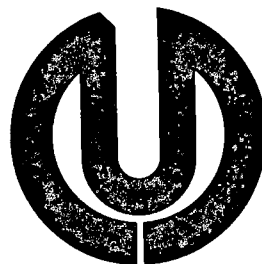


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YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

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United Phosphorus Limited





United Phosphorus Limited

BOARD OF DIRECTORS :

MR. R.D. SHROFF,	<i>Chairman & Managing Director</i>
MRS. S.R. SHROFF,	<i>Joint Managing Director</i>
MR. K. BANERJEE,	<i>Wholetime Director</i>
MR. J.R. SHROFF,	<i>Wholetime Director</i>
MR. A.C. ASHAR,	<i>Director — Finance</i>
MR. D.A. ANANDPURA	
DR. M.I. PATEL	
MR. B.R. PATEL	
DR. M.H. MEHTA	

COMPANY SECRETARY : MR. M.B. TRIVEDI

AUDITORS : S.V. Ghatalia & Associates
Chartered Accountants

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BANKERS :

- Dena Bank
- Bank of Baroda
- State Bank of India
- Union Bank of India
- Standard Chartered Bank
- Canara Bank
- Hongkong & Shanghai Bank
- American Express Bank Ltd.

ADMINISTRATIVE OFFICE : UNIPHOS HOUSE,
C.D. Marg,
Khar (West),
Mumbai-400 052.

REGISTERED OFFICE : 11, G.I.D.C.,
Vapi, Dist. Bulsar,
Gujarat-396 195.



United Phosphorus Limited

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of United Phosphorus Limited will be held at Hotel Green View Hall, N.H. No. 8, Vapi - 396 195 on Tuesday, 29th September, 1998, at 10 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Profit & Loss Account for the year ended 31st March, 1998, Balance Sheet as at that date, the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Dr. M.I. Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Jai R Shroff who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri D.A. Anandpura who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the Company hereby accords its approval to the reimbursement of actual expenses not exceeding Rs. 8.67 lakhs incurred by Shri R.D. Shroff, Chairman & Managing Director of the Company on his medical treatment in respect of bypass surgery conducted abroad and any sum paid/payable in connection therewith, so far, if any, be ratified".

8. To consider and if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolutions**:

"RESOLVED THAT pursuant to the recommendations of the Board of Directors, the approval of the Company be and is hereby accorded to the classification of 2,60,00,000 unclassified shares of Rs. 10/- each comprised in the Authorised Share Capital of the Company as 10,00,000 equity shares of Rs. 10/- each, and 25,00,000 Preference Shares of Rs. 100/- each.

RESOLVED FURTHER THAT in accordance with provisions of Section 16 and other applicable provisions of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the authorised share capital be amended by substituting in place of the existing clause "The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crores) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, 25,00,000 (Twenty Five Lakh) Preference Shares of Rs. 100/- (Rupees Hundred) each and 5,00,00,000 (Five Crores) Unclassified Shares of Rs. 10/- (Rupees Ten) each", the following new clause:

"The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crore) divided into 2,60,00,000 (Two Crores Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, 50,00,000 (Fifty Lakh) Preference Shares of Rs. 100/- (Rupees Hundred) each and 2,40,00,000 (Two Crore Forty Lakh) Unclassified Shares of Rs. 10/- (Rupees Ten) each", and consequently the existing clause VI of the Memorandum of Association of the Company be altered by deleting the same and substituting in its place instead the following as new Clause VI:

"The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crore) divided into 2,60,00,000 (Two Crores Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, 50,00,000 (Fifty Lakh) Preference Shares of Rs. 100/- (Rupees Hundred) each and 2,40,00,000 (Two Crore Forty Lakh) Unclassified Shares of Rs. 10/- (Rupees Ten) each with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such rights as may be determined or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights in such manner as may for the time being be provided in the Articles of Association of the Company".



9. To consider and if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Article of Association of the Company be and is hereby altered as under:

- A) Existing Article No. 3(a) of the Articles of Association of the Company, be and is hereby deleted and substituted by the following article:

- (i) Article 3(a):

"The Authorised Share Capital of the Company is Rs. 100,00,00,000 (Rupees One Hundred Crore) divided into 2,60,00,000 (Two Crores Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, 50,00,000 (Fifty Lakh) Preference Shares of Rs. 100/- (Rupees Hundred) each and 2,40,00,000 (Two Crores Forty Lakhs) Unclassified Shares of Rs. 10/- (Rupees Ten) each with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such rights as may be determined or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights in such manner as may for the time being be provided in the Articles of Association of the Company".

10. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provision of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Shri V.R. Shroff, a relative of Shri R.D. Shroff, Smt. Sandra R. Shroff and Shri Jai R. Shroff, Directors of the Company to hold an office or place of profit as Executive Director-Commercial of the Company with effect from 1st October, 1997.

