



**United Phosphorus Limited**

**Annual Report 2004-2005**



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### 21<sup>st</sup> ANNUAL GENERAL MEETING

Date : 31<sup>st</sup> August, 2005  
Day : Wednesday  
Time : 09.30 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 (India) Pvt. Ltd.**

**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

**Friday, 19<sup>th</sup> August, 2005  
to  
Wednesday, 31<sup>st</sup> August, 2005**

**BOARD OF DIRECTORS**

MR. K. 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
MR. PRADEEP GOYAL	
DR. P. V. KRISHNA	
DR. (MRS) R. RAMACHANDRAN	
MR. PRADIP MADHAVJI	
MR. A. L. BONGIRWAR	- Nominee Director of IDBI

**COMPANY SECRETARY**

MR. M. B. TRIVEDI

**AUDITORS**

S. V. GHATIALIA & 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  
Oriental Bank of Commerce  
The Karur Vysya Bank Ltd.  
UTI Bank Ltd.  
Andhra Bank  
State Bank of Hyderabad  
Export-Import Bank of India  
ICICI Bank Ltd.  
ING Vysya Bank Ltd.

**ADMINISTRATIVE OFFICE**

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

**REGISTERED OFFICE**

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

**REGISTRAR & SHARE TRANSFER AGENTS**

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



**United Phosphorus Limited****NOTICE**

**NOTICE** is hereby given that **21<sup>st</sup> ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Wednesday, 31<sup>st</sup> August, 2005 at 09.30 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, 2005, 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. R. D. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jai R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. P. V. Krishna, 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(s), the following Resolution as an **Ordinary Resolution:-**

**"RESOLVED THAT** in accordance with the provisions of Sections 13, 16 and 94 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) and the enabling provisions in that behalf in the Articles of Association of the Company, and subject to such approvals, permissions and sanctions, if any, required from any concerned authorities, the existing Equity Shares of the face value of Rs.10/- (Rupees Ten) each in the Share Capital of the Company be and are hereby sub-divided such that each Equity Share of the face value of Rs.10/- (Rupees Ten) be sub-divided into 5 (five) Equity Shares of the face value of Rs.2/- (Rupees Two) each and consequently, the sub-divided Authorised Share Capital of the Company would be Rs.200,00,00,000/- (Rupees Two Hundred Crores) divided into 27,50,00,000 (Twenty Seven Crores Fifty Lacs) Equity Shares of the face value of Rs.2/- (Rupees Two) each, 1,40,00,000 (One Crore Forty Lacs) Preference Shares of the face value of Rs.100/- (Rupees One Hundred) each and 50,00,000 (Fifty Lacs) Preference Shares of the face value of Rs. 10/- (Rupees Ten) each and consequently the existing Clause V of the Memorandum of Association of the Company relating to Authorised Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause V.

V. The Authorised Share Capital of the Company is Rs.200,00,00,000/- (Two Hundred Crores) divided into 27,50,00,000 (Twenty Seven Crores Fifty Lacs) Equity Shares of Rs.2/- (Rupees Two) each, 1,40,00,000 (One Crore Forty Lacs) Preference Shares of Rs.100/- (Rupees One Hundred) each and 50,00,000 (Fifty Lacs) Preference Shares of the face value of Rs. 10/- (Rupees Ten) each, with 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 preferential, deferred, qualified, guaranteed or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions, in such manner as may be permitted by the Act or the Articles of the Company for the time being."

**RESOLVED FURTHER THAT** pursuant to the sub-division of the Equity Shares of the Company, the Issued, Subscribed and Paid-up Equity Shares of the face value of Rs.10/- (Rupees Ten) each fully paid-up be and stand sub-divided into Equity Shares of the face value of Rs.2/- (Rupees Two) each fully paid-up;

**RESOLVED FURTHER THAT** the share certificates in relation to such of the issued Equity Shares of the Company as are in physical form be cancelled and fresh share certificates be issued in lieu thereof with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and in the case of shareholders who hold the Equity Shares/opt to receive the sub-divided Equity Shares in dematerialised form, the sub-divided Equity Shares shall be credited to the respective beneficiary accounts of the shareholders with their respective Depository Participants;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution and for removal of any doubts or difficulties, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or as the Board of Directors in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons;

**RESOLVED LASTLY THAT** the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this Resolution."

1. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to 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 Articles of Association of the Company be and is hereby altered as under:

Existing Article No.3 of the Articles of Association of the Company, be and is hereby deleted and be substituted by the following Article:

3. The Authorised Share Capital of the Company is Rs.200,00,00,000/- (Two Hundred Crores) divided into 27,50,00,000 (Twenty Seven Crores Fifty Lacs) Equity Shares of Rs.2/- (Rupees Two) each, 1,40,00,000 (One Crore Forty Lacs) Preference Shares of Rs.100/- (Rupees One Hundred) each and 50,00,000 (Fifty Lacs) Preference Shares of the face value of Rs. 10/- (Rupees Ten) each, with 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 preferential, deferred, qualified, guaranteed or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions, in such manner as may be permitted by the Act or the Articles of the Company for the time being.' "

2. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors, if any) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1<sup>st</sup> April, 2005."

#### 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 on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of 21<sup>st</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 Friday, 19<sup>th</sup> August, 2005 to Wednesday, 31<sup>st</sup> August, 2005 (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 (India) Pvt. Ltd., 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. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 01<sup>st</sup> September, 2005 to the Members whose names stand in the Company's Register of Members on 31<sup>st</sup> August, 2005 and to the Beneficiary Holders as per the Beneficiary List provided for the purpose by the National Securities Depository Limited and Central Depository Services (India) Limited.



**United Phosphorus Limited**

7. 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.
8. 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.
9. There is no outstanding unclaimed dividend for the year 1995-96.
10. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended-
  - (a) Dividend for the year 1996-97 which remained unclaimed for a period of seven years from the date of transfer of same to the unpaid dividend account of the Company have been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.
  - (b) Dividend for the year 2003-04 which remain 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.

Members who have not so far encashed the Dividend Warrant(s) 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.**
11. Additional information on Directors being re-appointed as required under Clause 49(VI) of the Listing Agreement with the Stock Exchanges:

At the ensuing Annual General Meeting, Mr. R. D. Shroff, Mr. Jai R. Shroff and Dr. P. V. Krishna, Directors, retire by rotation and being eligible offer themselves for reappointment. In pursuance of Corporate Governance code, information of the aforesaid Directors is provided hereunder:

  - (a) Mr. R. D. Shroff is the Director of the Company since 1<sup>st</sup> October, 1992. He is also Chairman and Managing Director of the Company. He has been associated with the group since inception. He has extensive experience in the chemical industry and has been closely involved with the Research and Development of all the Group's products. His technical expertise was instrumental in United Phosphorus Limited winning the Government's Gold Shield Award. He has held various important positions in commercial, educational and social fields. He is also a Director on the Board of various other public limited companies, viz. Uniphos Enterprises Limited, Uniphos Agro Industries Limited, Enviro Technology Limited, Nivi Trading Limited, Shroffs United Chemicals Limited, Pradeep Metals Limited, Bharuch Enviro Infrastructure Limited, Agri Net Solutions Limited, Search Enviro Limited, Uniphos Enviro Limited and JRF Biogenomics Limited.
  - (b) Mr. Jai R. Shroff is the Director of the Company since 1<sup>st</sup> October, 1992 and is a science graduate. He has worked with the Group for more than 15 years. He has substantial experience in various areas of the Group's operations. He is also a Director on the Board of various other public limited companies, viz. Uniphos Enterprises Limited, Uniphos Agro Industries Limited, Enviro Technology Limited, Nivi Trading Limited, Ventura Guaranty Limited, Bharuch Enviro Infrastructure Limited, Agri Net Solutions Limited, Search Enviro Limited, Uniphos Enviro Limited and JRF Biogenomics Limited.
  - (c) Dr. P. V. Krishna is the Director of the Company since 31<sup>st</sup> January, 2002. He is a member of the Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee. He is Ph.D.(Tech.). He is a Chemical technologist with specialisation in chemicals and petrochemicals. He has over 40 years experience in Research & Development and industry and held various positions in Government of Gujarat and Government of India. He is presently a Project Consultant for Chemicals, Petro Chemicals, Safety Management and Environment Planning. He has got an excellent technical background.

Mumbai  
22<sup>nd</sup> July, 2005

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

By Order of the Board of Directors

**M. B. TRIVEDI**  
Company Secretary

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

The existing Authorised Share Capital of the Company is Rs. Rs.200,00,00,000/- (Rupees Two Hundred Crores ) divided into 5,50,00,000 (Five Crores Fifty Lacs) Equity Shares of the face value of Rs.10/- (Rupees Ten) each, 1,40,00,000 (One Crore Forty Lacs) Preference Shares of the face value of Rs.100/- (Rupees One Hundred) each, and 50,00,000 (Fifty Lacs) Preference Shares of the face value of Rs. 10/- (Rupees Ten) each.

