

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DEV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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10th
Annual Report
1996-97



Liberty Phosphate Ltd.





LIBERTY PHOSPHATE LTD.

BOARD OF DIRECTORS

Chairman Emeritus	Shri R. D. Dhanani
BOARD OF DIRECTORS	Shri R. R. Dhanani Chairman & Managing Director
	Shri D. K. Gadia Executive Director
	Shri B. K. Parikh Nominee Director
	Shri Vinit. J. Shah Director
	Shri R. D. Yadav Director
	Shri D. D. Trivedi Director
	Shri A. R. Shingewar Director
	Shri O. P. Trehun Director

REGISTERED OFFICE & FACTORY	74/75, G.I.D.C. Nandesari - 391 340. Dist. Baroda.(Gujarat)
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HEAD OFFICE	18, Kailash Darshan, 5th Floor, Nr. Kennedy Bridge, Nana Chowk, Grant Road, Bombay - 400 011.
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STATUTORY AUDITORS	M/s. V. Shah & Associates, Chartered Accountants, Behind Niraj Clinic, Nr. World Trade Centre, Sayajigunj, Baroda. - 390 005.
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BANKERS	Canara Bank, Roapura Branch, Baroda-390 001.
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CONTENTS

Item	Page No.	Item	Page No.
Notice	2-7	Notes on Accounts	19-23
Directors Report	8-10	General Business Profile	24
Auditor's Report	11-12	Cash Flow Statement	25
Balance Sheet	13	Statement of Subsidiary U/S 212	26
Profit and Loss Account	14	Document of Subsidiary Company	27-42
Schedules	15-19	Attendance Slip & Proxy	43



LIBERTY PHOSPHATE LTD.

NOTICE

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday, the 27th March, 1998 at 4.30 p.m. at the Registered Office at 74/75 GIDC, Nandesari 391 340, Dist. Baroda (Gujarat), to transact the following business:

ORDINARY BUSINESS:

1. To receive consider and adopt the audited Profit & Loss Account for the year ended 30th September, 1997 and the Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri D.K. Gadia who retires by rotation, but being eligible, offer himself for reappointment.
3. To appoint a Director in place of Shri Vinit J. Shah who retires by rotation, but being eligible, offer himself for re-appointment.
4. To declare a dividend on Equity Shares.
5. To appoint Joint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. Re-appointment of Shri R.R. Dhanani as a Managing Director.
To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED that pursuant to Sections 269,309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approve of the reappointment and terms of remuneration of Shri R.R. Dhanani, Managing Director of the Company for a period of five years with effect from 19th May, 1998 upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said reappointment and/or Agreement in such manner as may be agreed to between the Directors and Shri Dhanani".

7. Appointment of Mr R.D. Yadav as a Technical Director: (Whole Time)
To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary resolution:**

RESOLVED THAT pursuant to Section 269 & 309 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the appointment of Mr. R. D. Yadav as Technical Director (Wholetime) of the Company for a period of Three years from 01.02.1998 upon the terms and conditions including remuneration and perquisites be and is hereby approved.

FURTHER RESOLVED THAT Board of Directors be given the liberty to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications or any enactment thereof, for the time being in force or any amendment and/or modifications that may hereafter be made thereto by the Central government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr R.D. Yadav as may be varied by the General Meeting."

8. Increase in remuneration of Shri D.K. Gadia, as an Executive Director.
To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary resolution:**

"RESOLVED THAT pursuant to the provisions of Section 310, and any other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the conditions specified in Schedule



LIBERTY PHOSPHATE LTD.

XIII of the Companies Act, 1956, consent of the Company is hereby accorded to increase the remuneration of Shri D.K. Gadia, Director, to Rs. 25,000/- per month along with existing perquisites w.e.f.01.02.1998. Other terms and conditions remains unchanged.

FURTHER RESOLVED that Board of Directors be given the liberty to alter and vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications or any enactment thereof, for the time being in force or any amendment and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. D.K. Gadia as may be varied by the General Meeting."

9. Issue of Equity Shares upto Rs.207 lacs by way of rights and/or on Private Placement basis including to NRI/OBCS/FIIS etc.

