



# Annual Report 2003-2004



**United Phosphorus Limited**  
(Formerly known as Search Chem Industries Limited)



# United Phosphorus Limited

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### 28<sup>th</sup> ANNUAL GENERAL MEETING

Date : 28<sup>th</sup> August, 2004

Day : Saturday

Time : 10.00 a.m.

Place : Hotel Green View Hall,  
National Highway No.8,  
G.I.D.C., Vapi – 396 195.

For assistance regarding share transfers, transmission, change of address, duplicate/loss of shares and other related matters, please write to the Registrars & Share Transfer Agents

#### Sharepro Services

Unit : United Phosphorus Ltd.

Satam Estate, 3<sup>rd</sup> Floor,  
Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai- 400 099.

Phone No(s). : 91-022-2821 5168/2821 5991

Fax No. : 91-022-2837 5646

### BOOK CLOSURE

Thursday, 19<sup>th</sup> August, 2004  
to  
Saturday, 28<sup>th</sup> August, 2004



**BOARD OF DIRECTORS**

MR. R. D. SHROFF	- Chairman & Managing Director
MRS. S. R. SHROFF	- Vice Chairman
MR. J. R. SHROFF	- Executive Director
MR. A. C. ASHAR	- Director – Finance
MR. K. BANERJEE	- Whole-time Director ( Appointed w.e.f. 21 <sup>st</sup> October, 2003)
MR. PRADEEP GOYAL	
DR. P. V. KRISHNA	
DR. (MRS) R. RAMACHANDRAN	- Appointed w.e.f. 21 <sup>st</sup> October, 2003
MR. PRADIP MADHAVJI	- Appointed w.e.f. 29 <sup>th</sup> January, 2004
MR. A. L. BONGIRWAR	- Nominee Director of IDBI
MR. A. A. PANJWANI	- Resigned w.e.f. 21 <sup>st</sup> October, 2003
MR. P. N. DEVARAJAN	- Resigned w.e.f. 21 <sup>st</sup> October, 2003
DR. NITISH SENGUPTA	- Resigned w.e.f. 21 <sup>st</sup> October, 2003
MR. D.A. ANANDPURA	- Appointed w.e.f. 21 <sup>st</sup> October, 2003 and deceased on 4th November, 2003

**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  
Indian Overseas Bank  
Centurion Bank Ltd.  
IDBI Bank Ltd.  
Punjab & Sind Bank  
Global Trust Bank Ltd.  
Karur Vysya Bank Ltd.  
UTI Bank Ltd.  
Andhra Bank Ltd.  
State Bank of Hyderabad

**ADMINISTRATIVE OFFICE**

Uniphos House, C.D.Marg,  
Khar (West), Mumbai- 400 052

**REGISTRAR & SHARE TRANSFER AGENTS**

Sharepro Services  
Unit: United Phosphorus Ltd.  
Satam Estate, 3<sup>rd</sup> Floor, Above Bank Of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (East), Mumbai- 400 099.

**REGISTERED OFFICE**

3-11, G.I.D.C., Vapi,  
Dist, Valsad, Gujarat-396 195.



## NOTICE

**NOTICE** is hereby given that **20<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Saturday, 28<sup>th</sup> August, 2004 at 10.00 a. m. at Hotel Green View Hall, National Highway No. 8, G.I.D.C., Vapi - 396 195, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2004, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Mr. Pradeep Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Sandra R. Shroff, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Arun C. Ashar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS :

7. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Kalyan Banerjee, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from some members proposing the candidature of Mr. Kalyan Banerjee for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Dr. (Mrs.) Reena Ramachandran, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from some members proposing the candidature of Dr. (Mrs.) Reena Ramachandran for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Pradip Madhavji, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from some members proposing the candidature of Mr. Pradip Madhavji for the office of Director, be and is hereby appointed as a 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 a **Special Resolution**:  
**"RESOLVED THAT** subject to the provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 the Securities Contract (Regulations) Act, 1956 and the rules framed thereunder, listing agreement with the Stock Exchanges and other applicable laws, rules & regulations and guidelines and subject to such other approvals, permissions, sanctions etc. as may be necessary and subject to such conditions as may be prescribed by any authority while granting such approvals, permissions, sanctions etc. which may be agreed to by the Board of

Directors (hereinafter referred to as "the Board" which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to voluntarily delist the securities of the Company from The Madras Stock Exchange Ltd., The Stock Exchange Ahmedabad, The Calcutta Stock Exchange Association Ltd., and Vadodara Stock Exchange Ltd., where the equity shares of the company are presently listed.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above resolution."