It is proposed to re-organise the entire Authorised Share Capital as well as the Issued, Subscribed and Paid-up Share Capital of the Company by sub-dividing the existing Equity Shares of the face value of Rs.10/- (Rupees Ten) each into Equity Shares of the face value of Rs.2/- (Rupees Two) each. Thus, each existing Equity Share of the face value of Rs.10/- each is proposed to be sub-divided into 5 Equity Shares of Rs.2/- each.

Accordingly, it is proposed that the existing Issued, Subscribed and Paid-up Equity Shares of the face value of Rs.10/- each fully paid-up be and stand sub-divided into Equity Shares of the face value of Rs.2/- each fully paid-up.

The proposed sub-division of the Equity Shares into shares of smaller denomination as aforesaid would facilitate easy accessibility to the Company's Equity Shares by small investors and enhance the liquidity of shares on the Stock Exchanges.

Consequent to the sub-division of Equity Shares, Clause V of the Memorandum of Association is proposed to be amended as set out in the Resolution at Item No.7 of the accompanying Notice.

The consent of the members is being obtained in accordance with the provisions of Sections 13, 16 and 94 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of 21<sup>st</sup> Annual General Meeting.

The Board of Directors recommends the passing of the Ordinary Resolution of Item No.7 of the accompanying Notice.

None of the Directors of the Company may be considered to be concerned or interested in the said Resolution except to the extent of Equity Shares, if any, held by them together with their respective relatives in the Company.

**ITEM NO. 8**

Consequent to the sub-division of Equity Shares, the alteration to Article 3 of the Articles of Association is consequential to the re-classification in the present Authorised Share Capital of the Company as proposed in the Resolution under Item No.8 of the accompanying Notice.

As per the provisions of Section 31 of the Companies Act, 1956, a company may by special resolution alter its Articles of Association.

Accordingly, the Directors recommend the resolutions for approval of the Members.

A copy of the Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of 21<sup>st</sup> Annual General Meeting.

None of the Directors of the Company may be considered to be concerned or interested in the said Resolution except to the extent of Equity Shares, if any, held by them together with their respective relatives in the Company.

**Item No. 9**

Taking into account the responsibilities of the Directors, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (apart from the Managing Director and the Whole-time Directors, if any) be paid, for each of the five financial years of the Company commencing 1<sup>st</sup> April, 2005, remuneration not exceeding one per cent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Director-Finance and Whole-time Director, are concerned or interested in the Resolution at Item No. 9 of the Notice to the extent of the remuneration that may be received by them, or their relative/s.

Mumbai  
22<sup>nd</sup> July, 2005

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

By: Order of the Board of Directors

**M. B. TRIVEDI**  
Company Secretary





## United Phosphorus Limited

### 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, 2005.

### FINANCIAL RESULTS

	Year ended on 31 <sup>st</sup> March, 2005	(Rs. in lakhs) Year ended on 31 <sup>st</sup> March, 2004.
Profit before taxation	9,723.05	5,799.30
Less : Provision for taxation	3026.00	421.00
	6,697.05	5,378.30
Add: (a) Debenture Redemption Reserves Written back	750.17	1,249.67
(b) Excess Deferred Tax Liability in respect of Demerged Undertaking written back	—	4,449.52
	7,447.22	11,077.49
Less: (i) Prior period adjustments (Net)	1,268.72	1,167.02
(ii) Capital Redemption Reserve	2,006.67	926.67
(iii) Debenture Redemption Reserve	1,930.38	—
	2,241.45	8,983.80
Add : Balance brought forward	707.32	(19,683.96)
	2,948.77	(10,700.16)
Add: Transferred from Capital Restructuring Account pursuant to the Scheme of Arrangement	—	19,683.96
	2,948.77	8,983.80
Less: (i) Adjustments consequent to the Scheme of Arrangement	—	706.97
(ii) Effect of change in method of valuation of stock as on 31st March 2003	—	213.66
Amount available for appropriation	2,948.77	8063.17
APPROPRIATIONS:		
Preference Dividend	139.78	766.19
Proposed Equity Dividend	1324.93	878.06
Proposed Preference Dividend	0.83	0.83
Tax on Distributed Profits:		
(i) On Preference Dividend	18.39	98.27
(ii) On Equity Dividend	188.07	112.50
Transfer to General Reserve	700.00	5500.00
Balance carried forward	576.77	707.32
	2,948.77	8063.17

### OPERATIONAL PERFORMANCE

The year under review has been extremely good for the Company due to good rainfalls throughout the country. The local sales of agro chemicals had gone up. On export front also, the sales have gone up by almost 26%. The Chlor-Alkali business of the Company has also done very well and turned out to be very profitable for the Company. The Company recorded sales of Rs.1104.14 crores and Profit Before Tax stood at Rs.97.23 crores which was 67% higher than last year. Overall this has been an extremely good year for the Company. The profits would have been still higher but for increase in the cost of certain raw materials, increase in freight charges and weakening of US dollar against Rupee.

