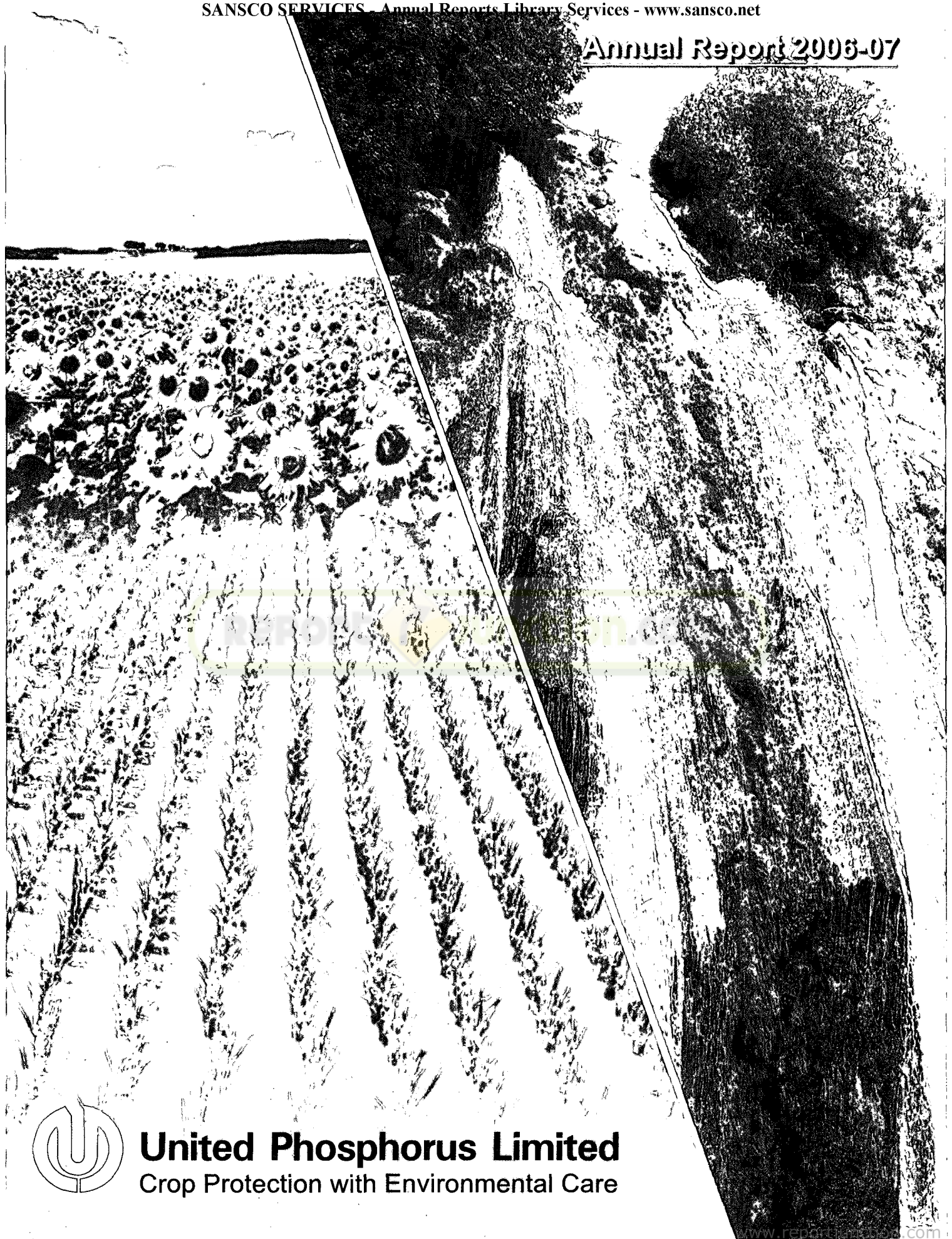


Annual Report 2006-07



United Phosphorus Limited
Crop Protection with Environmental Care

"EXPANDING REACH
IMPROVING MARKET SHARE IN THE WORLD"



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23rd ANNUAL GENERAL MEETINGDate : 14th September, 2007

Day : Friday

Time : 10.30 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, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai- 400 099.**