RESOLVED FURTHER THAT any remuneration or any other payment paid/payable in connection with his duties so far, to the said V.R. Shroff be and is hereby ratified".

RESOLVED FURTHER THAT if the remuneration payable to Shri V. R. Shroff exceeds the sum prescribed under section 314(1B) of the Companies Act, 1956, the same shall not be allowed/paid without obtaining prior approval of the Central Government.

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 SUCH PROXY NEED NOT BE A MEMBER.**
2. Relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business proposed to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15th September, 1998, to Monday, 28th September, 1998 (both days inclusive). Payment of dividend will be made within forty two days from the date of its approval at the Annual General Meeting, to those members whose names stand on the Register of Member as on 28th September, 1998.
4. Pursuant to the Provisions of Section 205A of the Companies Act, 1956, all unclaimed dividend upto and inclusive of financial year 1993-94 have been transferred to the General Reserve Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Reserve Account of the Central Government) Rules 1978. Members who have not encashed the Dividend Warrants pertaining to the said period may make their claims to the Registrar of Companies, Gujarat, Ahmedabad. Members who have not encashed the Dividend Warrants for the year 1994-95 or any subsequent year are requested to make their claims to the Company immediately.
5. The Members are requested to intimate any change of their address etc. Immediately to the Share Department of the Company situated at Excel Estate, S.V. Road, Goregaon (west), Mumbai -104, quoting their Folio No.

By Order of the Board of Directors

M.B. TRIVEDI
Company Secretary

Mumbai

Dated : 26th June, 1998.

Registered Office :

11, G.I.D.C., Vapi,

Dist. Valsad, Pin - 396 195.



United Phosphorus Limited

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 7:

Shri R.D. Shroff, Chairman & Managing Director of the Company had undergone a bypass surgery during the last year. The expenses incurred on the medical treatment of Shri R.D. Shroff in connection with his bypass surgery came to approximately Rs. 9 lakhs. In view of the valuable contribution made by Shri R.D. Shroff for the development and growth of the Company, the Directors are of the opinion that the same should be borne by the Company. As the abovereferred expenses exceed the normal medical benefits entitlement approved in his remuneration, the approval of the members of the Company and of the Central Government under Sections 309 and 310 of the Companies Act, 1956, is to be obtained. Accordingly, the special resolution as per item no. 7 of the Notice has been proposed for members approval.

Shri R.D. Shroff is interested in the resolution mentioned in item no. 7 of the notice. Smt. S.R. Shroff and Shri Jai R. Shroff being relatives of Shri R.D. Shroff are interested in the resolution. None of the other directors of the Company are in any way concerned or interested in the resolution.

Item Nos. 8 & 9:

Members will recall that at the Extraordinary general meeting of the Company held on 16th March, 1998, they had accorded their consent to issuing of 9 lakh equity shares to the promoters against warrants issued to them. Accordingly, as the same is required to be issued to the promoters, it is necessary that 10,00,000 unclassified shares of Rs. 10/- each comprised in the Authorised Capital of the Company be classified as Equity shares of the Company. For long term working capital requirements and other corporate needs, the Company may also go for issue of preference shares. Hence, the same will require suitable alteration in the Authorised Share Capital by classifying 2,50,00,000 unclassified shares as Preference Shares.

The alteration of the Capital Clause of the Memorandum of Association of the Company is in accordance with provisions of Section 16 of the Companies Act, 1956.

The alteration of article 3 of the Articles of Association is consequential to the changes in the classification of shares comprised in the Authorised Share Capital of the Company and consequent change in the capital clause of Memorandum of association of the Company. As per provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company may be altered by a special resolution.

Accordingly, Directors recommend the resolution proposed under item 8 and special resolution under item 9 for approval of the Shareholders.

None of the Directors of the Company, is in any way, concerned or interested in the resolution.

Item No. 10:

Shri V.R. Shroff, son of Shri R.D. Shroff and Smt. S.R. Shroff Directors of the Company has been actively associated with the Company's affairs since 1st October, 1997. Within a short span of time he has assumed lot of responsibilities and shown adaptness at various project and other commercial functions of the Company. However, his remuneration and designation were not fixed. After taking into account his satisfactory performance of the functions of the Company, it was decided to take him in employment as Executive Director of the Company on the following terms:

- (i) Basic Salary : Rs. 5,500/- per month, in the scale of 5,500-1,000-10,500.
- (ii) Allowances: As per Rules of the Company.
- (iii) Bonus: As per the provisions of payment of Bonus Act, 1956.
- (iv) Contribution to Provident fund and superannuation fund as per the rules of the company.
- (v) Medical benefits for self and family provided the total expenses on this account shall not exceed one month's basic salary.