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special resolution** :

"RESOLVED THAT in accordance with the provisions of Sections 81 & 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board to issue/offer Equity shares upto Rs.207 lacs with or without detachable or non detachable warrants or any other financial instruments (hereafter by brevity's sake referred to as the "Securities") as the Board at its sole discretion may at any time or times hereafter decide, to the Members, Employees, Non-Resident Indians, Overseas Corporate Bodies (OBCs), foreign Institutional Investors (FIIs) Companies, other entities/authorities and to such other persons, whether through public issue, rights issue (to the existing members at the time of book closure, private placement, exchange of securities, conversion of loans or otherwise and for general corporate purposes including capital expenditure, working capital requirements, or any other reorganisation as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, at such price or prices, as the Board or Committee there of may in its absolute discretion think fit, in consultation with the lead managers, underwriters, advisors and such other persons, and on such terms and conditions including the number of shares to be issued, the ratio of exchange of shares and/or Warrants and fixing of record date or book closure and related or incidental matters.

RESOLVED FURTHER THAT such of these Securities to be issued, as are not subscribed may be disposed of the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.

"FURTHER RESOLVED THAT Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters, and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors



LIBERTY PHOSPHATE LTD.

of the Company be and they are hereby authorised and shall be deemed to have always been so authorised to borrow from time to time money's (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) for the purpose of the Company in excess of the aggregate of the paid-up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose), provided that the total amounts of such borrowings together with the amount already borrowed and outstanding shall not exceed Rs.50 crores (rupees fifty crores only).

Date: 24.1.98

Place: Regd. Office: 74/75 GIDC

Nandesari 391 340

Dist. Baroda (Gujarat)

By Order of the Board of Directors,
For LIBERTY PHOSPHATE LTD.,

Y. L. SINDHWAD

Company Secretary

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) Members are requested to notify immediately changes in their address, if any, to the Company.
- c) The Register of Members will remain closed from 2nd April 1998 to 12th April 1998 (both the days inclusive).
- d) Members are requested to bring their copy of the annual report as no copy will be distributed in the Annual General Meeting.
- e) The dividend as recommended by Directors, if approved in the Annual General Meeting shall be paid to those Members whose name appears on the Register of Members as on 2nd April, 1998.
- f) The relative Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item No. 6-10 above, are annexed hereto.

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as "the Act" the following Explanatory Statements set out all material facts relating to the business mentioned under item Nos.6 to 10 of the accompanying Notice, dated 24.1.98.

ITEM NO. 6 :

Shri R.R. Dhanani was reappointed as a Managing Director of the Company for a period of five years with effect from 19.05.93. Having regard to Shri R.R. Dhanani's performance till date, the Board of Directors of the Company at its meeting held on 24.1.98 has re-appointed him as Managing Director for a further period of 5 years with effect from 19th May, 1998.

The Agreement to be entered into between the Company and Shri R.R. Dhanani contains the following broad terms and conditions, which are in accordance with Schedule XIII to the Companies Act, 1956:

REMUNERATION :

Part - I : Payable when the company has adequate profits:

Remuneration, by way of salary, Dearness allowance perquisites and other allowances payable monthly as decided by the Board of Directors and commission, which together shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together.



LIBERTY PHOSPHATE LTD.

Part - II : Payable when the Company has no profits or inadequate profits:

SALARY

1. Rs.72,000/- (rupees seventy two thousand only) per month including salary, dearness allowance, and all other Allowances.

PERQUISITES

CATEGORY - A :

- i Fully furnished rent free residential accommodation with gas, water, electricity. The monetary value whereof to be evaluated as per Income Tax rules or House Rent Allowance in lieu thereof subject to a maximum of 50% of salary over and 10% payable by the Managing Director himself./
- ii. Personal Accident Insurance of an amount of Annual Premium of which does not exceed Rs.1,000/-
- iii Leave Travel Assistance for self, wife & dependents once in a year to and fro any place in India subject to conditions that only actual fares be reimbursed.
- iv Reimbursement of expenses for medical treatment, hospitalisation for self, wife and minor children the total cost of which to the company shall not exceed one months' salary in a year or three months' salary over a period of three years.
- v Fees of clubs subject to a maximum of two clubs.

