



LIBERTY PHOSPHATE LIMITED

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14th

ANNUAL REPORT

2001-2002



Liberty Phosphate Ltd.

BOARD OF DIRECTORS

BOARD OF DIRECTORS	Shri R. R. Dhanani Shri D. K. Gadia Shri Vinit. J. Shah Shri A. R. Shingewar Shri S. Z. Memon	Chairman & Managing Director Executive Director Director Director Whole time Director
REGISTERED OFFICE	74/75, G.I.D.C. Nandesari - 391 340 Dist. Baroda (Gujarat)	
HEAD OFFICE	165, Famous Studio Building, 1st Floor, Dr. E. Moses Road, Mahalaxmi (W), MUMBAI - 400 034.	
WORKS	74/75 & 83, G.I.D.C. Nandesari - 391 340 Dist. Baroda (Gujarat)	F-227, Mewar Industiral Area, Madri, Udaipur 313 003. (Rajasthan)
STATUTORY AUDITORS	M/s. V. Shah & Associates Chartered Accountants, 4, Rajbhavan Colony, Pologround, Baroda-1.	M/s .K.L. Vyas & Company Chartered Accountant 42, Bapu Bazar, 2nd Floor, Udaipur - 313 001. (Raj.)
BANKERS	Canara Bank, Raopura Branch, Baroda-390 001.	

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Liberty Phosphate Ltd.

NOTICE

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Friday, the 15th Day of November 2002, at 11 a.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 31st March, 2002 and the Balance Sheet as at that date and Report of the Director's and Auditor's 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 authorised Board of Directors 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 Shri D.K. Gadia be and is hereby appointed as a additional Director of the Company u/s 260 and further pursuant to Section 198, 269, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any , of the Companies Act, 1956, Shri D.K. Gadia be and is hereby also appointed as an Executive Director of the Company for a period of three years w.e.f. 18th May, 2002 upon the terms and conditions including remuneration and perquisites as stated in draft agreement and duly explained in explanatory statement of the Notice of even date, 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 hereinafter 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 Shri D.K.Gadia as may be varied by the General Meeting ".

"FURTHER RESOLVED THAT his remuneration paid vide Board Resolution dated 18th May, 2002 for a period from 18th May, 2002 till date is hereby ratified and approved".

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 11.11.2002 to 15.11.2002 (both days inclusive)



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- d) Members are requested to bring their copy of Annual Report as no copy will be distributed in the Annual General Meeting.
- e) The Explanatory Statement pursuant to the provisions of section 173 of the Companies Act, 1956 in respect of Special Business specified in the Notice is annexed hereto.

By Order of the Board of Directors,
for **LIBERTY PHOSPHATE LTD.**

Place : Vadodara
Date : 16th October, 2002

R. R. DHANANI
Director

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Liberty Phosphate Ltd.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

ITEM NO.4

In accordance with the provisions of Section 260 of the Companies Act, 1956 and the applicable provisions of the Articles of Association, Shri D.K. Gadia was appointed as an Additional Director by the Board of Directors at their meeting held on 18th May, 2002. Shri D.K. Gadia will hold the office of Additional Director upto the date of the forthcoming Annual General Meeting. Subsequently the Board of Directors in the next meeting on the same day appointed Shri D.K. Gadia as the Executive Director for a period of three years under Article 125 read with Article 126 of the Articles of Association of the Company. The Company has now received notice in writing from a member as required under the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Shri D.K. Gadia as a Director and thereby as an Executive Director. Shri D.K. Gadia has filed with the Company his consent to act as an Executive Director pursuant to the provisions of Section 264(1) of the Companies Act, 1956. Shri D.K. Gadia has over 25 years of rich and varied experience. It is therefore considered that it will be in the best interest of the Company to appoint D.K. Gadia as Executive Director. Your Directors recommend his appointment as Executive Director on the terms and conditions herein after mentioned and also request you to ratify and approved the remuneration paid to him (in accordance with board resolution dated 18th May, 2002) from 18th May, 2002.

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

Salary : Basic salary of Rs.25000/- per month.

Perquisites : As per the rules of the Company.

Period : Three year with effect from 18th May, 2002.

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

After due deliberations your Board of Directors decided to appoint him executive director in terms of item no. 4 of even date and would like you to ratify the remuneration given during the intervening period.

A copy of draft Agreement to be entered into between the Company and Shri D.K. Gadia 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 meeting.

This may be treated as an abstract of terms of Contract for the appointment of the Executive Director under the provision of Section 302(2) of the Companies Act, 1956.

Shri D.K. Gadia may be deemed to be concerned or interest in the Resolution as it relates to his own appointment.

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

Place : Vadodara
Date : 16th October, 2002

R. R. DHANANI
Director



Liberty Phosphate Ltd.

DIRECTOR'S REPORT

To,
The Members,

Your Director's are pleased to present 14th Annual Report of the Company with the Audited Accounts for the year ended on 31st March, 2002 :

FINANCIAL RESULTS:

PARTICULARS	(Rs in Lacs)	
	2001-02 (12 months)	1999-01 (18 months)
Sales & Other Income	7114.18	8412.32
Gross Profit	391.33	363.09
Financial Charges	446.79	730.66
Depreciation	97.41	171.03
Profit/(Loss) before tax	(152.87)	(538.60)
Deferred tax Income (on account of timing difference)	69.69	-
Current year Income Tax	-	-
Profit/(Loss) after tax	(83.18)	(538.60)
Add : Profit/(Loss) B/F from previous year	(224.26)	285.34
Transfer from Reserves	-	29.00
Balance carried to Balance Sheet	(307.44)	(224.26)

DIVIDEND :

In view of Loss your directors do not recommend any Dividend. The Directors wish to make it clear that this recommendation in no way reflects their views on the future prospects of the Company.