-
- (vi) Leave and Leave Travel Allowance as per the rules & rates of the Company.
- (vii) All other rules and regulations applicable to the other employees of the Company in similar grade be applicable to him.

As the said remuneration is in excess of Rs. 10,000/- per month, according to Section 314(1B) of the Companies Act, the remuneration of V.R. Shroff will have to be approved by the members of the Company by passing a special resolution. When the remuneration is in excess of Rs. 20,000/- per month, permission from Central Government is also necessary.

Shri V.R. Shroff is interested in the resolution as it concerns his remuneration.

Shri R.D.Shroff, Smt. S.R.Shroff and Shri Jai R.Shroff are interested in the resolution as relatives of V.R. Shroff.

The Directors recommend the special resolution under item 10 for members consent.'

By Order of the Board of Directors

M.B. TRIVEDI
Company Secretary

Mumbai

Dated : 26th June, 1998.





United Phosphorus Limited

DIRECTORS' REPORT

TO
THE MEMBERS OF
UNITED PHOSPHORUS LIMITED

Your Directors hereby present their report and Audited Accounts for the year ended 31st March, 1998.

1. INDUSTRY REVIEW IN GENERAL:

The year 1997-98 portrayed a distressing turn of events for the Indian economy on the whole. The downturn of the economy struck home a severe blow to companies operating in various core sectors of the Indian economy. Such was the turbulent market condition that it effected the bottomlines of various mega companies. The bleak state of affairs of the industry was largely marked by the protracted slowdown which had thrust itself upon the economy during the second half of the last year. Needless to say, the retarded industrial growth persisted in the face of the widespread alleviation of the state of economy.

The Agrochemical industry, was not spared of the impacts of the sluggish market conditions, which were evident from the reduced demand position and dipping bottomlines of major companies in the sector.

2. FINANCIAL RESULTS:

	(Rs. in lacs)	
	Current Year	Previous Year
Profit for the year	2,472.39	3,172.85
Less: Provision for taxation	250.00	415.00
Profit after taxation	2,222.39	2,757.84
Less:		
(i) Prior Period Adjustments (Net)	195.16	120.70
(ii) Debenture Redemption Reserve	500.59	515.99
(iii) Capital Redemption Reserve	200.00	—
	1,326.64	2,121.16
Add: Balance Brought Forward	1,066.35	310.15
Amount available for appropriation	2,392.99	2,431.31
APPROPRIATED AS UNDER:		
Preference Dividend	151.80	154.00
Equity Dividend	738.35	737.24
Tax on Dividend	84.84	73.72
Transferred to General Reserve	300.00	400.00
Balance Carried Forward	1,118.00	1,066.35
	2,392.99	2,431.31

3. DIVIDEND:

The Directors recommend that a Dividend of 30% on the capital of Rs. 2,547.47 lacs for the year ended 31st March, 1998, be paid to those shareholders whose names appear in the Register of Members of the Company on 28th September, 1998 subject to the members approval at the Annual General Meeting. Pro-rata dividend will be paid in respect of shares issued during the year.

4. FINANCE:

During the year, the Company undertook exercise of financial institutions and this resulted in substantial reduction in interest cost.

5. ISSUE OF CAPITAL:

During the year under review, the Company has for the purpose of augmenting its long term resources and for meeting its general corporate needs, issued cumulative redeemable preference shares aggregating to Rs. 2,100



lacs by way of private placement. The Company further allotted equity shares aggregating to Rs. 90 lacs to the promoters of the Company in respect of warrants issued to them.

6. REVIEW OF BUSINESS OPERATIONS OF THE COMPANY:

The Company has posted a turnover of Rs. 47,411.93 lacs. There has been a decline in the profits (after tax) of the Company which stands at Rs. 2,222.39 lacs. The decline of around 20% in the profit margin of the Company resonates the difficult market conditions. The prices of agrochemicals have come down drastically all over the world and this has affected profitability very badly.

7. EXPORTS:

The Company's exports remained steady at Rs. 17,611.60 lacs as against Rs. 17,827.82 lacs of the previous year. All steps are taken to see that exports keep on growing. In the current year, the Directors expect the exports to go up.

