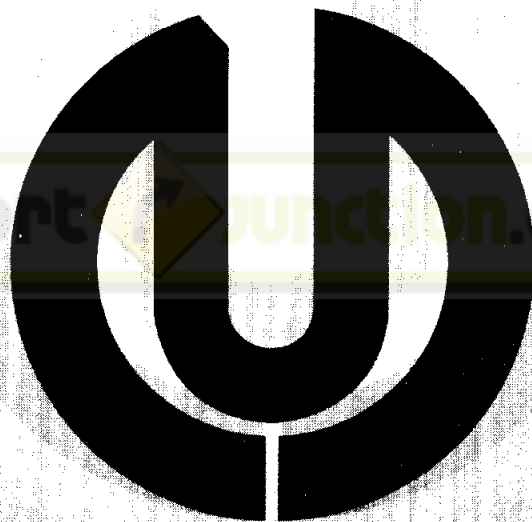


Annual Report 2000-2001



United Phosphorus Limited



United Phosphorus Limited

BOARD OF DIRECTORS

MR. R.D. SHROFF

Chairman and Managing Director

MRS. S.R. SHROFF

Vice Chairman

MR. K. BANERJEE

Wholetime Director

MR. J.R. SHROFF

Executive Director

MR. A.C. ASHAR

Director - Finance

MR. D.A. ANANDPURA

DR. (MRS.) R. RAMACHANDRAN

(Appointed w.e.f. 29.01.2001)

DR. A. BHATT

(Appointed w.e.f. 29.01.2001)

MR. P. GOYAL

(Appointed w.e.f. 29.03.2001)

DR. P.V. KRISHNA

(Appointed w.e.f. 29.03.2001)

MR. D.D. CHOPRA

(Resigned w.e.f. 29.09.2000)

COMPANY SECRETARY

MR. M.B. TRIVEDI

AUDITORS

S.V. GHATALIA & ASSOCIATES

Chartered Accountants

BANKERS

Dena Bank

Bank of Baroda

State Bank of India

Union Bank of India

Canara Bank

HSBC Ltd.

Centurion Bank Ltd.

IDBI 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 32nd Annual General Meeting of the Members of United Phosphorus Limited will be held at Hotel Green View Hall, NH No.8, Vapi 396195 on Thursday, 27th September, 2001 at 09:30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the profit and loss account for the year ended 31st March, 2001, Balance Sheet as at that date, the Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Kalyan Banerjee, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Arun C. Ashar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT (Dr.) Smt. Reena Ramachandran, who was appointed as an additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing proposing her candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT (Dr.) Anil Bhatt, who was appointed as an additional Director of the Company pursuant to section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Pradeep Goyal who was appointed as an additional Director of the Company pursuant to section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation."
9. To consider and if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:
"RESOLVED THAT Dr. P.V. Krishna, who was appointed as an additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and holds office up to the date of the Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature to the office of the Director, be and is hereby appointed as the Director of the Company, liable to retire by rotation."
10. To consider, and if thought fit, to pass with or without modification, the following resolution as Special Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act, and subject to the ceilings laid down in the said Schedule XIII and in modification of the terms and quantum of remuneration as approved earlier by the members of the Company, the further increase in managerial remuneration payable to Shri Rajju D. Shroff, Chairman & Managing Director; Shri Arun C. Ashar, Whole-time Director; and Shri Jai R. Shroff, Whole-time Director, with effect from 1st April, 2001, for the remainder of the tenure of their respective terms, as set out in the respective Draft Agreements submitted to this meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved, with liberty to the Board of Directors to further alter and vary the said terms as the Board of Directors may consider necessary and as may be agreed to by the respective Directors, and that the said Agreements to be entered into between the Company and the said managerial personnel respectively, be and are hereby sanctioned and approved;

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, each one of the aforesaid managerial personnel shall be paid the said enhanced remuneration as minimum remuneration subject however to the limits prescribed under the said Schedule XIII for the time being in force or any modification thereof."

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 A PROXY NEED NOT BE A MEMBER.** The instrument appointing proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. The attendance slip, duly filled in, should be handed over by member/proxy at the time of attending the meeting.