CATEGORY - B :

- i Company's contribution towards the Provident Fund as per rules of the Company but not exceeding 12% of Annual Salary.
- ii Company's contribution to pension/ Superannuation as per the Income Tax Act.
- iii Gratuity not exceeding 1/2 month's salary for each completed year of services subject to the limits prescribed under the Income Tax Act.

CATEGORY - C :

- i. Free use of the Company car with driver.
- ii. Free telephone at residence.

The appointment may be terminated at any time by either party giving to the other party six months notice.

This may be treated as an abstract under Section 302 of the Act of the terms of the remuneration payable to the Whole-time Managing Director.

The Agreement to be entered into with the Whole-time Managing Director is available for inspection at the Company's Registered Office at Nandesari, Dist. Baroda, and at the Corporate Office at Mumbai, on all working days between 11.00 am and 1.00 pm, except Saturdays, upto the date of the Annual General Meeting.

None of the Directors other than Shri R.R. Dhanani is deemed to be concerned or interested in the Resolution.

The Directors recommend adoption of this Resolution as an item No.6.

ITEM NO. 7 :

Mr. R.D. Yadav was appointed as Technical Director (Wholetime) with effect from 1.2.98 for a



LIBERTY PHOSPHATE LTD.

period of 3 years at the meeting of the Board of Directors held on 24.1.98

The terms and conditions of his appointment are as per Schedule XIII of the Companies Act, 1956.

Salary:

Salary of Rs 10000/- p.m.

Perquisites:

CATEGORY - A :

(a) Housing:

- I. Expenditure by the company on hiring furnished accommodation subject to a ceiling of 50% if salary over and above 10% payable by the Whole Time Director.
- II. If the accommodation is owned by the Company 10% of the salary of Wholetime Director shall be deducted by the Company.
- III. In case no accommodation is provided by the Company, Wholetime Director shall be entitled to House Rent Allowance not exceeding 50% of his Salary. Expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the income-tax Rules, 1962, subject to a ceiling of 10% of salary.

(b) Medical benefit:

Medical reimbursement for self and family subject to one month's salary in a year or three month's salary over a period of three years.

(c) Leave Travel Concession:

For self and family once in a year in accordance with the rules of the Company.

(d) Club Fees:

Annual fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.

(e) Personal Accident Insurance:

For self and family once a year in accordance with the rules of the Company.

CATEGORY - B :

Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent they are, either singly or put together not taxable under the Income-Tax Act, 1961, Gratuity payable shall not exceed half month's salary for each completed year of service.

CATEGORY - C :

The Company shall provide a car with driver and telephone at residence. Provision of Car and telephone at residence will not be considered as perquisites. Personal long distance call on telephone and use of car for private purpose shall be billed by the Company. Notwithstanding anything contained to the contrary herein contained wherein any Financial Year during the currency of the tenure of the Whole Time Director the company has no profits or its profits are inadequate the Company will pay salary and perquisites as specified above and in addition thereto perquisites not exceeding the limits specified under Section II of Schedule XIII of the Companies Act, 1956.

The appointment may be terminated at any time by either party giving to the other party three months notice.

The Whole Time Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or committees thereof.



LIBERTY PHOSPHATE LTD.

Mr. R. D. Yadav - B. Sc. has undergone training in Belgium in one of the most modern plant of Sodium Hydrosulphite in Europe and gained vast experience. He has also worked in different companies viz. Caustic Soda - Chloral, Hydrosulphite Industry, and Sulphuric Acid in different fields and he is associated with this Group since 1988, and he has contributed to the growth of the Company.

Your Company would certainly benefit from the experience of Mr. R.D. Yadav. Your Directors therefore strongly recommend that this resolution be passed.

A copy of Draft of Agreement to be entered into between the company and Mr .R.D. Yadav is open for inspection by the members of the Company during the normal business hours on all working days except Saturdays and Sundays at the Registered office of the company upto and inclusive of the date of the meeting.

This may be treated as an Abstract of Terms of Contract for the appointment of the Whole Time Director under the provisions of Sec.302(2) of the Companies Act, 1956.

None of the Directors except Mr R.D. Yadav is interested in the Resolution.