8. SUBSIDIARY COMPANIES:

- (a) **Search Chem Industries Ltd.:** The said subsidiary could not do well in the current year mainly because of problems with Chlor-Alkali industry like over capacity and under-utilisation of its power plant. Recently the Chlor-Alkali industry has shown some signs of improvement. Wheeling policy for power from the Government of Gujarat is also expected to be announced soon. Hence, it is expected that in future the performance of this Company will improve.
- (b) **Enviro Technology Ltd.:** The said Company started commercial operations and it has been doing well in the current year. It has started treating the effluent provided by small and medium scale units in the area. It will also take up further business by expanding its area of operation.
- (c) **Inventa Corporation:** As informed to the members earlier, United Phosphorus Ltd. (UK) has set up another subsidiary company in USA and the operations of Inventa Corporation stands curtailed due to this. The Company is trying to divest its investments to the subsidiary company in UK for administrative convenience.
- (d) **Bio-Win Corporation:** This Company has been set up in Mauritius and showing signs of improvement in performance. Good profits can be expected from its operations. The Company has also received dividends from the said M/s. Bio-Win Corporation.
- (e) **United Phosphorus (Zambia) Ltd.:** There has been good improvement in the operations of this Company. The sales have gone up and the profitability is expected to be improving. There is a good scope for increasing the sales through this Company and necessary steps are taken to achieve higher sales.
- (f) **United Phosphorus Ltd. (UK):** During the year, the said Company closed down one of its units at Warrington for better operational efficiency. This resulted in loss in the current year due to abnormal expenditure arising out of such closure. However, the said Company is again expected to start making profits for the current year. The Company has acquired all the shares of M/s. Agrodan A/S, Denmark during the year.
- (g) **Agrodan A/S, Denmark:** During the year, all the shares of the said Company were acquired by the UK subsidiary. This Company is having various registrations which will help promoting the sales of various agrochemicals. After taking over the company, its performance has shown improvement.
- (h) **United Phosphorus Inc. USA:** The said subsidiary in USA is doing good business. As such, USA is a very big market for agrochemicals and hence it was decided to set up a separate company in USA.
- (i) **United Phosphorus (Australia) Ltd.:** The turnover in this Company has increased substantially. The profits have also improved. It caters to the requirement of Australia, New Zealand and other nearby countries. The directors expect that performance of this Company will improve further in the coming years.
- (j) **United Phosphorus De Mexico S.A. De C.V.:** This Company has done very well this year. Good profits are recorded for the current year. In the near future also the said Company will flourish.

9. INSURANCE:

Whole of the Company's properties have been adequately insured.

10. DEPOSITS:

The Company had an aggregate sum of Rs.131.08 lacs as deposits as at 31st March, 1998. Of these, deposits aggregating to Rs. 9.17 lacs had matured but were not claimed for repayment/renewal. Out of the above, deposits amounting to Rs. 6.37 lacs have been refunded/renewed, till date.



United Phosphorus Limited

11. AUDITORS REPORT:

The Auditors have made qualifications in their Report to the members regarding loss arising as a result of fraudulent encashment of letter of credit. In this regard, attention of members is drawn to Note No. 6 under Schedule 'R' which is self-explanatory.

12. PERSONNEL:

The Directors wish to express their appreciation to all the employees for their unfailing co-operation and support to the Company for maintaining a satisfactory performance during the current year.

13. ENVIRONMENT SAFETY AND QUALITY:

The Company ascribed utmost importance to environmental safety and protection. The Company's factories and manufacturing sites located at various places are well equipped with measures ensuring prescribed standards of environmental safety and protection. The Company has two subsidiaries one at Ankleshwar and one recently set up at Bharuch for treating effluents of small and medium scale concerns in the nearby areas.

14. SAFETY AND HEALTH PERFORMANCE:

Safety and health of the employees of the Company has always been the prime concern of the management. The fundamental principle "health is wealth" has been the motto of the Company for creating a satisfied working environment.

The Company strictly adheres to the standards of Safety and health policy laid down by its policy as well as the Factories Act, 1948.

Various safety measures were taken during the year. The employees were given on the job safety training and other methods of compliance of the safety rules of the Company. This has resulted in greater comprehension and appreciation of the safety values by the employees resulting in good safety records.

15. AUDITORS:

The Company's retiring Auditors, M/s. S.V. Ghatalia & Associates, being eligible for reappointment have expressed their willingness to act as Auditors, if reappointed. The members are requested to grant their consent for the same and fix their remuneration for the year 1998-99.

16. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975:

Information as per Section 217 (2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and under Section 217(1)(E) of the said Act read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 form part of this report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining these particulars may inspect the same at the Registered Office of the Company or write to the Secretary for a copy.

17. DIRECTORS:

At the ensuing Annual General Meeting, Dr. M.I. Patel, Shri Jai R. Shroff and Shri D.A. Anandpura, retire and who being eligible, offer themselves for re-appointment.

18. ACKNOWLEDGEMENT:

The Board of Directors affirm their appreciation to all the Government Officials, Financial Institutions, Bankers, Dealers, Farmers, Investors and other consumers for their unstinted support.

For and on behalf of Board of Directors

R.D. SHROFF

Chairman & Managing Director

Mumbai
26th June, 1998.