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

**"RESOLVED THAT** in supersession of the ordinary resolution adopted at the Extra-ordinary General Meeting held on 15th July, 1996 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money from time to time, with or without security and on such terms and conditions as they may think fit notwithstanding that the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board of Directors shall not exceed the sum of Rs.1000 crores (Rupees One Thousand Crores only)

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all such other steps as may be necessary or desirable to give effect to this resolution."

#### 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.** The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and should be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of 20<sup>th</sup> Annual General Meeting.
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. The Register of Members and The Share Transfer Books of the Company will remain closed from Thursday, 19<sup>th</sup> August, 2004 to Saturday, 28<sup>th</sup> August, 2004 (both days inclusive).
5. The Members are requested to kindly send all their correspondence relating to the change of address, transfer of shares, etc. directly to the Company's Registrar & Transfer Agents – Sharepro Services, Unit : United Phosphorus Limited, Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099, quoting their Folio Number and in case their shares are held in dematerialised form, the intimation of change of address should be passed on to their respective Depository Participants.
6. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, unclaimed dividend for the financial year 1994-95 has been transferred to the 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. Members who have not encashed the Dividend Warrants pertaining to the said period may make their claims to the Registrar of Companies, Gujarat, Ahmedabad by submitting an application in prescribed form.
8. There is no outstanding unclaimed dividend for the year 1995-96.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, dividend for the year 1996-97 which remains unpaid or unclaimed for a period of seven years from the date of transfer of same to the unpaid dividend account of the Company will be transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.



# United Phosphorus Limited

## NOTES : (Contd...)

Members who have not encashed the Dividend Warrants for the year 1996-97 are requested to make their claims to the Company immediately. **It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, no claim shall lie, against the Company or the said fund, in respect thereof.**

10. Additional information on Directors being Appointed/re-appointed as required under Clause 49(VI) of the listing agreement with the Stock Exchanges:

At the ensuing Annual General Meeting, Mr. Pradeep Goyal, Mrs. Sandra R. Shroff and Mr. Arun C. Ashar, Directors, retire by rotation and being eligible offer themselves for reappointment. Mr. Kalyan Banerjee, Dr. (Mrs.) Reena Ramachandran and Mr. Pradip Madhavji are being appointed as Director liable to retire by rotation. In pursuance of Corporate Governance code, information of the aforesaid Directors is provided hereunder:

- (a) Mr. Pradeep Goyal is the Director of the Company since 31<sup>st</sup> January, 2002. 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.
- (b) Mrs. S. R. Shroff is the Director of the Company since 1<sup>st</sup> October, 1992. She has been associated with the Uniphos Enterprises Limited (erstwhile United Phosphorus Limited) since its inception. She has held various important positions in commercial, educational and social fields.
- (c) Mr. Arun C. Ashar is the Director of the Company since 1<sup>st</sup> March, 1993. He is a Chartered Accountant. He was associated with the group 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.
- (d) Mr. Kalyan Banerjee has joined the Board as Additional Director of the Company. He is a Chemical Engineer. He has been associated with the Uniphos Enterprises Limited (erstwhile United Phosphorus Limited) 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.
- (e) Dr. (Mrs.) Reena Ramachandran has joined the Board of Directors as an Additional Director of the Company. She is the Director General of Fortune Institute of Internationals 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.
- (f) Mr. Pradip Madhavji has joined as an additional Director on the board of the Company. Mr. Madhavji is B.A., B.Com. and L.L.B. Mr. Madhavji has more than 40 years of experience in the fields of finance and administration. Formerly he was chief of Thomas Cook India Ltd. Prior to joining Thomas Cook, He was in Dena Bank for 18 years. Presently Mr. Madhavji is on the Board of Standard Chartered Asset Management Co. Pvt. Ltd., Kishco Cutlery Ltd. and Shreeji Bhatia Co-op. Bank Ltd. Apart from this, he is Hon. Consul of New Zeland and also holds positions in various trade bodies.

