

LIBERTY PHOSPHATE LIMITED



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TWENTY FIRST ANNUAL REPORT 2008-2009



LIBERTY PHOSPHATE LIMITED

ANNUAL REPORT 2008-09

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Shri Abdul Razak Dawood Dhanani - Chairman Emirates

BOARD OF DIRECTORS

1.	Shri Raof Razak Dhanani	-	Chairman & Managing Director
2.	Shri Vinit Jashwantlal Shah	-	Director
3.	Shri Shakil Zakaria Memon	-	Whole time Director
4.	Shri Firoz Asgar Khambati	-	Director
5.	Shri Salim Abdul Aziz Sheran	-	Director
6.	Shri Shariq Saeed Mulla	-	Director (w.e.f. 23.06.2009)

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)
IDBI Bank Limited, City SME Centre, Mumbai

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 Twenty First 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 Monday, the 31st day of August, 2009, at 11.00 A.M. to transact the following business:

ORDINARY:

- (1) To receive, consider and adopt the Audited Accounts of the Company for the year ended on 31.03.2009 along with the Report of the Directors' and Auditors' thereon.
- (2) To appoint a Director in place of Mr. Vinit J. Shah, who retires by rotation and being eligible, offers himself 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 Joint Statutory 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 Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the 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:

- (4) 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 198,269, 310 and all other applicable provisions, if any, of the Companies Act,1956, approval of the shareholders be and is hereby accorded to the re-appointment of Mr. S. Z. Memon as a Wholetime Director of the Company for a period of three years with effect from 01.04.2009 to 31.03.2012 on the terms and conditions including remuneration as recommended by Remuneration Committee of the Company and 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 Mr S. Z. Memon, a draft whereof duly initialed by the Chairman 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 to between the Board and Mr. S. Z. Memon but so that his remuneration shall not exceed the limit 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 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."

"RESOLVED FURTHER that the remuneration paid / payable to Mr. S. Z. Memon from 01.04.2009 to 31.08.2009, be and is hereby ratified."



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

"RESOLVED that Mr. Shariq Saeed Mulla, who was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 23.06.2009 and in accordance with the provisions of 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 shareholder 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. 31.08.2009 whose period of office is liable to be determined by retirement by rotation."

Registered Office:
74/75, GIDC, Nandesari,
District : Vadodara
PIN - 391 340

Dated : 30th June, 2009

By Order of the Board of Directors

RAOOF RAZAK DHANANI
MANAGING DIRECTOR

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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. Proxies in order to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) The Register of Members and Share Transfer Books of the Company in respect of Equity Shares shall remain closed from 28.08.2009 to 31.08.2009 (both days inclusive) for the purpose of Annual General Meeting.
- (3) Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
- (4) Any query related to accounts should be notified to the Company at least 7 days before the date of the Annual General Meeting.
- (5) The Securities and Exchange Board of India has mandated compulsory trading of the Company's equity shares in demat form for all the investors. The International Securities Identification number (ISIN) code is INE 639 D 01011.
- (6) An explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 4 to 5 is annexed herewith and forms part of the Notice.



Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4

The Board of Directors of the Company at their meeting held on 04.04.2009 re-appointed Mr. S.Z. Memon as Wholetime Director for a further period of three years with effect from 01.04.2009 subject to the approval of the members of the Company. Mr. S.Z. Memon is associated with the Company since 1987 and has rich and varied experience in managing the affairs of fertilizer industry. Mr. S.Z. Memon is looking after the production, marketing and other activities of the Company. The continuity of the present management 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 as amended to the Companies Act, 1956. The terms and conditions of the re-appointment of the Wholetime Director are embodied in the agreement to be made between the Company and the Wholetime Director, inter alia, contains the following terms and conditions :

Name & Designation : Mr. S. Z. Memon,
Wholetime Director

Period : 01.04.2009 to 31.03.2012

REMUNERATION AS ON 01.04.2009:

PART A

Basic Salary : Rs.15000/- to 30000/-

Allowances : Maximum upto 150% of the Basic Salary.