OPERATIONS :

The turnover for the twelve months under review is Rs.7114.18 lacs as compared to Rs. 8412.32 lacs for the previous eighteen months ended on 31.03.2001. Turnover of the company is showing an increase of 26.85% as compared to eighteen months ended on 31.3.2001 on an annualised basis, despite adverse weather conditions. Increase in railway freight, adverse weather condition, allowing heavy cash discounts to maintain the liquidity and poor sales realisation were the main reasons for the losses during the year under review. However, during the year under review, your company made its best effort to arrest the cash losses by way of enlarging the area of marketing operations, better logistic working and higher capacity utilisation.

Your company has simplified business process and is implementing a rationalization and restructuring plan at all levels. This restructuring along with the ongoing cost-effectiveness measures will enable your company to improved its competitiveness in the coming years which will help in increasing the turnover, capacity utilisation and profitability to the greatest extent.

More than 50% of the peak net worth of the company were eroded during the previous year ending on 31st March, 2001 and accordingly a reference as required under the provisions of section 23 (1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 as amended has been filed and also submitted a revival/rehabilitation proposal to the company's banker which is under consideration.



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DEMATERIALISATION OF SHARES:

The Securities and Exchange Board of India has notified the Company's shares for compulsory trading in electronic form for all investors effective April 30, 2001. Accordingly the Shares of the Company had been activated for dematerialisation on NSDL and CDSL with effect from July 3, 2001 respectively. The International Securities Identification No.(ISIN) for the Company's shares is INE639DO1011.

SUBSIDIARY :

The Audited Statement of Account's of M/s Liberty Pesticides and Fertilizers Limited together with the Reports of the Director and Auditors thereon, for the year ended 30th September, 2001, as required under Section 212 of the Companies Act, 1956, is annexed.

DIRECTORS :

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

The Board of Directors of the Company at its meeting held on 18th May, 2002, has appointed Shri D.K. Gadia as an Additional Director of the company under section 260 of the Companies Act, 1956 read with Article 100 of Articles of Association of the Company to hold office of the director till the ensuing annual general meeting. Subsequently the Board of the Directors in the next meeting on the same day appointed Shri D.K. Gadia as the Executive Director for a period of three years under Article 125 read with Article 126 of Articles of Association of the Company on the terms and conditions as enumerated in the special business of the Notice of the Annual General Meeting dated 16.10.2002 subject to ratification by the members and his regularization of appointment as the regular director under section 257 of the Companies Act, 1956.

AUDITORS AND AUDIT REPORT :

1. 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 to hold office from the conclusion of ensuing Annual General Meeting until conclusion of the next Annual General Meeting and to fix their remuneration.
2. The observations of the Auditors in para no.I Clause-(e) , (f) (I) & (ii) and Para no.II Clause 15 of their Audit Report dated 16th October,2002, are self explanatory in nature.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of sub-section (2AA) of Section 217 of the Companies Act, 1956, your Directors confirm :

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such Accounting Policies and applied them consistently and made judgements 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 as on 31st March, 2002 and of the loss of the Company for that year;
- (iii) that the Directors had 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 and
- (iv) that the Directors had prepared the Annual Accounts on going concern basis.

ADDITIONAL DISCLOSURES

In line with the requirements of the Listing Agreement and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India, your Company has made the required additional disclosures as a part of the notes to the accounts of the Company, in respect of Segment Reporting (AS-17), Related Parties (AS-18), Earning Per Share (AS-20) and Accounting for Taxes on Income (AS-22).

**Liberty Phosphate Ltd.****PARTICULARS OF EMPLOYEES**

There were no employees who were employed during the year under review or part thereof and who were in receipt of remuneration in excess of the limit specified under provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended to date.

CONSERVATION OF ENERGY, 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 and forms part of this report.

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 : Vadodara
Date : 16th October, 2002

R.R.DHANANI
Chairman & Managing Director



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ANNEXURES TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002.

1) CONSERVATION OF ENERGY

- a) The company is taking adequate steps for the conservation of energy at every stage of production.
- b) 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.
- c) The information pertaining to total energy consumption and energy consumption per unit of production.

i) POWER AND FUEL CONSUMPTION

	12months ended 31.03.2002	18months ended 31.03.2001
1. Electricity		
a) Purchased:		
Unit : '000 KWH	4750.69	6060.18
Total Amount (Rs. in lacs)	229.76	288.57
Rate / Unit Rs.	4.84	4.76
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	1399.14	1768.77
Total Cost Rs. in lacs	136.98	180.12
Rate / KL Rs.	9.79	10.18
4. Other internal generation (please give details)		
Total Cost Rs. in lacs	NIL	NIL
Rate / Unit		

ii) CONSUMPTION PER UNIT PRODUCTION

Product	Standard (if any)	12months ended 31.03.2002	18months ended 31.03.2001
Single Super Phosphate:			
Electricity	N.A.	15.66	17.95



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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

	12months ended 31.03.2002	(Rs. in lacs) 18months ended 31.03.2001
Foreign Exchange earnings:		
Exports	—	—
Foreign Exchange outgo:		
Foreign Travel	—	1.10
Raw Material	—	—
Trading & Purchase:		
Capital Goods and spares	—	—

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