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LIBERTY PHOSPHATE LIMITED

FIFTEENTH ANNUAL REPORT 2002-2003

LIBERTY PHOSPHATE LIMITED

ANNUAL REPORT 2002-2003

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BOARD OF DIRECTORS

- | | | |
|----|--------------------------------|--------------------------------|
| 1. | Shri R. R. Dhanani | - Chairman & Managing Director |
| 2. | Shri A. R. Shingewar | - Director |
| 3. | Shri Vineet J. Shah | - Director |
| 4. | Shri Gagan Deep Chaddha | - Director |
| 5. | Shri D. K. Gadia | - Executive Director |
| 6. | Shri S. Z. Memon | - Whole time Director |

Company Secretary

Shri M. L. Nagda

Statutory Auditors

V.Shah & Associates, Vadodara (Guj.)

K. L. Vyas & Company, Udaipur (Raj.)

Banker

Canara Bank,
Raopura Branch, Vadodara (Guj.)

Works

F-225, Mewar Industrial Area, Madri,
Udaipur 313 003 (Rajasthan)

74/75/83 G.I.D.C., Nandesari - 391 340
Dist. : Vadodara (Gujarat)

Registered Office

74/75/83 G.I.D.C., Nandesari-391 340
Dist. : Vadodara (Gujarat)



N O T I C E

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **LIBERTY PHOSPHATE LIMITED** will be held at the registered office of the Company at 74/75/83 GIDC, Nandesari -390 340, Distt.: Baroda on Monday, the 29th day of September, 2003, at 4.00 PM (1st) to transact the following business :

ORDINARY

- (1) To receive, consider and adopt the audited accounts of the company for the year ended on 31.3.2003 alongwith the Report of the Directors' and Auditors' thereon.
- (2) To appoint a director in place of Mr. Vineet J. Shah who retires by rotation and being eligible, offers himself for reappointment.
- (3) To appoint a director in place of Mr. S. Z. Memon who retires by rotation and being eligible, offers himself for reappointment.
- (4) To appoint Joint auditors and fix their remuneration.

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SPECIAL

- (5) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to section 269, 198, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the Act”)(including any statutory modification or re-enactment thereof, for the time being in force), and subject to other approvals, permissions etc, as may be required, the Company hereby approves the appointment of Mr. R. R. Dhanani as Managing Director of the Company for a period of five years with effect from 18.05.2003, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company, duly explained in the explanatory statement to the Notice of even date, and R.R. Dhanani, a draft whereof duly initialed by the Chairman for the purpose of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board”) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. R. R. Dhanani but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

RESOLVED FURTHER THAT the remuneration paid/payable to Mr. R.R. Dhanani vide Board Resolution dated 15.05.2003 for the period from 18.05.2003 to 29.09.2003 be and is hereby ratified.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution."

- (6) To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to section 269, 198, 309, 311 and 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof, for the time being in force), and subject to other approvals, permissions etc, as may be required, the Company hereby approves the appointment of Mr. S. Z. Memon as Whole time Director of the Company for a period of three years with effect from 31.03.2003, on the terms and conditions including remuneration as are set out in the Agreement to be entered into between the Company, duly explained in the explanatory statement to the Notice of even date, and S. Z. Memon, a draft whereof duly initialed by the Chairman for the purpose of identification is submitted to this Meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as "the Board") to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. S. Z. Memon but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act (including any statutory modification or re-enactment thereof, for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto by the Central Government.

RESOLVED FURTHER THAT the remuneration paid/payable to Mr. S.Z.Memon vide Board Resolution dated 31.03.2003 for the period from 31.03.2003 to 29.09.2003 be and is hereby ratified.

- (7) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Gagan Chaddha, who was appointed as an additional director and in accordance with the provisions of the section 260 of the Companies Act, 1956, ceases to be director at the commencement of the ensuing annual general meeting and in respect of whom a notice under section 257 of the Companies Act, 1956, having been received from a member of the Company proposing his candidature to the office of the director, be and is hereby appointed as a director of the Company with immediate effect from today i.e. 29.09.2003, whose office is to be determined by rotation."

Registered office :
74/75, GIDC, Nandesari,
District : Baroda
PIN - 390 340

Dated : 16.07.2003

By Order of the Board of Directors

M. L. Nagda
Company Secretary

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**Liberty Phosphate Ltd.****NOTES :**

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 MEETING.
- (2) The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 5 and 6 is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the company shall remain closed from 24.09.2003 to 29.09.2003 (both days inclusive).
- (4) Members are requested to bring their copy of Annual Report as no copy will be distributed in the Annual General Meeting.

Annexure to the Notice**Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.****Item No.5**

Mr. R. R. Dhanani was re-appointed as Managing Director by the Board of Directors of the Company in their meeting held on 15.05.2003 for a period of five years with effect from 18.05.2003 subject to the approval of the shareholders at the general meeting. Mr. R. R. Dhanani is looking after the entire business activities of the Company. The continuity of the present management will help the Company in attaining its objects in better and harmonious way. The proposed remuneration is within the limits of the Schedule XIII as amended, to the Companies Act, 1956. The terms and conditions of the appointment of the Managing Director are embodied in the Agreement to be made between the Company and the Managing Director, inter alia, contains the following terms and conditions :

NAME & DESIGNATION	:	Mr. R. R. Dhanani, Managing Director
PERIOD	:	18.05.2003 to 17.05.2008
REMUNERATION	:	

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

Remuneration by way of the salary, dearness allowance, perquisites and other allowances payable monthly as decided by the Board of Director and commission which together shall not exceed 5% of its net profit for one such managerial person, and if there is more than one such managerial person, 10% for all of them together.

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

Rs. 1,00,000/- (Rupees one lakh only) per month including salary, dearness allowance and all other allowances.