Increments as may be given to him in future so that his remuneration described in Part 'A' above remains within Rs.75,000/- per month till the end of his present tenure.

PART B

(i) Gratuity not exceeding half month's salary for each completed year of service.

(ii) Encashment of Leave as per the Rules of the Company.

(iii) Contribution to Provident Fund as per the Rules of the Company.

PART C

Provision of Car with driver to be used for 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 Wholetime Director.

In the event of loss or absence or inadequacy of profits in any financial year of the Company, Mr.S. Z. Memon, Wholetime Director shall be paid the salary and perquisite as specified hereinabove.

Either party giving a three-month notice in writing may terminate the Agreement at any time.

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



The remuneration has been approved by the Remuneration Committee. The resolution as set out at Item No. 4 of the accompanying Notice is recommended for passing. Mr. S. Memon is deemed to be interested or concerned in the resolution, which pertains to the re-appointment and remuneration payable to him.

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

Item No.5

The Board of Directors of the Company at their meeting held on 23.06.2009 appointed Mr. Shariq Saeed Mulla as an Additional Director of the Company with effect from 23.06.2009. In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, 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 along with a deposit of Rs. 500/-.

None of the Directors of the company except Mr. Shariq Saeed Mulla is interested or concerned in the passing of the resolution.

Registered Office:
74/75, GIDC, Nandesari,
District : Vadodara
PIN - 391 340

By Order of the Board of Directors

RAOOF RAZAK DHANANI
MANAGING DIRECTOR

Brief resume and other information in respect of Director seeking appointment/re-appointment at the Annual General Meeting in accordance with the Clause 49 of the Listing Agreement with the Stock Exchange:

MR. VINIT J. SHAH

Mr. Vinit J. Shah, aged about 43 years is a Commerce graduate and is also a Fellow member of the Institute of Chartered Accountants of India.

He is director in the Company since 27.03.1996.

He is a member of the following Committees of the Board of Directors of the Company :

1. Audit Committee
2. Remuneration Committee.
3. Shareholders/Investors Grievance Committee.

Nature of expertise in specific functional area : Finance, accounts, audit and taxation.

He is not a director in any other company. Hence he is not Chairman /Member of the Committee(s) of Board of Directors of any other company.

He holds 8000 Equity Shares of the Company as on the date of this Notice.

MR. SHARIQ SAEED MULLA

Mr. Shariq Saeed Mulla, aged about 31 years, is a Science Graduate from Rutgers University, New Brunswick, New Jersey and holds a Master Degree in Business Administration from Lubin School of Business, PACE University, Manhattan, New York.

He is not member in any of the Committees of the Board of Directors of the Company.

Nature of expertise in specific functional area : Finance and business administration.

He is not a director in any other company. Hence he is not Chairman /Member of the Committee(s) of Board of Directors of any other company.

He does not hold any share of the Company as on the date of this Notice

21st Annual Report 2008-09

Liberty Phosphate Ltd.

DIRECTORS' REPORT

To,
The Members of
Liberty Phosphate Limited,

The Directors of your Company have pleasure in presenting their Twenty First Annual Report and the Audited Accounts of the Company for the year ended 31.3.2009.

