

12TH ANNUAL REPORT 1998-99



LIBERTY PHOSPHATE LTD.



BOARD OF DIRECTORS

BOARD OF DIRECTORS

Shri R.R. Dhanani	Chairman & Managing Director
Shri Vinit. J. Shah	Director
Shri.R.D. Yadav	Director
Shri.A. R. Shingewar	Director
Shri.S. Z. Memon	Additional Director

COMPANY SECRETARY

Shri.Atul Acharya

REGISTERED OFFICE & FACTORY

74/75, G.I.D.C.
Nandesari - 391 340
Dist.Baroda (Gujarat)

HEAD OFFICE

18, Kailash Darshan, 5th floor,
Nr.Kennedy Bridge, Nana Chowk,
Grant Road,
MUMBAI - 400 011.

STATUTORY AUDITORS

M/s.V. Shah & Associates	M/s.K.L. Vyas & Company
Chartered Accountants,	Chartered Accountants
Behind Niraj Clinic,	42, Bapu Bazar, 2nd Floor,
Nr.World Trade Centre,	Udaipur - 313 001. (Raj.)
Sayajigunj,	
Baroda - 390 005.	

BANKERS

Canara Bank,
Raopura Branch,
Baroda-390 001.

Report

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NOTICE

Notice is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday the 31st day of March, 2000, at 4.30 p.m. at the Registered office of the company 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, 1999 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.A R. Shingewar who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Joint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT in accordance with the provisions of the Memorandum and Articles of Association of the Company and in terms of provisions of section 81 read with provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and other applicable provisions, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being, to which all or any of the powers hereby conferred on the Board by this Resolution, have been delegated) and subject to such other consents and approvals, if any, including those of Securities and Exchange Board of India (SEBI), Financial Institutions and/or Reserve Bank of India as may be required, and/or such terms and conditions as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, consent of the Company be and is hereby conferred to Board or any Committee thereof, to offer, issue and allot on preferential or private placement basis 30,00,000 equity shares of Rs.10/- each at a rate to be determined in accordance with the Securities and Exchange Board of India guidelines dated 4th August, 1994 and subsequent modifications, if any, thereto promoters and their nominees in such combination and on such terms as may be deemed appropriate by the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution and any offer, issue and allotment of Equity Shares or instruments representing them, the Board be and is hereby authorised to agree to and accept any modifications in the said proposal as may be required by the concerned Statutory Authorities for the said issue, determine the amount payable on application, allotment and further calls, if any, and, for the purpose of such offer, issue and allotment, to take such actions, give such directions and to do all such acts, deeds, things as may be necessary, desirable or incidental thereto and matters connected therewith including, but without limitation, entering into such arrangements and agreements as may be necessary and to finalise and issue any offer document(s) and sign all deeds, documents and to pay and remunerate all agencies in relation thereto with power to the Board to settle all questions, and to give such directions that may be necessary or arise in regard to or in connection with any such issue, offer or allotment of Equity Shares and utilisation of the issue proceeds, as it may, in its absolute discretion, deem fit and such action, decision or direction of the Board shall be binding on all members.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari Passu in all respects with the existing Equity Share of the Company, except that they shall be entitled to dividend with effect from the date of allotment, on pro-rata basis, for the financial year in which they are allotted and on the capital for the time being paid up thereon."



5. To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION :

"Resolved that in suppression of the Resolution passed in the tenth Annual General Meeting held on Friday, 27th March, 1998 the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the company to borrow moneys from time to time (apart from temporary loans obtained from the companies 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 amount of such borrowings together with the amount already borrowed and outstanding shall not exceed RS. 60 Crores (Rs. Sixty Crores only).

Further RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and the whole undertaking of the Company (subject to prior charges in favour of the Company's bankers for cash credit and other facilities) in order to secure Rupee Term Loans/Foreign Currency Loans and the issue of Partly convertible Debentures and Non Convertible Debentures on Private Placement basis provided that the aggregate amount for which security by way of mortgage/charge to be created or about to be created on the movable/immovable property of the company for the above purpose shall not exceed Rs. 60 crores (Rupees Sixty Crores) and interest at the respective agreed rates, compound/additional interest, commitment charges, premium on repayment, costs, charges expenses, remuneration's of the Trustees and all other moneys payable in respect of the aforementioned borrowings as may be agreed to by the Board of Directors of the Company."

6. To Consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an SPECIAL RESOLUTION :

RESOLVED THAT pursuant to Section 198, 269, 309, 311 & 314 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956, appoint Shri S. Z. Memon as a Whole Time Director of the Company for a period of three years w.e.f. 31.03.2000 upon the terms and conditions including remuneration and perquisites as stated in draft agreement and duly explained in explanatory statement of notice of even dated, be and is hereby approved.