PERQUISITES :**Category 'A'**

Housing I. The expenditure by the Company on hiring furnished accommodation for the Managing Director will be fifty percent of the salary over and above ten percent payable by the Managing Director.

Housing II. In case accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) Medical reimbursement - Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
- (iii) Leave Travel Concession - For the Managing Director and his family, once in a year incurred in accordance with any rules specified by the Company.
- (iv) Club fees - Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance - Premium not to exceed Rs.4000/- per annum.

For the purposes of this part "family" means the spouse, dependent children and dependents of the Managing Director.

CATEGORY B

- (i) Gratuity not exceeding half month's salary for each completed year of service.
- (ii) Contribution to the Provident Fund, Super annuation Fund or annuity Funds will not be included in the computation of the ceiling on perquisites to the extent these or put together are not taxable under the Income Tax Act, 1961.
- (iii) Encashment of leave as per the rules of the Company.

15th Annual Report 2002-2003**Liberty Phosphate Ltd.****CATEGORY C**

Provision of car with driver for use on the Company's business and telephone at the residence will not be considered perquisites. Personal long distance call and use of car for private purposes shall be billed by the Company to the Managing Director.

In the event of loss or absence or inadequacy of profits in any financial year of the Company, Mr R. R. Dhanani, Managing Director shall be paid the salary and perquisite as specified hereinabove.

The agreement may be terminated at any time by either party giving a six month notice in writing.

The Managing Director shall not be liable to retire by rotation.

The draft agreement between the Company and Mr. R. R. Dhanani is available for inspection by the members of the Company upto the date of the meeting at its registered office between 10.30 A.M. and 1.30 P.M. on any working day except Saturday and holidays.

This may be treated as an abstract of the draft agreement between the Company and Mr. R.R.Dhanani, pursuant to Section 302 of the Companies Act, 1956.

The proposed resolution is recommended for passing.

Mr. R. R. Dhanani is deemed to be interested or concerned in the resolution which pertains to his appointment and remuneration payable to him.

None of the other Directors of the Company is interested or concerned in the passing of the resolution.

Item No.6

Mr. S. Z. Memon was re-appointed as Whole time Director by the Board of Directors of the Company in their meeting held on 31.03.2003 for a period of three years with effect from 31.03.2003 subject to the approval of the shareholders at the general meeting. Mr. S. Z. Memon is looking after the marketing activities of the Company. The continuity of the present management will help the Company in attaining its objects in better and harmonious way. The proposed remuneration is within the limits of the Schedule XIII as amended, to the Companies Act, 1956. The terms and conditions of the appointment of the Whole time Director are embodied in the Agreement to be made between the Company and the Whole time Director, inter alia, contains the following terms and conditions :

Salary : Salary of Rs.7605/- (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 month notice.

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

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The draft agreement between the Company and Mr. S. Z. Memon is available for inspection by the members of the Company upto the date of the meeting at its registered office between 10.30 A.M. and 1.30 P.M. on any working day except Saturday and holidays.

This may be treated as an abstract of the draft agreement between the Company and Mr. S. Z. Memon, pursuant to Section 302 of the Companies Act, 1956.

The proposed resolution is recommended for passing.

Mr. S. Z. Memon is deemed to be interested or concerned in the resolution which pertains to his appointment and remuneration payable to him.

None of the other Directors of the Company is interested or concerned in the passing of the resolution.

Item No.7

Mr. Gagan Chaddha was appointed as an additional director on 15.05.2003 in the Board meeting held on 15.05.2003. Mr. Gagan Chaddha is young and energetic businessman with vast knowledge of material movements and its handling. He was appointed as an additional director to broaden the Board of Directors so that the compliance of the clause 49 of the Listing Agreement with the Stock Exchange whereat the equity shares of the Company are listed can be had.

In accordance with the provisions of the Companies Act, 1956, he ceases to be a director at the commencement of the ensuing annual general meeting. The Company has received a notice under section 257 of the Companies Act, 1956, from a member of the Company proposing his candidature to the office of the director. The directors recommend necessary resolution as set out in the notice for your approval.

None of the directors of the Company except Mr. Gagan Chaddha is interested or concerned in the passing of the resolution.

Registered office :

74/75, GIDC, Nandesari,
District : Baroda
PIN - 390 340

Dated : 16.07.2003

By Order of the Board of Directors

M. L. Nagda
Company Secretary



DIRECTOR'S REPORT

To,
The Members,

Your Director's are pleased to present 15th Annual Report of the Company with the Audited Accounts for the year ended on 31st March, 2003:

FINANCIAL RESULTS :

(Rs in Lacs)

PARTICULARS	2002-03	2001-02
Sales & Other Income	6747.80	7114.18
Gross Profit	647.98	391.33
Financial Charges	420.14	446.79
Depreciation	106.03	97.41
Profit/(Loss) before tax	121.81	(152.87)
Deferred tax Income (on account of timing difference)	(53.39)	69.69
Income Tax	15.25	-
Profit/(Loss) after tax	53.25	(83.18)
Add : Profit/(Loss) b/f from previous year	(307.44)	(224.26)
Transfer from Reserves	-	-
Balance carried to Balance Sheet	(254.27)	(307.44)

DIVIDEND:

In view of accumulated Losses 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 year under review is Rs.6747.80 Lacs as compared to Rs. 7114.18 Lacs for the previous year ended on 31.03.2002. Turnover of the company is showing an decrease of 5.94% as compared to previous ended on 31.3.2002 due to adverse weather conditions coupled with low sales realization, However, the efforts of the management with regards to cost control and cost reduction backed by higher capacity utilisation resulted into improved bottom line leading to Net Profit before tax of Rs.121.81 Lacs against Net Loss of Rs. 152.87 Lacs during previous year.

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.