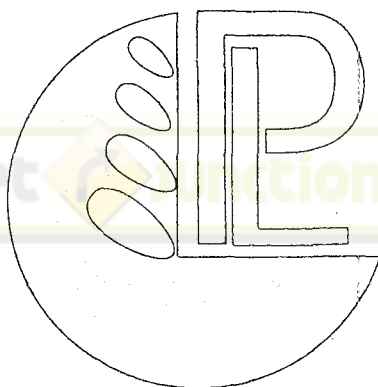


LIBERTY PHOSPHATE LIMITED



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TWENTIETH ANNUAL REPORT 2007-2008



LIBERTY PHOSPHATE LIMITED

ANNUAL REPORT 2007-08

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Shri Abdul Razak Dawood Dhanani - Chairman Emirates w.e.f. 28.04.2008

BOARD OF DIRECTORS

- | | | | |
|----|---------------------------|---|------------------------------|
| 1. | Shri R. R. Dhanani | - | Chairman & Managing Director |
| 2. | Shri Vinit J. Shah | - | Director |
| 3. | Shri S. Z. Memon | - | Whole time Director |
| 4. | Shri Firoz Asgar Khambati | - | Director |
| 5. | Shri Salim A Sherani | - | Director(w.e.f. 28.04.2008) |

Company Secretary

Shri M. M. Mundhra

Statutory Auditors

- V. Shah & Associates, Chartered Accountants
12, Dhayber Colony, Behind Baroda High School,
Near Pologround, Baroda- 390 001.
- K. L. Vyas & Company, Chartered Accountants
Shop No.2, 2nd Floor, Parshwanath Dava Bazar,
6, Hazareshwar Colony,
Udaipur- 313 001

Banker

Canara Bank,
Raopura (Main), Vadodara (Gujarat)

Works

- F-227, Mewar Industrial Area, Madri,
Udaipur -313 003 (Rajasthan)
- 74/75/83, G.I.D.C., Nandesari-391 340
Dist.: Vadodara (Gujarat)
- 19, Bhimpura Industrial Area, Jagpura
Kota (Rajasthan)
- Survey No. 122 & 129, Rasal, Tal. Sudhagad,
Dist.: Raigad (Maharashtra)

Registered Office

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



NOTICE

NOTICE is hereby given that the **Twentieth** Annual General Meeting of the Members of **LIBERTY PHOSPHATE LIMITED** will be held at the Registered Office of the Company at 74/75, GIDC, Nandesari -391 340, Distt. Vadodara on Thursday, the 14th day of August, 2008, at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Accounts of the Company for the year ended on 31.03.2008 along with the Report of the Auditors' thereon and Report of the Directors.
- (2) To appoint a Director in place of Mr. Shakil Zakaria Memon who retires by rotation and is eligible for reappointment.
- (3) To appoint Joint Auditors and fix their Remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT the retiring Auditors of the company M/s K. L. Vyas & Company, Chartered Accountants and M/s V. Shah & Associates, Chartered Accountants be and are hereby appointed as joint Auditors of the company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors of the company."

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Salim Abdul Aziz Sherani, who was appointed as an Additional Director of the company by the Board of Directors in its meeting held on and with effect from 28th April, 2008 and in accordance with the provisions of Section 260 of the Companies Act, 1956 (herein after referred to as "the Act"), he holds office of the director up to the date of this Annual General Meeting and for the appointment of whom, a notice under Section 257 of the Act has been received by the Company with deposit of necessary amount from a share holder proposing his candidature for the office of the Director, be and is hereby appointed as a director of the company whose period of office is liable to be determined by retirement by rotation."

