37,45,382	17,91,730
Other Charges	6,82,864	4,81,885
Foreign Exchange Rate Difference Loss / (Gains)	2,11,213	(7,08,552)
Total	<u>4,42,04,869</u>	<u>3,68,42,618</u>
22. CURRENT TAX		
In view of brought forward losses and unabsorbed depreciation, there is no current tax payable		
23. EARNING PER SHARE (EPS)		
Net Profit after tax as per Statement of Profit & Loss attributable to Equity Shareholders	(1,62,58,649)	1,59,92,086
Weighted Average number of Equity Shares used as denominating for calculating EPS	36,07,480	17,32,480
Basic and Diluted earning per share	(9.11)	9.23
Face Value per Equity Share	10.00	10.00
24. COMMITMENT		
Commitment of Capital Expenditure not provided for in the accounts estimated at Rs. 22,00,000/- (Previous year Rs. 67,00,000/-)		
25. CONTINGENT LIABILITIES		
Contingent Liabilities not provided for in respect of :		
i. Guarantee Rs. 1,99,660/- (Previous year Rs. 1,99,660/-)		
ii. Income Tax matter under appeal Rs. 2,71,910/- in respect of TDS short deposit for A.Y. 2007-08 before C.I.T. (A). (Previous year Rs. 51,22,889/- for Income Tax A.Y. 2006-07 for Income Tax Assessment.)		
26. SATISFACTION OF CAR LOAN		
Petition is pending with Company Law Board, Kolkata Bench		

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013	31st March, 2012
	₹	₹
27. DISCLOSURE AS PER AS15 (REVISED)		
	Gratuity (Funded)	Leave Encashment (Non Funded)
Valuation of Obligations at the beginning of the year	57,97,038	20,96,581
Expected Return on Plan Asset	4,63,920	—
Interest Cost	4,61,686	1,56,948
Current Service Cost	3,34,904	70,296
Benefits Paid	(51,923)	(2,69,467)
Actuarial Gain / (Loss)	9,31,340	6,74,241
Value of Plan Asset at year end	74,89,000	—
Value of Obligation at the end of the year	74,73,045	27,28,599
Balance recognised in the accounts	74,73,047	27,28,599
28. EXPENDITURE IN FOREIGN CURRENCY		
Purchase of Raw Materials (C & F value)	29,10,96,358	32,26,54,393
29. VALUE OF RAW MATERIALS, STORES & SPARE PARTS CONSUMED		
a. Raw Materials	%	%
Imported	75.05	35,39,47,017
Indigenous	24.95	11,76,98,784
b. Stores & Spare Parts		
Imported	—	—
Indigenous	100.00	90,73,872
		72.39 37,43,95,429
		27.61 14,27,99,221
		100.00 73,54,627
30 A. DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES (AS-18)		
(a) Name of Key Management Personnel		
i. Shri Suresh Kumar Bangur — Executive Director		
ii. Shri M. D. Damani — Director & Secretary		
(b) Remuneration paid to Key Management Personnel		
Salaries	16,71,900	5,31,900
Contribution to Provident Fund & Superannuation Policy	4,48,467	1,41,320
Other Perquisites	6,40,379	1,67,525

THE PHOSPHATE COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTD.)

	31st March, 2013 ₹	31st March, 2012 ₹	
B. TRANSACTION WITH ASSOCIATES / RELATED PARTIES			
	Loan Received in lacs	Loan Repaid in lacs	Interest Paid in lacs
a. Art Finance & Trade Pvt. Ltd. (Previous year)	164.00 31.00	136.00 69.15	14.89 4.27
b. Abhinandan Goods Pvt. Ltd. (Previous year)	Nil N.A.	6.00 N.A.	0.55 N.A.
c. Kettlewell Bullen & Co. Ltd. (Previous year)	Nil 330.00	Nil 100.00	31.05 9.32
d. Madhav Trading Corporation Ltd. (Previous year)	100.00 100.00	Nil Nil	23.01 0.37
e. Credwyn Holdings Pvt. Ltd. (Previous year)	125.00 Nil	75.00 Nil	8.77 Nil

31. In absence of informations relating to micro small and medium enterprises, information relating to current indebtedness as required under Schedule VI, Part I of the Companies Act, 1956 are not ascertainable.

32. FOREIGN CURRENCY EXPOSURE

The Company, commensurate with its forex risk management policy towards imports, buyers credit and import contracts enters into foreign currency forward contracts and currency options contracts to manage its exposure in foreign exchange rate variations.

Outstanding exposure and hedging thereof as on 31.03.2013 are as follows :

Particulars	Amount US\$	Amount US\$
I Exposure		
a. Payable for imports made	38,47,400	7,56,000
b. Payable for buyers credit availed	3,41,231	7,81,527
c. Payable for import contract executed	—	9,87,000
II Hedging		
a. Forwards Futures purchased	21,62,000	13,85,000
b. Call Options purchased	14,60,000	4,59,00

33. Previous year's figures have been rearranged and regrouped wherever necessary.

Signatures to the notes on Accounts.

For **BATLIBOI, PUROHIT & DARBARI**

Firm Reg. No. 303086E

Chartered Accountants

HEMAL MEHTA

Partner

Membership No. : 063404

7, Waterloo Street, Kolkata 700 069

Dated : 28th May, 2013

M. D. DAMANI
Director & Secretary

SURESH KUMAR BANGUR
Executive Director

BINOD KHAITAN
Director



THE PHOSPHATE COMPANY LIMITED

Registered Office : 14, N. S. Road, Kolkata-700 001

NAME AND ADDRESS

[Empty box for Name and Address]

ANNUAL GENERAL MEETING ON 12.08.2013 at 11.30 A.M.
Somany Conference Hall
MCC Chamber of Commerce
15B, Hemant Basu Sarani,
Kolkata - 700 001.

ADMISSION SLIP

PLEASE HAND OVER THIS ADMISSION SLIP AT THE ENTRANCE OF THE MEETING HALL

FOLIO NO. : DP ID : CL ID NO. :	HOLDING
---------------------------------------	---------

<input type="checkbox"/> MEMBER	<input type="checkbox"/> PROXY
NAME OF THE PROXY (IN CAPITAL LETTERS)	

I hereby register my presence at the meeting.

Signature of the Member/Proxy

THE PHOSPHATE COMPANY LIMITED

Registered Office : 14, N. S. Road, Kolkata-700 001

I/We.....
.....
of

PROXY FORM

FOLIO NO. : DP ID : CL ID NO. :	HOLDING
---------------------------------------	---------

in the district of being a member/members of **The Phosphate Co. Ltd.**
hereby appoint of
in the district of
or failing him of
in the district of
as my / our Proxy to vote for me / us on my / our behalf on the Annual General Meeting of the Company to be held on Monday, the 12th August, 2013 and at any adjournment thereof

Signed this day of2013

PROXY FORM MUST REACH COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING

AFFIX REVENUE STAMP

FOR OFFICE USE ONLY

PROXY NO.	DATE OF RECEIPT

Signature

BOOK-POST

If undelivered please return to :

THE PHOSPHATE COMPANY LIMITED

14, Netaji Subhas Road, 3rd floor
Kolkata - 700 001