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3. The Explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of special business as aforesaid is annexed to the notice. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2001 to 27th September, 2001 (both days inclusive) for payment of dividend on equity shares. In respect of shares held in Electronic form, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose. The Company will despatch the dividend warrants from 2nd October, 2001 onwards.
4. The Company has already transferred all unclaimed dividend upto and inclusive of financial year ended 31st March, 1995 to General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. The members who have not encashed the dividend warrants pertaining to the said period may claim the same from the Registrar of Companies, Jivabhai Chambers, Ashram Road, Ahmedabad-380 009 (Gujarat).
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the year 1995-96 and thereafter, which remained unpaid or unclaimed for a period of seven years will be transferred to Investors Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend for this period are requested to claim the same from the Company. It may be noted that once unclaimed dividend is transferred to the Investors Education and Protection Fund, no claim shall lie in this respect thereon.
6. The members are requested to intimate any change of their address, etc. immediately to the Share Department of the Company situated at M/s. Excel Estate, S. V. Road, Goregaon (W); Mumbai-400 062, quoting their Folio No.
7. **Appointment/reappointment of Directors:**

At the ensuing Annual General Meeting, Shri Kalyan Banerjee and Shri Arun C. Ashar, Directors retire by rotation and being eligible offer themselves for reappointment. Dr. (Smt.) Reena Ramchandran, Dr. Anil Bhatt, Shri Pradeep Goyal and Dr. P. V. Krishna are being appointed as Directors liable to retire by rotation. In pursuance of Corporate Governance code, information for the aforesaid Directors is provided hereunder:

- (i) Shri Kalyan Banerjee is the Director of the Company since 17th April, 1985. He is a Chemical Engineer. He has been associated with the Company since its inception. He has held various important positions in commercial, educational and social fields. He has been the Director of Rotary International and is actively associated with all the Rotary projects. He is also a Director, CII, Western Region. He is also associated with various education institutions at Vapi.
- (ii) Shri Arun C. Ashar is the Director of the Company since 28th February, 1992. He was associated with the Company in the capacity of consultant prior to his joining of the Board. He looks after the financial functions of the Company and has been instrumental in raising finance for various projects of the Company.
- (iii) Dr. (Smt.) Reena Ramchandran has joined the Board of Directors as an Additional Director of the Company. She is the Director General of Fortune Institute of International Business, which is approved by the Ministry of HRD, Govt. of India. She has been member of various associations and institutions relating to education. Presently, she is also a member of the Expert Committee appointed by the Ministry of HRD to device Policy Perspectives for Management Education. She was also associated with various committees appointed by various Ministries of Government of India. She has done her Doctorate in Chemistry from University of Allahabad and Doctorate in Science (Chemistry) in France. She has varied professional experience of over 30 years in Textile, Drug, Cement, Petroleum and Petro Chemical Industry.
- (iv) Dr. Anil Bhatt has joined the Board as an Additional Director of the Company. He is a retired Professor and Consultant of Indian Institute of Management, Ahmedabad. He has been advisor to various voluntary organizations involved in human development and social justice. He has been a member and chairman of various State and Central Government committees and consultant to voluntary Government and international organization. He has published widely on the subjects of Government, Society and Development.
- (v) Shri Pradeep Goyal has joined the Board as an Additional Director of the Company. He is a Metallurgy Engineer from IIT and Master Graduate from MIT, USA. He has been the member of various associations such as All India Manufacturers Organisation, ASSOCHAM, Indo-German Chambers of Commerce, etc. He has authored a few articles relating to steel making. He is the Managing Director of Pradeep Metals Limited.
- (vi) Dr. P. V. Krishna has joined the Board as an Additional Director of the Company. He is the Project Consultant for Chemicals, Petro Chemicals, Safety Management and environmental planning. He has done Doctorate in Chemical Technology. He has been associated with assignments in industry, research and in Government departments (both State and Central Governments) in the capacity of Advisor.