By Order of the Board of Directors

**M. B. TRIVEDI**

*Company Secretary*

Mumbai.  
29th April, 2004

Registered Office :  
3-11, G.I.D.C., Vapi,  
Dist. Valsad,  
Pin - 396 195.



**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO.7**

The Board of Directors appointed Mr. Kalyan Banerjee as an Additional Director pursuant to Articles 124(a) of the Articles of Association of Company. Under Section 260 of the Companies Act, 1956, Mr. Kalyan Banerjee will hold office only up to the date of 20<sup>th</sup> Annual General Meeting of the Company.

Notice in writing as required by Section 257 of the Companies Act, 1956, have been received from some of the members of the Company signifying their intention to propose Mr. Kalyan Banerjee as a candidate for the office of the Director. The members who intended to appoint the Directors have deposited with the Company a sum of Rs.500/- for the appointment.

Mr. Kalyan Banerjee is Chemical Engineer. He has been associated with the Uniphos Enterprises Ltd.(erstwhile United Phosphorus Ltd.) 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. Keeping in view his knowledge and experience, it will be in the interest of the Company to appoint Mr. Kalyan Banerjee as Director of the Company. The directors recommend this resolution for your approval.

Except Mr. Kalyan Banerjee, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

**ITEM NO.8**

The Board of Directors appointed Dr. (Mrs.) Reena Ramachandran as an Additional Director pursuant to Articles 124(a) of the Articles of Association of Company. Under Section 260 of the Companies Act, 1956, Dr. (Mrs.) Reena Ramachandran will hold office only upto the date of 20<sup>th</sup> Annual General Meeting of the Company.

Notice in writing as required by Section 257 of the Companies Act, 1956, have been received from some of the members of the Company signifying their intention to propose Dr. (Mrs.) Reena Ramachandran as a candidate for the office of the Director. The members who intended to appoint the Director have deposited with the Company a sum of Rs.500/- for the appointment.

Dr.(Mrs.) Reena Ramachandran is the Director General of Fortune Institute of Internationals 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. Keeping in view her knowledge and experience, it will be in the interest of the Company to appoint Dr.(Mrs.) Reena Ramachandran as Director of the Company. The directors recommend this resolution for your approval.

Except Dr. (Mrs.) Reena Ramachandran, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

**ITEM NO.9**

The Board of Directors appointed Mr. Pradip Madhavji as an Additional Director pursuant to Articles 124(a) of the Articles of Association of Company. Under Section 260 of the Companies Act, 1956, Mr. Pradip Madhavji will hold office only up to the date of 20<sup>th</sup> Annual General Meeting of the Company.

Notice in writing as required by Section 257 of the Companies Act, 1956, have been received from some of the members of the Company signifying their intention to propose Mr. Pradip Madhavji as a candidate for the office of the Director. The members who intended to appoint the Director have deposited with the Company a sum of Rs.500/- for the appointment.



## United Phosphorus Limited

Mr. Pradip Madhavji has joined as an additional Director on the board of the Company. Mr. Madhavji is B.A., B.Com. and L.L.B. Mr. Madhavji has more than 40 years of experience in the fields of finance and administration. Formerly he was chief of Thomas Cook India Ltd. Prior to joining Thomas Cook, He was in Dena Bank for 18 years. Presently Mr. Madhavji is on the Board of Standard Chartered Asset Management Co. Pvt. Ltd., Kishco Cutlery Ltd. and Shreeji Bhatia Co-op. Bank Ltd. Apart from this, he is Hon. Consul of New Zealand and also holds positions in various trade bodies. Keeping in view his knowledge and experience, it will be in the interest of the Company to appoint Mr. Pradip Madhavji as Director of the Company. The directors recommend this resolution for your approval.