FURTHER RESOLVED THAT Board of Directors be and is hereby authorised to modify the terms and conditions of the said appointment including remuneration. However remuneration payable to him shall not 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.S Z. Memon as may be varied by the General Meeting.

FURTHER RESOLVED THAT his remuneration paid vide board resolution dated 30/9/99 for a period from 1/10//2000 is hereby ratified & approved."

Date : 03.03.2000

By Order of the Board

Place : Baroda

**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 FORM SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) Members are requested to notify immediately changes in their addresses, if any, to the Company.
- c) The Register of members will remain closed from May 03,2000 to May 10, 2000(both the days inclusive)
- d) Members are requested to bring their copy of annual report as no copy will be distributed in the Annual General Meeting.
- e) The relative explanatory statements, pursuant to Section 173 (2) of the companies Act 1956 in respect of the business under item No.4,5 & 6 above, is 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 annexed hereto setting out all the material facts relating to the business mentioned under item No.4, 5 and 6 of the accompanying notice.

Item No.4 : Board of Directors vide their meeting held on 03.03.2000 has decided to increase the Share Capital of the company to finance the expansion project in hand and consequent increase in working capital needs, and accordingly decided to further issue of 3000000 Nos Equity shares in terms of item no 4 of the notice of even date. As such, consent for the further issue of shares in terms of section 81 is required and to offer shares other than the existing shareholders. Your permission is required under section 81(1A) of the Companies Act 1956.

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 in case of right issue or in case of issue other than right issue to the extent of allotment of shares pursuant to their share application, if any.

Item No.5 : The company is expanding its activities by increasing production capacity and increase in market share. The company requires funds for the expansion as well as future needs in terms of working capital and long term projects. The company is issuing share capital but the same time outside finance from banks / financial institutions shall be required. Your approval, in terms of section 293(1)(d) is required, to your board of directors to borrow money. The board also requires your permission to mortgage the property of the company to borrow such funds in terms of section 293(1)(a), hence this special resolution.

Item No.6 : Shri S. Z. Memon has been an officer since 1987, and worked with the company in different capacity and looked after the work in every sphere of activities of the company. Accordingly the board of directors decided to appoint him as an additional director of the company in pursuant of article 100 of the articles of association of the company till the conclusion of this Annual General Meeting. Now a notice has been received under section 257 of the Companies Act,1956, proposing the candidature of Shri S.Z.Memon as a director in the ensuing Annual General meeting. Your directors recommend his appointment as a whole time director on the terms and conditions herein after mentioned and also request you to ratify and approve the remuneration paid to him (in accordance with board resolution dated 30/9/99) after becoming director to protect his remuneration, which was drawn as an officer of the company.



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

Salary : Salary of Rs. 6,608 (Basic) per month.

Perquisites: As per the rules of the company.

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

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

After due deliberations your board of directors decided to appoint him a whole time director in terms of item no 6 of even date and would like you to ratify the remuneration given during the intervening period.

Your Company would certainly benefit from the experience of Mr.S. Z. Memon. Your Directors therefore strongly recommend that this resolution be passed.

A copy of Draft Agreement to be entered into between the company and Mr.S Z. Memon 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 meeting.

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

None of the Directors except Mr.S. Z. Memon is interested in the Resolution.

Date : 03.03.2000

By Order of the Board

Place : Baroda

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DIRECTORS' REPORT

To the members

Your Directors are pleased to present 12th Annual Report of the Company with the Audited accounts for the year ended on 30th September, 1999 :

FINANCIAL RESULTS :

(Rs. in lacs)

PARTICULARS	1998-99	1997-98
Sales & Other Income	6761.75	5274.51
Gross Profit	726.06	650.52
Financial Charges	532.70	539.89
Depreciation	127.04	141.23
Profit before tax	66.32	(30.60)
Taxation	-	-
Profit after tax	66.32	(30.60)
Prior Period Adjustment-Depreciation	-	(120.00)
Add : Profit B/F from previous year	219.02	369.02
Add: Excess Provision for Income Tax reversed	-	0.69
Surplus available for appropriation	285.34	219.02
Appropriation :		
Proposed Dividend subject to deduction of		
Tax on Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	285.34	219.02

2. DIVIDEND

Your Company is planning to expand its activities and for that your company requires additional funds. Your company is planning to tap the capital market by issuing further shares and arranging for long term finances from other financial institutions. In such circumstances it shall not be possible to pay dividends and your directors, keeping in view the future expansions, do not recommend any dividend this year.

3. REVIEW OF OPERATION

During the year, the company achieved a turnover of Rs.6761.75 Lacs as against Rs.5274.51 Lacs in the previous year. This represents an increase of 28.20% over the previous year. The gross profit before financial charges is Rs. 726.06 Lacs as against Rs. 650.52 Lacs for the previous year. The net profit for the current year is Rs. 66.32 Lacs as against previous year loss of Rs.30.60 Lacs.