By Order of the Board of Directors
For **UNITED PHOSPHORUS LIMITED**

M.B. TRIVEDI
Company Secretary

Registered Office:
11, G.I.D.C., Vapi,
Dist. Valsad, Pin-396 195
26th June, 2001



United Phosphorus Limited

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE NOTICE

Item No. 6:

Dr. (Smt.) Reena Ramachandran was appointed as an Additional Director of the Company during the year pursuant to Section 260 of the Companies Act, 1956. She holds office as Additional Director up to the date of the Annual General Meeting. The Company has received a notice in writing from a member proposing her candidature for the Directorship of the Company as per the provisions of Section 257 of the Companies Act, 1956.

Dr. (Smt.) Reena Ramachandran has done her Doctorate in Chemistry. She is having wide experience in Chemicals and other fields. Keeping in view her vast experience and knowledge, it will be in the interest of the Company to appoint Dr. (Smt.) Reena Ramachandran as the Director of the Company. The Directors recommend this Resolution for your approval.

None of the Directors except for Dr. (Smt.) Reena Ramachandran is in any way concerned or interested in this Resolution.

Item No. 7:

Dr. Anil Bhatt was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956. He holds office as Additional Director up to the date of the Annual General meeting. The Company has received a notice in writing from a member proposing his candidature for the Directorship of the Company, as per the provisions of Section 257 of the Companies Act, 1956.

Dr. Anil Bhatt has very good experience in human resources related activities. Keeping in view, his knowledge and experience, it will be in the interest of the Company to appoint Dr. Anil Bhatt as the Director of the Company. The Directors recommend this Resolution for your approval.

None of the Directors other than Dr. Anil Bhatt is in any way concerned or interested in this Resolution.

Item No. 8:

Shri Pradeep Goyal was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956. He holds office as Additional Director up to the date of the Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the Directorship of the Company, as per the provisions of Section 257 of the Companies Act, 1956.

Shri Pradeep Goyal is a Metallurgy Engineer from IIT, Kanpur. Keeping in view his knowledge and experience, it will be in the interest of the Company to appoint Shri Pradeep Goyal as the Director of the Company. The Directors recommend this Resolution for your approval.

None of the Directors other than Shri Pradeep Goyal is in any way concerned or interested in this Resolution.

Item No. 9:

Dr. P. V. Krishna was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956. He holds office as Additional Director up to the date of the Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the Directorship of the Company, as per the provisions of Section 257 of the Companies Act, 1956.

Dr. P. V. Krishna is a Ph.D. (Tech.). He is the Project Consultant for Chemicals, Petro Chemicals, Safety Management and Environment Planning. He has got an excellent technical background. Keeping in view his knowledge and experience, it will be in the interest of the Company to appoint Dr. P. V. Krishna as Director of the Company. The Directors recommend this Resolution for your approval.

None of the Directors other than Dr. P. V. Krishna is in any way concerned or interested in this Resolution.

Item No.10:

At the Annual General Meeting held on 28th September, 2000, shareholders had approved re-appointment and terms of remuneration of Shri Rajju D. Shroff, Chairman and Managing Director of the Company. At the Annual General Meeting held on 3rd August, 1999 shareholders had approved the re-appointment and terms of remuneration of Shri Arun C. Ashar, Director of the Company. At the Extra-Ordinary General Meeting held on 11th March, 1999, the shareholders had approved the re-appointment and terms of remuneration of Shri Jai R. Shroff, Whole-time Director of the Company.

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Your directors have enhanced the remuneration of aforesaid working directors with effect from 1st April 2001 for the remainder of tenure of their respective terms (Shri Rajju D. Shroff's term is up to 31st March 2005; Shri Arun C. Ashar's term is upto 30th June 2004; Shri Jai R. Shroff's term is up to February 2004). As set out in the draft agreement the enhanced remuneration to the aforesaid Working Directors is within the limits upto which remuneration and perquisites could be paid to Managing and Whole-time directors under schedule XIII of the Companies Act 1956. The said Schedule XIII also stipulates limits upto which remuneration could be paid by a Company having no profits or inadequate profits. In the case of your Company, such minimum remuneration by way of salary, dearness allowance, perquisites, and other allowances shall not exceed the limit of Rs.18,00,000/- per annum or Rs.1,50,000/- per month.