ITEM NO. 8 :

In terms of Section 198, 269, 309, 311, 314 Shri D. K. Gadia, was appointed as Executive Director of the Company w.e.f. 3.9.95 for a period of 5 years on basic salary of Rs. 15,000/- p.m. per month and other permissible perquisites with the approval of members in Annual General Meeting held on 9.10.95

Shri D.K. Gadia has made valuable contribution to the growth of the company, and also in line with general trend the Board of Directors in their meeting held on 24th January, 1998 had recommended for your approval revision in remuneration of Shri D.K. Gadia to Rs 25,000/- per month.

Except Shri D.K. Gadia, no other Directors of the Company are concerned or interested in the said Resolution.

ITEM NO. 9 :

Board of Directors vide their meeting held on 24.1.98 has decided to increase the Share Capital by way of right issue in the ratio of 1:2 at par and/or by way of Preferential offer on private placement basis pursuant to Section 81(A) of the Companies Act, 1956 subject to Shareholders permission.

Section 81 of the Companies Act, 1956 provides, inter alia that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the company in the manner laid down in Section 81 unless the shareholders in the General Meeting decide otherwise.

Accordingly, consent of the Shareholders is also being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 for offering shares other than to Shareholders.

The Directors recommend the resolution for approval of the shareholders.

All the Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to the Securities that may be offered to them on rights basis or otherwise and applied for and allotted to them.

Date: 24.1.98
Place: Regd. Office: 74/75 GIDC
Nandesari 391 340
Dist. Baroda (Gujarat)

By Order of the Board of Directors,
For LIBERTY PHOSPHATE LTD.,

Y. L. SINDHWAD
Company Secretary



LIBERTY PHOSPHATE LTD.

DIRECTORS' REPORT

To the Members

Your Directors are pleased to present 10th Annual Report of the company with the Audited account for the year ended 30th September, 1997 :

FINANCIAL RESULTS :

PARTICULARS	1996-97	1995-96
	(12 months) (Rs. in lacs)	(18 months) (Rs. in lacs)
Sales & Other Income	4794.66	4168.98
Gross Profit	666.46	568.71
Financial charges	420.42	334.05
Depreciation	31.30	38.25
Profit before tax	214.74	196.41
Taxation	-	15.9
Profit after tax	214.74	180.46
Add: Profit forward from previous year	200.43	57.01
Add: Excess Provision for Income Tax reversed.	1.00	-
Surplus available for appropriation	416.17	237.47
Appropriations :		
Proposed Dividend (Previous year subject to deduction of Tax)	32.87	27.04
Tax on Dividend	3.28	-
Transfer to General Reserve	11.00	10.00
Balance carried to Balance Sheet	369.02	200.43

02. DIVIDEND

The Company has recorded satisfactory progress both in turnover as well as in profits. However, in order to conserve resources for business needs, your Directors' recommend a Dividend of 9% for the year of 1996-97.

03. REVIEW OF OPERATION

During the year, the Company achieved a turnover of Rs.4756.12 Lacs, as against Rs.4143.20 lacs in the previous year. This represents an increase of 72.19% on annualised basis. The Net Profit of Rs.212.74 Lacs is higher by 76.83% as compared to previous year's profit of Rs.180.46 Lacs, on annualised basis. The overall improvement in performance is mainly due to higher productivity, better unit value realisation and overall cost control measures initiated by the company.

04. PERFORMANCE V/S PROJECTION

Projections and profitability which have been reported in the prospectus of the Company v/s.the actual performance of the Company for 1996-97 is given below :

Description	Projection for year 1996-97 (as on 31.3.97) (Rs in lacs)	Audited Financial Figures for 1996-97 (Rs in Lacs)
Sales & Other Income	1612.00	4756.12
Net profit after tax	111.78	214.74
Earning per share (in Rs.)	3.72	5.20

05. FUTURE PROSPECTS :

The demand of Single Super Phosphate is sprinting and is on the upswing due to - (a) Large number of states are in the process of becoming Sulphur deficient due to liberal application of Urea and SSP contains a high percentage of Sulphur which has boosted its demand; (b) demand has been going on unequally across the regions i.e., more in Western and Northern Zones as