### FUTURE OUTLOOK

Your Directors are optimistic that in the current year there will be good monsoons throughout the country. This should help in increasing the domestic sales of various agro chemicals.

It is expected that in the current year also the Chlor Alkali prices will continue to remain firm or increase mainly on account of increased local demand. In respect of export also the management is confident that with various registrations and businesses acquired by the Company, the export will go up substantially. Your Directors expect that barring unforeseen circumstances the Company's performance for coming years will continue to remain better.

### DIVIDEND

Your Directors have recommended dividend of Rs.4/- per Equity Share 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, 2005, 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 31<sup>st</sup> August, 2005 (ii) to those Equity and Preference Shareholders of the Company whose names appear as beneficial owners as per list furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

### FINANCE

The company has taken advantage of low cost funds available in the market and has constantly replaced the debts carrying higher interest by low interest cost borrowings.



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During the year the Company issued Foreign Currency Convertible Bonds of US \$ 75 million. Of this, bonds worth US \$ 52.20 million are already converted into equity shares. This issue was made for raising finance for acquiring overseas businesses / registrations, working capital requirements of overseas subsidiaries and meeting capital expenditure requirements of the Company.

**INTERNATIONAL ACTIVITIES**

During the year under review the Company has acquired the business of M/s Agvalue Inc USA. The acquisition will help the Company to expand and consolidate its position in the North American Market in the key agriculture and speciality market segment.

**RESEARCH & DEVELOPMENT**

During the year your Company has conducted research for developing new products, and making improvements in the existing products.

**SOCIAL ACTIVITIES**

Your Company has been doing lot of social activities. These activities include supporting hospitals in Vapi and Ankleshwar, running management school in Vapi, English medium high schools in Vapi and Ankleshwar, major community library in Ankleshwar etc.

The Company is also working closely with SEWA Rural Trust to improve the lot of adivasis in Bharuch area. It also contributes for improving the roads from village to industrial areas in and around Vapi and Ankleshwar.

The Company also helps in rural electrification, providing wells and tube-wells and piping for doubling water sources in villages around Kutch.

The Company has also promoted various cultural activities in the adivasis areas of Valsad and Dang, and promoted various health camps. The Company has adopted Vapi railway station to keep it clean and providing facilities to passengers.

Overall the Company has been in forefront to support a just cause for betterment of the society at large.

**SUBSIDIARY COMPANIES**

Your Directors are pleased to inform you that the MCA has vide its letter dated 30<sup>th</sup> June, 2005, approved the Company's request and exempted the Company from attaching the Profit and Loss Account, Balance Sheet, Director's Report and Auditor's Report of all its subsidiaries subject to the condition that the Company will attach the consolidated financial statements of its subsidiaries for the year ended 31<sup>st</sup> March, 2005. The Audited Consolidated Financial Statements of your Company as per Accounting Standard-21 form part of this Report.

Annual accounts of subsidiary Companies are available for inspection at the Company's Registered Office and Corporate Office.

Overall, the performance of various subsidiaries has shown improvement. It is expected that better results will be seen in the coming years.

**INSURANCE**

All the properties and operations of the Company have been adequately insured.

**FIXED DEPOSITS**

The Company has not accepted fixed deposits during the year. As at 31<sup>st</sup> March, 2005 the total amount of fixed deposit held by the Company was Rs.5.24 lacs. Deposits aggregating to Rs.0.11 lacs had matured but remained unclaimed.

**AUDITORS AND AUDITORS' REPORT**

M/s. S. V. Ghatalia & Associates, Chartered Accountants, the Statutory Auditors are retiring at the ensuing Annual General Meeting and being eligible for re-appointment have expressed their willingness to continue, if re-appointed. Your Directors recommend their appointment as the Statutory Auditors and to fix their remuneration for the year 2005-2006.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**COST AUDIT**

The Board of Directors appointed M/s. M. B. Ashtamker, Cost Accountants, Mumbai as Cost Auditors of the Company for conducting audit of the cost accounts maintained by the Company in respect of Insecticides for the year 2005-06.