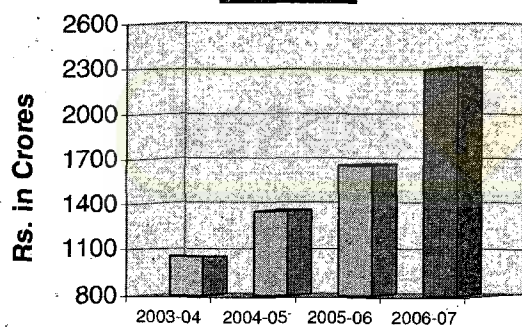
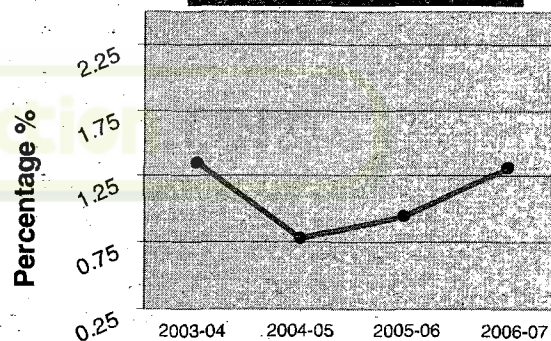
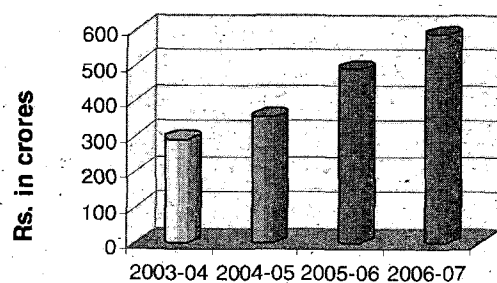
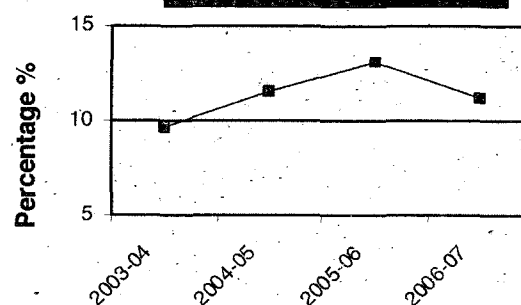
Phone No(s) : 91-022-2821 5168/2821 5991**Fax No. : 91-022-2837 5646****BOOK CLOSURE**

**Saturday, 8th September, 2007
to
Friday, 14th September, 2007**


CONSOLIDATED FINANCIAL HIGHLIGHTS AT A GLANCE FOR LAST FOUR YEARS

(Rupees in Crores)

Accounting Year	2003-04	2004-05	2005-06	2006-07
Sales	1,054	1,356	1,669	2311
Total Income	1,108	1,423	1,802	2471
Earnings before depreciation, Interest, Amortisation and Tax (EBDITA)	292	356	490	588
Profit after Tax and minority interest	101	156	216	258
Gross Fixed Assets	920	1004	1100	2223
Net Fixed Assets	549	562	652	1092
Net Worth	459	781	1276	1495
Earning per share	5.66	8.69	11.57	13.04
Book value per share	31.39	47.15	68.20	79.71
Debt-Equity Ratio	1.36:1	0.78:1	0.95:1	1.31:1
Net Profit/Sales (%)	9.64	11.59	13.06	11.16
Return on Net Worth (%)	22.12	20.13	17.07	17.26

SALES

Year
Debt - Equity Ratio

Year
EBIDTA

Year
Net Profit % to Sales

Year

BOARD OF DIRECTORS

MR. R. D. SHROFF	- Chairman & Managing Director
MRS. S. R. SHROFF	- Vice Chairman
MR. J. R. SHROFF	- Executive Director (upto 31-1-2007) Global CEO of the Group (from 1-2-2007)
MR. V. 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. VINOD SETHI	
MR. CHIRAYU R. AMIN.	

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
Oriental Bank of Commerce
The Karur Vysya Bank Ltd.
Axis 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
Tel.: 26041111 Fax: 2604 1010

REGISTERED OFFICE

3-11, G.I.D.C., Vapi,
Dist. : Valsad, Gujarat-396 195.
Tel.: 0260-2400717. Fax: 0260-2401823.