4. FUTURE PROSPECTS

The turnover of your company has increased by 28.20%. The economy in general is recovering and future prospects are encouraging. This year also a normal rainfall is expected, which will increase the demand of the product of your company.

The company has started selling its products in the states of Uttar Pradesh and Bihar. The demand is encouraging and to cope this up your company has to enhance its production capacity of Granulation.

The subsidy on our product (Single Super Phosphate) been reduced by Rs. 100/- per MT in the Financial Budget 2000, and consequently the MRP has been increased by the same amount.

**5. SUBSIDIARY**

The audited Statement of Account of Liberty Pesticides and Fertilizers Limited together with the reports of the Director and Auditors for the year ended 30th September, 1999, as required under Section 212 of the Companies Act, 1956, is annexed.

6. DIRECTORS

Shri D.K. Gadia, Shri D.D. Trivedi and Shri B.K. Parikh has resigned during the period under review, the board wishes to place on record the valuable contribution made by them during the tenure of their services as an Executive Director, Director and Nominee Director respectively.

Shri A.R. Shingewar Director of the Company retires by rotation and being eligible, offers himself for reappointment.

7. AUDITORS

At the Annual General Meeting, members are requested to appoint Joint Auditors M/s V.Shah & Associates, Chartered Accountants, Baroda and M/s K.L.Vyas & Co., Chartered Accountants, Udaipur, for the current year and to fix their remuneration.

8. PARTICULARS OF EMPLOYEES

The statement of particulars pursuant to Provisions of Section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975 is annexed hereto as Annexure "A" and form a part of this report.

9. ENERGY CONSERVATION, TECHNICAL ABSORPTION AND FOREIGN EARNINGS AND OUTGOINGS:

In pursuance to Section 217(1) of the Companies Act, 1956 read together with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 the relevant information is annexed hereto as Annexure "B" and form a part of this report.

10. ACKNOWLEDGMENT

The Directors acknowledge with gratitude the co-operation extended by Canara bank, Rajasthan State Mines & Minerals Ltd., Railway Authorities, and the various Central and State Government departments. The Directors also wish to place on record their appreciation to the team of executives, staff and workers who have shown devotion and efficiency in performing their jobs.

For and on behalf of the Board
For Liberty Phosphate Ltd.

Place : Baroda
Date : 03.03.2000

R.R.DHANANI
Chairman & Managing Director



ANNEXURES TO DIRECTORS' REPORT

ANNEXURE "A" : PARTICULARS OF EMPLOYEES

Particulars of employees as per the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, attached to and forming part of the Directors' Report for the year ended 30th September, 1999.

NIL

ANNEXURE "A" ENERGY CONSERVATION, TECHNICAL ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

1) CONSERVATION OF ENERGY

- The company is taking adequate steps for the conservation of energy at every stage of production.
- The step taken by the Company for conservation of energy will result in reduction of energy consumption and consequent impact on the cost of production in the coming years.
- The information pertaining to total energy consumption and energy consumption per unit of production.

As per Form "A" attached.

2) TECHNOLOGY ABSORPTION

The Company has carried no Research and development activities during the years under review, however company continues to take measures to improve the process and reduce the cost, time to time when found necessary, The company has not imported any foreign technology.

3) FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in lacs	
	<u>1998-99</u>	<u>1997-98</u>
Foreign Exchange earnings		
Exports	-	-
Foreign Exchange outgo		
Foreign Travel	-	1.48
Raw Material	33.64	-
Trading & Purchase		
Capital Goods and spares	-	-

FORM - A : PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A) POWER AND FUEL CONSUMPTION

	<u>1998-99</u>	<u>1997-98</u>
1. Electricity		
a) Purchased		
Unit : '000 KWH	4611.40	4583.25
Total Amount (Rs. in lacs)	176.46	164.92
Rate / Unit Rs.	3.83	3.60



b) Own generation		
Units generated	NIL	NIL
Units per ltr of fuel		
Cost / Unit Rs.		
2. Coal (Specify quality and where used)		
Quantity MT	NIL	NIL
Total Cost Rs. in lacs		
Average rate / MT Rs.		
3. Furnace Oil		
Quantity KL	1318.94	1207.92
Total Cost Rs. in lacs	84.73	67.97
Rate / KL Rs.	6.42	5.63
4. Other internal generation (please give details)		NIL
Total Cost Rs. in lacs	NIL	NIL
Rate / Unit		

B. CONSUMPTION PER UNIT PRODUCTION

Product	Standard (if any)	<u>1998-99</u>	<u>1997-98</u>
Single Super Phosphate			
Electricity	N.A.	18.04	19.50

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