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

"RESOLVED THAT pursuant to section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "the Act") and subject to other approvals, permissions, etc., if any, as may be required, approval of the share holders of the company be and is hereby accorded to the reappointment of Mr. Raoof Razak Dhanani, as Managing Director of the Company for a period of one year and forty four days with effect from 18.05.2008 to 30.06.2009 on the terms and conditions including remuneration as recommended by the Remuneration Committee of the company and 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 Mr. R. R. Dhanani, a draft whereof duly initialed by Mr Shakil Z. Memon, Director of the company 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 upon between the Board and Mr. R. R. Dhanani but so that his remuneration shall not exceed the limits specified in Schedule XIII



Part II Section II Paragraph (1)(A) read with Section 198,269 and 309 of the Act (including any statutory amendment/modification or re-enactment thereof, for the time being in force)."

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

"RESOLVED FURTHER THAT the remuneration paid / payable to Mr. Raof Razak Dhanani from 18.05.2008 to 14.08.2008 be and is hereby ratified."

Registered Office:

74/75, GIDC, Nandesari,

District : Vadodara

PIN - 391 340

Place : Udaipur.

Dated : 30th June, 2008

By Order of the Board of Directors

RAOOF RAZAK DHANANI
MANAGING DIRECTOR

NOTES:

- (1) 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 the proxy need not be a member of the company. A Proxy Form, in order to be effective, should however, be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting. (The Proxy form is enclosed)
- (2) Relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Item No. 4 & 5 is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the company in respect of Equity Shares shall remain closed from 07.08.2008 to 14.08.2008 (both days inclusive) for the purpose of Annual General Meeting.
- (4) Members are requested to bring their copy of Annual Report, as it will be difficult to further distribute its copy in the Annual General Meeting.



Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.
(AGM dt 14.08.2008)

Item No. 4

Mr Salim Abdul Aziz Sherani was appointed as an Additional Director (Non executive Independent) by the Board of Directors of the Company in its meeting held on and with effect from 28th April, 2008. Mr Salim A Sherani has rich experience in business inter alia of fertilizer and its raw material. His appointment to the office of the director will be helpful to the company in its business.

In accordance with the provisions of Section 260 of the Companies Act, 1956, he holds the office of Director up to the date of this Annual General Meeting. The company has received a notice with deposit of necessary amount under Section 257 of the Companies Act, 1956, from a member of the company signifying his intention to propose candidature of Mr. Mr Salim A Sherani to the office of the Director of the Company. Directors recommend the resolution for your approval.

None of the directors except Mr Salim Abdul Aziz Sherani- is interested or concerned in passing of the resolution.

Item No. 5

The Board of Directors of the company in its meeting held on 15th May, 2008 reappointed Mr. Raof Razak Dhanani as Managing Director of the company for a period of one year and forty four days with effect from 18th May, 2008 to 30th June, 2009 subject to the approval of shareholders of the company in general meeting. The Remuneration Committee of the company at its meeting held on 15th May, 2008 recommended the remuneration payable to him. Mr Raof Razak Dhanani has long and rich experience in the business of manufacturing and running of fertilizer industry. His reappointment as Managing Director of the company will help the Company in attaining its objects in a better and harmonious way. The proposed remuneration is within the limits and other terms of the Schedule XIII Part II Section II Paragraph (1)(A) as amended to the Companies Act, 1956. The main terms and conditions of the reappointment of the Managing Director as embodied in the Agreement to be entered into between the Company and the Managing Director, are as below.

NAME & DESIGNATION : Mr. Raof Razak Dhanani,
Managing Director

PERIOD OF APPOINTMENT : 18.05.2008 to 30.06.2009

REMUNERATION PAYABLE WITH EFFECT FROM 18.05.2008:**PART-I : Payable when the company has adequate profits :**

Remuneration by way of Salary, Dearness Allowance, Perquisites and Other Allowances payable monthly as mentioned herein below and commission which taken together shall not exceed 5% of its net profits, calculated as per provisions of Section 349 and other applicable provisions of the Companies Act, 1956, for one such managerial person, and if there is more than one such managerial person, 10% for all of them together.

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

SALARY : Rs.1,20,000/- (Rupees. One Lac Twenty Thousand only) per month including Dearness Allowance plus yearly Bonus as may be given to other executives of the company.