The increased remuneration payable to each of Directors by way of salary, commission, perquisites and allowances is given under: -

- (a) Salary: Rs.2,00,000/- per month including Dearness and all other Allowances, to each one of them (against Rs.1,00,000/- per month being presently paid to the aforesaid working directors)
- (b) Commission not exceeding 1% (one percent) of net profits of the Company as may be decided by the Board of Directors for each financial year (which is the same as present).
- (c) Perquisites as at present except those related to salary by way of percentage thereof which will stand enhanced accordingly, but subject to the limit of Rs.4,50,000/- per annum. The perquisites will be evaluated for the purpose of the said ceiling on the basis of the cost to the Company or as provided in the Income-tax Act, 1961, or Rules framed thereunder, as may be applicable.

The minimum remuneration to be paid in the event of absence or inadequacy of profits in any financial year during the period of their respective appointment will be the same amount as above, but subject to a maximum ceiling limit of Rs.18,00,000/- per annum or Rs.1,50,000/- per month for each of them, in the manner set out in Section II of Part II of Schedule XIII to the Companies Act, 1956.

The other terms and conditions of the reappointment approved by the Shareholders at the respective EGMs/AGMs held on 28th September 2000; 3rd August 1999 and 11th March 1999 will remain unchanged.

The aforesaid increase in the remuneration of the Working Directors are required to be approved by the members in General Meeting and the Directors commend this Resolution for acceptance by the members.

The draft Agreements proposed to be entered into between the Company and Shri Rajju D. Shroff, Shri. Arun C. Ashar and Shri Jai R. Shroff respectively, are available for inspection by the Members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays) prior to the date of the Meeting.

The above may be treated as an abstract of the respective draft Agreements proposed to be entered into between the Company and Shri Rajju D. Shroff, Shri Arun C. Ashar and Shri Jai R. Shroff respectively, pursuant to Section 302 of the Companies Act, 1956.

Shri Rajju D. Shroff, Chairman & Managing Director; Shri Arun C. Ashar, Whole-time Director; and Shri Jai R. Shroff, Whole-time Director, are interested in the Resolution. Shri Rajju D. Shroff, Chairman & Managing Director; Smt. Sandra R. Shroff, Vice Chairman and Shri Jai R. Shroff, Whole-time Director, may be also deemed to be interested in the Resolution as they are related to each other. None of the other Directors of the Company is in any way concerned or interested in the Resolution.

By Order of the Board of Directors
For **UNITED PHOSPHORUS LIMITED**

M.B. TRIVEDI
Company Secretary

Registered Office:
11, G.I.D.C., Vapi,
Dist. Valsad, Pin-396 195
26th June, 2001



United Phosphorus Limited

DIRECTORS REPORT

TO
THE MEMBERS OF
UNITED PHOSPHORUS LIMITED

Your Directors present herewith their Report on the business and operations of the Company and the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	Year Ended 31/03/2001	(Rs. In lacs) Year Ended 31/03/2000
Profit before taxation	2,363.63	4,212.42
Less : Provision for taxation	160.00	760.00
Profit after taxation	2,203.63	3,452.42
Add : (a) Investment Allowance Reserve (Utilised) and written back	60.00	—
(b) Debenture Redemption Reserve written back	—	314.25
	2,263.63	3,766.67
Less : (i) Prior period Adjustments (Net)	204.27	263.63
(ii) Debenture Redemption Reserve	715.83	1,371.89
(iii) Capital Redemption Reserve	1,000.00	—
	343.53	2,131.15
Add : Balance brought forward	1,527.85	1,180.35
Amount available for appropriation	1,871.38	3,311.50
APPROPRIATIONS :		
Preference dividend	291.51	264.83
Equity Dividend : Interim	—	891.61
Final (Proposed)	509.49	—
Tax on dividend	117.48	127.21
Transferred to General Reserve	250.00	500.00
Balance Carried Forward	702.90	1,527.85
	1,871.38	3,311.50

OPERATIONAL PERFORMANCE

There has been no significant variation in the sales of the Company as compared to the previous year. The profit (after tax) was Rs. 22.03 Crores as compared to Rs. 34.52 Crores for the previous year. Export realisations registered an increase at Rs. 244.14 Crores as compared to Rs. 206.53 Crores in the previous year. The Company aspires to continue to tap new market opportunities for future augmentation in its international business.