Except Mr. Pradip Madhavji, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

### ITEM NO.10

Presently the securities of the Company are listed at six stock exchanges, viz., The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE), Vadodara Stock Exchange Ltd., The Stock Exchange - Ahmedabad, Madras Stock Exchange Ltd. and The Calcutta Stock Exchange Association Ltd. With the extensive connectivity of the BSE and NSE and the extension of the BOLT/NEAT terminals to other Indian cities as well, the investors have access to online dealings in the securities of the Company all over the country. The bulk of the trading in the securities of the Company takes place on the BSE and NSE only. The trading on the other four stock exchanges are negligible or no trading takes place. Accordingly, the listing fees paid to these four stock exchanges is dis-proportionately higher with no trading volumes. As a part of the cost reduction measures, it is suggested to de-list voluntarily the securities of the Company from the four stock exchanges, viz., Vadodara Stock Exchange Ltd., The Stock Exchange-Ahmedabad, Madras Stock Exchange Ltd. & The Calcutta Stock Exchange Association Ltd. As per the SEBI regulations, member's approval by a Special Resolution is required for the voluntarily delisting of the securities from the stock exchanges. The proposed delisting will not adversely affect the investors, as the Company's securities will continue to be listed on the BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received.

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Delisting of Securities) Guidelines 2003. As per the Guidelines, a company whose securities are listed for a minimum period of three years on any stock exchange may voluntarily delist its securities from that exchange. The Guidelines further mention that a company proposing to delist its securities shall provide an "exit opportunity" to the shareholders. However, such an exit opportunity need not be given in cases where the securities continue to be listed on stock exchanges having nationwide terminals.

Since, the Company's securities shall continue to be listed on the BSE and NSE which have nationwide terminals (viz., BOLT and NEAT), the Company need not provide an exit opportunity. The proposed delisting would be subject to the guidelines for voluntary delisting as laid down in the SEBI (Delisting of Securities) Guidelines, 2003.

Directors recommend the resolution for approval of the members.

None of the Directors of the Company are interested in the above resolution.

### ITEM NO.11

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of the shareholders, borrow in excess of the aggregate of the paid-up share capital and free reserves of the Company. Presently the Board of Directors are entitled to borrow up to Rs. 500 Crores (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business). In order to facilitate the new projects of the Company, it is essential that this limit be enhanced to Rs.1000 Crores. Hence, the Resolution is proposed.

None of the Directors of the Company are interested in the above resolution.

By Order of the Board of Directors

**M. B. TRIVEDI**  
Company Secretary

Mumbai  
29th April, 2004  
Registered Office :  
3-11, G.I.D.C., Vapi,  
Dist. Valsad,  
Pin - 396 195.



**DIRECTORS' REPORT**

TO,  
THE MEMBERS OF  
**UNITED PHOSPHORUS LIMITED**

Your Directors have pleasure in presenting their report and audited accounts for the year ended 31<sup>st</sup> March, 2004.

**FINANCIAL RESULTS \***

	Year ended on 31st March 2004	(Rs. in lacs) Period ended 31st March 2003
Profit before taxation	5799.30	143.98
Less: Provision for taxation	421.00	—
Profit after taxation	5378.30	143.98
Add: (a) Debenture Redemption Reserves Written back	1249.67	—
(b) Excess Deferred Tax Liability in respect of Demerged Undertaking written back	4449.52	—
	11,077.49	143.98
Less: (i) Prior period adjustments (Net)	1167.02	(2892.11)
(ii) Capital Redemption Reserve	926.67	—
	8,983.80	(2748.13)
Add : Balance brought forward	(19,683.96)	(16,935.83)
	(10,700.16)	(19,683.96)
Add: Transferred from Capital Restructuring Account pursuant to the Scheme of Arrangement	19,683.96	—
	8,983.80	(19,683.96)
Less: (i) Adjustments consequent to the Scheme of Arrangement (Refer Note No. 5 in Schedule 'S')	706.97	—
(ii) Effect of change in method of valuation of stock as on 31st March 2003 (Refer Note No. 8 in Schedule 'S')	213.66	—
Amount available for appropriation	8063.17	(19,683.96)
<b>APPROPRIATIONS:</b>		
Preference Dividend	766.19	—
Proposed Equity Dividend	878.06	—
Proposed Preference Dividend	0.83	—
Tax on Distributed Profits:		
(i) On Preference Dividend	98.27	—
(ii) On Equity Dividend	112.50	—
Transfer to General Reserve	5500.00	—
Balance carried forward	707.32	(19,683.96)
	8063.17	(19,683.96)