**DEPOSITORY SYSTEM**

87.63 % of the total paid up equity shares of the Company are dematerialised as on 31<sup>st</sup> March, 2005.

**DIRECTORS**

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. R. D. Shroff, Mr. J. R. Shroff and Dr. P. V. Krishna, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

The brief resume of Mr. R. D. Shroff, Mr. J. R. Shroff and Dr. P. V. Krishna, Directors of the Company as required by Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in the notice convening the Annual General Meeting of the Company.

**PERSONNEL**

The relationship with the employees and workers at all levels continued to be cordial throughout the year. Your Directors would like to place on record their sincere appreciation for the contribution made by the employees and for their commitment in realising objectives and growth of the Company.

**SAFETY, HEALTH PERFORMANCE AND ENVIRONMENT**

The Company has taken various initiatives to achieve continuous improvement in the areas of safety, health and environment. All the units which are certified under ISO 14001, OHSAS 18001 and ISO 9000 have implemented various targets and objectives for achieving sustainable growth of the organization.



## United Phosphorus Limited

The Company's on-going efforts to conserve natural resources and to achieve maximum recovery and yield has helped in reduction in raw material consumption, energy consumption, water consumption at various units.

At the safety front, the Company has strengthened Emergency Rescue Team at all units, which is helpful to the Company as well as to the community during emergency situation. The ERT team has rendered commendable services during the flood situation occurred at Vapi. The Company has also conducted various training programs to ultimate users of our products like chlorine and agrochemicals so that the chemicals will be handled in a safe manner by them. The Company has also achieved sustainable reduction in the accident rate - both severity rate and frequency rate - at all units. The Company has also rendered the help to District Authorities at Bharuch and Vapi during the flood situation by spraying pesticides at the flood affected area to prevent spread of contagious diseases.

On the community welfare, the Company has provided an ambulance at Vapi which is helpful to the people living in and around the industrial estate. A team of dedicated people are also available to render help.

One of the important initiatives taken by the Company is putting up a Common Incineration system at Ankleshwar which will be helpful to all the industries in the Gujarat state to thermally treat their organic waste as per the GPCB guideline.

The Company is taking various initiatives under the Responsible Care code of practices. During the last year, the Company has received the prestigious ICMA Aditya Birla Award for Best Responsible Care Committed Company and has become the first company to receive this award.

The Company is taking initiatives in green belt development at Ankleshwar and Vapi and the Company works closely with industrial and social organizations.

### INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND PARTICULARS OF EMPLOYEES

Information required under Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, as amended from time to time, form part of this report and annexed to this Report.

### 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 31<sup>st</sup> March, 2005, 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 31<sup>st</sup> March, 2005 and of the profit of the Company for that year;
- 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 requirement 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 this Report.

### LISTING OF THE COMPANY'S EQUITY SHARES

The Equity Shares of your Company continue to be listed at The Stock Exchange, Mumbai, National Stock Exchange of (I) Ltd., Calcutta Stock Exchange Association Ltd. and Vadodara Stock Exchange. There is no default in paying annual listing fees.

### DELISTING

At the last Annual General Meeting of the Company held on 28<sup>th</sup> August, 2004, the Members of the Company had approved, vide Special Resolution, to delist voluntarily the securities of the Company from the four stock exchanges, viz., Vadodara Stock Exchange Ltd., The Stock Exchange-Ahmedabad, Madras Stock Exchange Ltd. and The Calcutta Stock Exchange Association Ltd.

Your Directors are pleased to inform you that Madras Stock Exchange Ltd. and The Stock Exchange - Ahmedabad, vide their letter dated 19<sup>th</sup> January, 2005 and 5<sup>th</sup> April, 2005 respectively, have delisted the equity shares of the Company from the list of the said stock exchanges. The Calcutta Stock Exchange Association Ltd. and Vadodara Stock Exchange have not yet conveyed their decision. The Company is pursuing the same and is hopeful to get the necessary permission soonest.

### ACKNOWLEDGEMENT

Your Directors take this opportunity in expressing their gratitude to the Government of India, the State Government of Gujarat, Financial Institutions and the Commercial Banks. The Board is also thankful to consumers, distributors, investors, etc. for their unstinted support to the Company.

Mumbai  
1<sup>st</sup> July, 2005

On behalf of the Board of Directors

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

**R. D. SHROFF**  
Chairman & Managing Director  
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