The market remained sluggish during the year with little scope for economic augmentation. The Agrochemical sector generally was badly hit by the languid conditions and your Company was no exception. Moreover, the year was fraught with unfavourable weather conditions as well as natural calamities, which disrupted the smooth transition of operations. In the face of constraining factors at play, your Company had to make concerted efforts to sustain its presence. Strategic planning of operations, requisite revisions in the pricing policy of its products, thrust on cost reduction in core areas, prudent management policies have substantially contributed to the Company's above profit.

PROSPECTIVE VISION

The outlook for the current year appears promising on account of optimistic predictions on the weather conditions especially the monsoons. A gradual turnaround in the economic conditions is expected which is likely to be conducive to the operations of the

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Company and the industry in general. Your Company will continue to assay the opportunities and strive to burgeon its growth in the coming years through prudent corporate policies, focussed responsibilities, product development strategies and cost reduction measures.

DIVIDEND

Your Directors recommend dividend payment @ 20%, i.e. Rs. 2/- per share of Rs. 10/- each on the equity shares for the year under review. Despite economic indicators pointing to a sluggish market, your directors have, in keeping with the Company's policy of rewarding its members, recommended the above dividend.

FINANCE

The money market was quite rigid in keeping with the encumbered economic scenario. However, your company managed to source enough funds through private placement of its debentures and by way of term loans which contributed to augmentation of its resources and enabled it to honor its financial commitments.

INTERNATIONAL ACTIVITIES

Your company continues to assess overseas markets replete with growing opportunities to enhance its export function. In pursuance of this, it has identified Japan as a potential market for Agrochemical products with high prices and returns. Your Company has started expanding its base in the country and has accordingly formed a subsidiary by the name of 'UPL JAPAN' to manage and service its Japanese business.

During the year, we have set up a task force with Bayer AG, Germany for undertaking studies in respect of one of the products marketed by Bayer AG. Your company has thus identified a new revenue segment by utilising its expertise on registration of Agrochemical products.

RESEARCH AND DEVELOPMENT

During the year, the Company's R & D function was focussed on two major areas : i) Cost reduction of existing products through development of innovative processes; and ii) New product development whereby the process improvement strategies developed in R & D have led to improvement in the quality and stability of products. The same has been implemented in the regular manufacture process.

It has also vigorously pursued the development of phosphine gas generator and has carried out detailed trials and discussions with the users in Australia and Germany. Your Company will continue to persist in its function of product innovation and improvement in the coming years also.

SUBSIDIARY COMPANIES

Pursuant to section 212 of the Companies Act, 1956, the latest audited accounts together with the Auditors' and Directors' Report of various subsidiaries and wholly-owned overseas subsidiaries are enclosed herewith.

The results of most of the overseas subsidiary companies have been lack lustre on account of depressed scenario everywhere. However, the directors expect that in the current year, the situation should improve, and these subsidiaries will post better results.

Two new subsidiary companies in Shanghai and Japan were formed, so as to explore the market for the Company's products in these parts of the world.

There has been a steady progress in the working of Enviro Technology Limited, one of the Indian subsidiaries. However, another Indian subsidiary, viz, Search Chem Industries Limited continues to cause a lot of concern. There was a major break-down in the power plant. However, the plant has started working again. Overall market for chlor-alkali products is also improving. Your Directors, therefore, hope that in the current year, the working of this company improves.

INSURANCE

The Company's properties are adequately insured.

FIXED DEPOSITS

As at 31st March, 2001 the total amount of fixed deposits held by the Company was Rs. 30.74 lacs. Deposits aggregating to Rs. 5.04 lacs had matured but remained unclaimed or were not renewed as at 31st March, 2001 out of which deposits amounting to Rs. 1.83 lacs have been refunded/renewed till date.



United Phosphorus Limited

AUDITORS REPORT

The Auditors have made qualifications in respect of non-provision of diminution in value of investments made in the company's subsidiary company, viz: Search Chem Industries Limited. In this connection, the Directors have to state that the said company has taken restructuring measures and hence, diminution in value of this investment is a temporary phenomenon. Your attention is invited to Note No. 8 in Schedule 'S' which is self-explanatory.