\* In view of demerger of manufacturing division of Uniphos Enterprises Limited (erstwhile United Phosphorus Limited) with effect from 1<sup>st</sup> March, 2003, the figures for current year are not comparable with the corresponding figures of the last period.



## United Phosphorus Limited

### OPERATIONAL PERFORMANCE

During the year under review, the effect of demerger of manufacturing division of Uniphos Enterprises Limited (UEL)(erstwhile United Phosphorus Limited) has been given and as a result of this the sales have gone up to Rs.876.96 crores. The domestic sales have gone up because of the new insecticide used on Wheat namely SF-10. The profit before tax was Rs.57.99 crores.

The Company's sale and profits could have been higher but for the effect of strengthening of the rupee against the US Dollar.

### FUTURE OUTLOOK

As you are aware, meteorological department has predicted good monsoon this year and your Directors are optimistic and look forward for promising performance of your Company.

The outlook for Yellow Phosphorus and Phosphorus based products is promising, as China, the major producer, has scaled down production of Yellow Phosphorus. Due to this, the Company has restarted its Yellow Phosphorus plant at Jhagadia. This will prove advantageous to the Company.

Your Directors are confident that your Company will continue to show better overall performance in the coming years.

### DIVIDEND

Your Directors have recommended dividend of Rs.3/- per Equity Share on 2,92,68,581 Equity Shares of Rs. 10/- each and paise 70 per Preference Share on 1,17,978 - 7 % Preference Shares of Rs. 10/- each for the financial year ended 31<sup>st</sup> March, 2004, which if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity and Preference Shareholders of the Company whose names appear in the Register of Members as on 28<sup>th</sup> August, 2004 (ii) to those Equity and Preference Shareholders of the Company whose names appear as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

### FINANCE

The Company is constantly trying to improve its debt-equity ratio. As the rate of interest is falling, the Company is making fresh borrowings at lower rate of interest to substitute high cost debts. With this aim in mind the Company has obtained long-term loan from International Finance Corporation amounting to US \$ 17.50 millions. During the year, the Company has also borrowed by way of commercial papers and unsecured non-convertible debentures to pay off some of the existing high cost borrowings.

### SCHEME OF ARRANGEMENT

As already informed to you in the last Directors' Report, the manufacturing division of Uniphos Enterprises Limited (UEL)(erstwhile United Phosphorus Limited) was demerged with your Company under the Scheme of Arrangement sanctioned by the Hon'ble High Court of Gujarat. Pursuant to the said Scheme of Arrangement, the Company has reduced its share capital and has, accordingly, issued to the shareholders of the Company one new equity share of Rs. 10/- each fully paid up for every twelve equity shares of Rs.10/- each held by them in the Company. In addition to this, one equity share of Rs.10/- each fully paid up or 14 preference shares of Rs.10/- each fully paid up of the Company were allotted to the shareholders of UEL for every one equity share of Rs.10/- each held by them in UEL as per the option exercised by them in respect of their shareholding in UEL on the Record Date. The necessary effect of the said Scheme of Arrangement has been given in the accounts for the year under review.

### INTERNATIONAL ACTIVITIES

During the year your Company has acquired oryzalin herbicide business, including Surflan herbicide from Dow Chemicals LLC, USA. The Company has also acquired the business of Acifluorfen, an active herbicide from BASF.

*During the year your Company has taken up 20% stake in the equity capital of Cropserve (S. A.) Private Limited, which*