FINANCIAL RESULTS:

Your Company's performance during the year as compared with that during the previous year is summarized below :

Stand Alone

(Rs. in Lacs)

Particulars	2008-09	2007-08
Sales & Other Income	30531.31	10273.24
Gross Profit	3815.89	1006.16
Financial Charges	539.51	533.45
Depreciation	208.00	208.35
Profit before tax	3068.38	264.36
Deferred tax (liability)/Assets	30.35	30.05
Income Tax & FBT	1155.73	132.69
Profit after tax	1943.00	161.72
Add: Profit brought forward from previous year	617.69	455.97
Balance of Profit carried to Balance Sheet	2560.69	617.69

Consolidated

(Rs. in Lacs)

Particulars	2008-2009	2007-2008
Turnover	30607.53	10192.78
Other Income	45.46	80.68
Profit before Tax	3078.41	264.32
Less: Provision for Taxation	1120.93	106.62
Profit after Tax	1957.48	157.70
Add: Excess provision of income tax of previous years written back	(-)1.59	3.98
Net Profit for the year	1955.89	161.68
Balance carried from last year	665.28	503.60
Balance carried to Balance Sheet	2621.16	665.28

**DIVIDEND:**

With a view to conserve the resources and meet the future requirements of funds for expansions and higher working capital, your Directors are not recommending any dividend on 8% Non Convertible Cumulative Redeemable Preference Shares and Equity Shares for the year 2008-2009.

OPERATIONS:

Your company delivered another year of steady performance despite very difficult trading conditions. During the financial year ended on 31st March, 2009, sales from operations amounted to Rs.30485.86 Lacs as against Rs.10192.78 Lacs during the previous ended on 31st March, 2008 registering a growth of 199.09%.

Operating profit before interest and depreciation amounted to Rs.3815.89 Lacs as against Rs.1006.16 Lacs during the previous year. Net profit after providing for interest, depreciation and tax amounted to Rs.1943.00 Lacs as against Rs.161.72 Lacs during the previous year recording an increase of 1101.46%. The increase in profitability is due to constant endeavour of the management with regard to cost control and cost reduction backed by higher capacity utilization and favourable monsoon.

PRODUCTION

During the year under review, your company achieved production of 272166 MT of Single Super Phosphate and NPK Mixed Fertilizers as against production of 229448 MT in the previous year recording growth of 18.62%.

SHARE CAPITAL :

During the year under review the issued, subscribed and paid capital of the Company increased from Rs.6,67,33,000/- to Rs.9,43,82,010/- consequent upon the allotment of 27,64,901 Equity Shares of Rs.10/- each at a premium of Rs.8/- each aggregating to Rs.4,97,68,218/- for cash. The new equity shares have been listed and are being traded on the Bombay Stock Exchange Limited at which the existing equity shares of the Company are listed and traded .

SUBSIDIARY:

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

DIRECTORATE :

Mr. Vinit J. Shah, is to retire by rotation and being eligible has offered himself for re-appointment.

The Board of Directors of the Company at their meeting held on 23.06.2009 appointed Mr. Shariq Saeed Mulla as an Additional Director of the Company with effect from 23.06.2009. In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, 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 along with a deposit of Rs. 500/-. Mr. Shariq Saeed Mulla is a Science Graduate from Rutgers University, New Brunswick, New Jersey and holds a Master Degree in Business Administration from Lubin School of Business, PACE University, Manhattan, New York. His appointment will help the Company in attaining its object in more effective and focused way.

Your Directors recommend the above appointment /re-appointment.

**LISTING OF SHARES :**

The Equity Shares of your Company are listed on the Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai-400 001 and the listing fees for the year 2008-2009, has been paid.

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 :

The Board of Directors of the Company have on the recommendation of the Audit Committee proposes that M/s. V. Shah & Associates, Chartered Accountants, Vadodara and M/s. K. L. Vyas & Co., Chartered Accountants, Udaipur, Joint Statutory Auditors be re-appointed as the Joint Statutory Auditors of the Company and to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company. M/s. V. Shah & Associates, Chartered Accountants, Vadodara and M/s. K. L. Vyas & Co., Chartered Accountants, Udaipur, have forwarded their certificates to the Company stating that their re-appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

Your Directors request you to appoint the auditors and fix their remuneration.

AUDITORS' REPORT:

The Auditors' observations are self explanatory and hence do not call for any further clarification under section 217 of the Companies Act, 1956.

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, 2009 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'