Similarly, the Auditors have made remarks regarding loans and advances given to and interest receivable thereon from Search Chem Industries Limited. In this connection, your attention is invited to Note No. 9 in Schedule 'S' which is self-explanatory.

DEPOSITORY DETAILS

As at 31st March, 2001, 64.87% of shares of the Company are dematerialised.

DIRECTORS

During the year Mr. Kalyan Banerjee and Mr. Arun C Ashar retire by rotation and being eligible, offer themselves for re-appointment.

The Company had made new additions in its Board of Directors during the year. Dr. (Mrs.) Reena Ramchandran, Dr. Anil Bhatt, Shri. Pradip Goyal and Dr. P.V. Krishnan are the new Directors admitted on the Board of the Company. Each of the new appointees have rich and varied experience in various fields and your company is proud to avail of their knowledge and guidance.

During the year, Shri. D.D. Chopra resigned as Director of the Company. The Board takes this opportunity to place on record their sincere appreciation for the support and direction given by Shri. D.D. Chopra during his tenure as a Director of the Company.

AUDITORS

The current auditors of the Company, M/s. S.V. Ghatalia & Associates, Chartered Accountants, are retiring at the ensuing Annual General Meeting. The Auditors being eligible for re-appointment have expressed their willingness to continue, if re-appointed. Members consent is sought for the re-appointment of Auditors and fixing their remuneration for the year 2001-2002.

PERSONNEL

The transition to the current year was cordial and peaceful at all units of the Company.

ENVIRONMENT EFFORTS

Your Company continues to fulfill its responsibilities towards maintaining the ecological equilibrium. The subsidiaries formed by the Company in this respect for the purpose of furthering the objective of a safe and pollution free environment at Ankleshwar and Bharuch are significantly contributing to the realization of this responsibility. In pursuance of carrying out its responsibilities towards the environment, your company continues to identify and invest in other companies engaged in advancing similar objective.

CONSERVATION OF ENERGY ETC. AND PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) 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. In terms of 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 or particulars of employees. Interested shareholders may write to the Secretary at the registered office of the Company for a copy of the above details.

DIRECTORS RESPONSIBILITY

Your directors confirm the following Directors' Responsibility statements pursuant to provisions of Section 217(2AA) of the Companies Act, 1956 :

- 1) in the preparation of Annual Accounts for the year ended 31st March, 2001, the company has followed the applicable accounting standards with proper explanations relating to material departures, if any;
- 2) appropriate accounting policies have been selected and applied consistently and judgements and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profit of the Company for that year;

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3) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with applicable provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Company and its Board has been complying with Corporate Governance to the extent set out in this respect as a separate report, in pursuance of requirements of Clause 49 of the Listing Agreement. The Management Discussion and Analysis Report forms part of this Report. Auditors Certificate regarding compliance of the conditions of Corporate Governance as stipulated under the said clause is also attached to the report.

INFORMATION TECHNOLOGY

Your Company persevered in its attempts to make significant improvements in the overall functioning of its in house information technology department. Various measures were taken and implemented to make available to the employees better systems at a lower cost outlay to cope with increasing information needs in a more competent manner.

LISTING

Company's shares are listed with (i) National Stock Exchange at Kamala Mills Compound, Trade World, Senapati Bapat Marg, Lower Parel, Mumbai - 13, (ii) Bombay Stock Exchange at Phiroj Jeejeebhoy Towers, Dalal Street, Mumbai - 1, and (iii) Ahmedabad Stock Exchange at Kamdhenu Complex, Nr. Polytechnic, Panjara Pole, Ahmedabad - 15. There is no default in the payment of annual listing fees.

ACKNOWLEDGEMENTS

Your Company and its Board appreciate the concerted efforts and loyalty of its employees and express their grateful regard to various Government departments, banks, Financial Institutions & Investors for their confidence in the Company and co-operation extended to us.

For and on behalf of the Board of Directors

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R.D. Shroff
Chairman and Managing Director

Mumbai,
Date : 26th June, 2001