SECRETARIAL DEPARTMENT

8, Shri Krishna Commercial Centre,
Ground Floor, Opp. Raheja Solitaire,
6, Udyog Nagar, Off S. V. Road,
Goregaon (West), Mumbai- 400 062.
Tel.: 2872 4862. Fax: 2875 3485.



NOTICE

NOTICE is hereby given that **23rd ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Friday, 14th September, 2007 at 10.30 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 31st March, 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kalyan Banerjee, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. (Mrs.) Reena Ramachandran, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Pradip Madhavji, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. D. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

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 23rd 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 Saturday, 8th September, 2007 to Friday, 14th September, 2007 (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, 3rd 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-
 - (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 years 2003-04 to 2006-07 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.**

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. Kalyan Banerjee, Dr. (Mrs.) Reena Ramachandran, Mr. Pradip Madhavji and Mr. R. D. Shroff, 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. Kalyan Banerjee is a Director of the Company since 21st October, 2003. 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 associated with various education institutions at Vapi. Mr. Banerjee is on the Board of Uniphos Agro Industries Limited.
- (b) Dr.(Mrs.) Reena Ramachandran is a Director of the Company since 21st October, 2003. She is the Director General of J. K. Business School, running a UGC recognised management programme. Presently, she is a member of the HR Advisory Committee of Reserve Bank of India. She has been member of various associations and institutions relating to 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 34 years in Textile, Drug, Cement, Petroleum and Petro Chemical Industry.
- (c) Mr. Pradip Madhavji is a Director of the Company since 29th January, 2004. Mr. Madhavji is B.A., B.Com. and L.L.B. Mr. Madhavji has more than 43 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 Travel Corporation of India. Apart from this, he is Hon. Consul of New Zeland and also holds positions in various trade bodies.
- (d) Mr. R. D. Shroff is the Director of the Company since 1st 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, Shroff United Chemicals Limited, SWAL Corporation Limited, Pradeep Metals Limited, Bharuch Enviro Infrastructure Limited, Agri Net Solutions Limited, Vapi Effluent & Waste Management Co. Limited, Search Enviro Limited, Uniphos Enviro Limited and JRF Biogenomics Limited.

Mumbai, 3rd May, 2007

By Order of the Board of Directors

Registered Office :

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

M. B. TRIVEDI
Company Secretary



DIRECTORS' REPORT

TO,
 THE MEMBERS OF
UNITED PHOSPHORUS LIMITED

Your Directors have pleasure in presenting their report and audited accounts for the year ended on 31st March, 2007.

FINANCIAL RESULTS:

	Consolidated		(Rs. in lacs) Stand Alone	
	Current Year	Previous Year	Current Year	Previous Year
Sale of Products (net of excise and rebate and discounts) and other income from operations.	247094	180196	145519	129392
Profit before depreciation, interest and amortization of Deferred Revenue Expenses and Minority Interest	58825	48970	34425	31433
Depreciation/Amortisation	16557	14020	9517	7900
Interest	10461	9881	8696	8477
Amortisation of Deferred revenue expenses	—	—	46	110
Exceptional Items	764	—	—	—
Minority Interest	1	165	—	—
Profit Before Tax	31042	24904	16166	14946
Provision for Taxation:				
Current Tax	3073	2043	1775	1230
MAT Credit Entitlement	(1765)	(1235)	(1765)	(1215)
Deferred Tax	3722	2205	5069	3035
Fringe Benefit Tax	220	263	205	245
	5250	3276	5284	3295
Profit After Tax	25792	21628	10882	11651
Share of Profit in Associates	2415	—	—	—
	28207	21628	10882	11651
Prior Period Adjustments (net)	2123	1555	178	259
Debenture Redemption Reserve (net of write back)	7975	6082	7975	6082
Capital Redemption Reserve	12	367	12	367
Reduction in retained earnings on disposal of subsidiaries	—	9	—	—
	10110	8013	8165	6708
Balance Brought Forward	18097	13615	2727	4943
Transfer from General Reserve	26307	17871	341	577
	1000	—	1000	—
Amount available for Appropriations:	45404	31486	4058	5520
APPROPRIATIONS:				
Preference Dividend	1	13	1	13
Interim/Final Equity Dividend	2251	1898	2251	1898
Tax on Distributed Profits	316	268	316	268
Transfer to General Reserve	1100	3000	1100	3000
	3668	5179	3668	5179
Balance carried forward	41736	26307	390	341

OPERATIONAL PERFORMANCE:

The year witnessed good rainfalls in India, resulting into higher sales. However, parts of U.S.A. experienced droughts during the year. The Company's exports to U.S.A. therefore, reduced substantially. This reduction was partly set off by directing sales to Europe and other countries. However, overall exports during the year were less than the exports of previous year.