**PERQUISITES:****CATEGORY A**

- (i) 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.
- (ii) Leave Travel Concession For the Managing Director and his family, once in a year incurred in accordance with any rules specified by the company.
- (iii) Club Fees : Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (iv) Personal Accident Insurance Premium not to exceed Rs. 4000/- per annum.
For the purpose 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 Provident Fund, Superannuation Fund or Annuity Funds which will not be included in the computation of the ceiling on perquisites to the extent these put together are not taxable under the Income Tax Act, 1961.
- (iii) Encashment of leave as per the rules of the Company.

CATEGORY - C

Provision of car with driver for use of the Company's business and telephone at the residence These will not be considered as perquisites. The Company shall bill personal long distance call and use of car for private purposes to the Managing Director.

In the event of loss or absence or inadequacy of profits of the Company in any financial year, Mr. Raof Razak Dhanani , Managing Director shall be paid the salary and perquisites as specified hereinabove which, however, will not exceed the limits provided in Schedule XIII Part II Section II Paragraph (1)(A) read with Section 198, 269 and 309 of the Act.

Either party giving six months notice in writing may terminate the agreement at any time.

The draft agreement to be entered into between the Company and Mr. Raof Razak Dhanani is available for inspection by the members of the Company up to the date of this meeting at its Registered Office between 10.30 A.M. and 1.30 P.M. on any working day except holidays.

Abstract of the draft agreement between the Company and Mr Raof Razak Dhanani pursuant to Section 302 of the Companies Act, 1956

This above details should also be treated as an abstract of the draft agreement between the Company and Mr. Raof Razak Dhanani , pursuant to Section 302 of the Companies Act, 1956.

Directors recommend the resolution for your approval.

Mr. Raof Razak Dhanani is interested or concerned in the resolution which pertains to the appointment and remuneration payable to him.

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

By Order of the Board of Directors

Registered Office:

74/75, GIDC, Nandesari,

District : Vadodara .

PIN - 391 340

Place : Udaipur.

Dated : 30th June, 2008

RAOOF RAZAK DHANANI
MANAGING DIRECTOR



DIRECTORS' REPORT

To,
The Members of
Liberty Phosphate Limited,

Your Directors are pleased to present the Twentieth Annual Report of the Company with the Audited Accounts for the year ended on 31st March, 2008.

FINANCIAL RESULTS:

(Rs in Lakhs)

PARTICULARS	2007-08	2006-07
Sales & Other Income	10273.24	15029.01
Gross Profit	1006.16	952.86
Financial Charges	533.45	523.34
Depreciation	208.35	203.36
Profit before tax	264.36	226.16
Deferred tax (liability)/Assets	30.05	(56.07)
Income Tax	132.69	(28.54)
Profit after tax	161.72	141.55
Add: Profit brought forward from previous year	455.96	314.41
Balance of Profit carried to Balance Sheet	617.68	455.96

DIVIDEND:

With a view to conserve the resources and to meet the acute requirement of higher working capital, your directors are not recommending any dividend on 8% Cumulative Redeemable Preference Shares and Equity Shares for the year 2007-2008.

OPERATIONS:

The production and sales of Single Super Phosphate are 1,94,827 MT and 2,05,244 MT respectively during the year 2007-08 as against 2,80,288 MT and 2,71,539 MT respectively during the year 2006-07. The production and sales quantity have decreased during the year 2007-08 by 85,461 MT and 66,295 MT respectively i.e. decrease of 30.49% and 24.41% over the corresponding figures of previous year. Production was affected adversely from the month of November, 2007 onwards due to substantial increase in prices of Sulphur and Sulphuric Acid and limited availability of Sulphuric Acid at affordable prices. Despite these factors and decrease in production and sales of Single Super Phosphate, the profit before tax has increased during the year 2007-08 as compared to previous year mainly due to decrease in expenses and increase in other income. During the year 2007-08, there was 4374 MT production and 4063 MT sales of NPK mix fertilizer.

ISSUE OF EQUITY SHARES IN THE YEAR UNDER REVIEW I.E. 2007-08:

Following the approval of the shareholders accorded in their Extra Ordinary General Meeting held on 13.02.2008 and In Principle Approval of Bombay Stock Exchange given vide its letter dt. 26.03.2008 for Preferential Issue of Equity Shares, the Board of Directors of the company in its meeting held on 28.03.2008 has allotted 5,50,000 Equity Shares of Rs.10/- each at a price of Rs.31.60 per share (including premium of Rs.21.60 per share) aggregating to Rs.1,73,80,000/- for cash consideration.



ISSUE OF PREFERENCE SHARES IN THE YEAR UNDER REVIEW I.E.2007-08:

In accordance with the approval of shareholders accorded in their Extra Ordinary General Meeting held on 18.11.2006, the Board of Directors of the company in its meeting held on 30.04.2007 has allotted 50,00,000 Non-convertible 8% Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs.5,00,00,000/- for cash at par. These Preference Shares are redeemable at par in five equal installments, first installment to start from the end of sixth year from the date of allotment.

APPOINTMENT OF CHAIRMAN EMIRATES:

Board of Directors in its meeting held on 28th April,2008 has appointed Mr Abdul Razak Dawood Dhanani as Chairman Emirates of the company with immediate effect. He is not a member of Board of Directors of the company.

SUBSIDIARY:

The documents to be annexed to this report pursuant to section 212 of the Companies Act, 1956 are annexed herewith.

DIRECTORS :

During the year under review till 31st March, 2008, there was no change in Board of Directors of the company. On 28.04.2008, Shri Salim Abdul Aziz Sherani was appointed as an Additional Director (-Non executive Independent) of the company by the Board of Directors in its meeting, held on that day. In accordance with the provisions of the Companies Act, 1956, he holds the office of director till next Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member of the Company along with necessary deposit signifying his intention to propose his candidature to the office of Director. His age is 49 years. He is Graduate and has rich experience in business and also in fertilizer industry.

In accordance with the provisions of the Companies Act, 1956, Shri S. Z. Memon (Age- 38 years), Director of the Company retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. He is Whole time Director of the company and has long and vast experience in running and management of Single Super Phosphate Fertilizer Industry.

The Board recommends for above appointment /reappointment. of directors.

FIXED DEPOSITS:

During the year under review the Company has not invited / received deposits from public under Section 58A of the Companies Act, 1956.

CONSOLIDATION OF ACCOUNTS:

As required under Clause 32 of the Listing Agreement with the Stock Exchange, at which the Equity Shares of the Company are listed and traded, the Audited Consolidated Financial Statements form part of the Annual Report.

AUDITORS :

M/s. V. Shah & Associates, Chartered Accountants, Vadodara and M/s. K. L. Vyas & Co., Chartered Accountants, Udaipur, Joint Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have also submitted certificates required under section 224(1B) of the Companies Act, 1956. You are requested to appoint the auditors and fix their remuneration.

AUDITORS' REPORT:

The observations of the Auditors in their report are self-explanatory.

**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 along with proper explanation relating to material departures;
- (ii) that the Directors had 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 as on 31st March, 2008 and of the profit 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.

CORPORATE GOVERNANCE:

In compliance with the listing agreement with the Stock Exchange, the Report on Corporate Governance is enclosed as Annexure 'A'

MANAGEMENT DISCUSSIONS AND ANALYSIS:

In compliance with the listing agreement with the Stock Exchange, the Report on Management Discussions and Analysis is enclosed as Annexure 'B'.

PARTICULARS OF EMPLOYEES:

During the year under review, no employee of the Company was 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

In pursuance to Section 217(1) (e) 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 as Annexure 'C'

ACKNOWLEDGMENT:

The Directors acknowledge with gratitude the co-operation extended by Canara Bank, Railway Authorities, and the various Central and State Government authorities. 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
LIBERTY PHOSPHATE LTD.

Place : Udaipur.

Date : 30th June, 2008

S. Z. MEMON
Whole time Director

R.R.DHANANI
Chairman & Managing Director