Total sales during the year stood at Rs.1450.94 crores as against Rs.1362.12 crores, registering a growth of 6.5%.

The growth has been quite lower. However, in the current year, it is expected that the sales will again go up.

FUTURE OUTLOOK:

Like last year, the weather forecast for the current year in India is of near-normal monsoon. This will help in increased sales in India. However, the margins will be under pressure due to competition. Exports are likely to go up in the current year as rainfall in U.S.A. are expected to be normal this year.

DIVIDEND:

Interim dividend of 60% on equity shares was paid to the members for the financial year 2006-07 in the month of March, 2007.

REDEMPTION OF PREFERENCE SHARES:

During the year, the Company redeemed 7% Non-convertible Non-cumulative Preference shares; which were allotted pursuant to the Scheme of Arrangement in 2003.

FINANCE:

During the year, External Commercial Borrowings were made of US \$ 150 millions. The proceeds were used for long-term working capital requirements of the company.

FIXED DEPOSITS:

The Company has not accepted fixed deposits during the year. The Company has discontinued its Fixed Deposits Scheme and there are no fixed deposit outstanding as at 31st March, 2007.

ACQUISITIONS:

During the year, the following acquisitions were made by the Company:

- The Company acquired three products from Bayer Crop Science, AG, Germany. This has resulted in broadening the product portfolio of the Company;
- The Company purchased the global Propanil herbicide business from M/s Dow AgroScience LLC. This will help the Company to achieve growth in North America, Latin America, Europe, Africa and Asia Pacific.
- The Company purchased from DuPont Bensulfuron – methyl business including Londax® herbicide and all mixtures throughout the world, except Asia Pacific Region. This will help the Company to expand its market presence in the segment of rice herbicide.
- The Company also acquired all the shares of Cerexagri group of companies. Cerexagri specializes in manufacture of fungicides. It has a very good marketing network. This acquisition has resulted in the Company figuring among top three global generic agrochemical companies in the world.

RESEARCH AND DEVELOPMENT:

Your Company is giving maximum importance to research and development. A large number of formulations are developed, some of them for the first time in India, by the R&D team.

With the constant endeavour to improve quality, bring down costs and penetrate new local and global markets, research is carried out continuously at the Company's R&D Laboratories at Vapi and Thane.

A new research centre with modern facilities is set up at Thane, where new products are being developed. The Company is also working on producing the molecules which are going off patent in near future.

The research team is continuously working and developing on new eco-friendly formulations of various pesticides. Research is also carried out in developing new combinations of pesticide formulations for which patents are obtained in India and in other countries. Lots of field trials and data generation for various pesticides is undertaken by the research team, along with agriculture universities, with a view to further improve their quality.

SOCIAL ACTIVITIES:

Your Company is a socially responsible company. It is contributing its bit for the upliftment of the society in the areas of education, medical help or any other just cause. Whenever there is any calamity in any part of the country, your company has provided necessary help at all times. In Vapi and Ankleshwar, where the company's factories are located lots of social welfare activities are taken up.

Your Directors are very proud to state that the social activities started by your company some time back have now shown remarkable growth in last few years. Sandra Shroff Gyan Dham School at Vapi which was started a few years ago is now considered as one of the best schools of Gujarat. A small clinic started to help the villagers in Vapi is now a full-fledged hospital with the best medical facilities, and modern equipments.

Your Company is also conscious of the requirements of the society of the day. Keeping in mind the increasing demand for skilled managers, the Company has started Rajju Shroff BBA Management College.

With the help and guidance from the Company, new management diploma college is started in Vapi. Your Company has also committed to set up a new chemical engineering college in Ankleshwar.

Your Directors are very happy to be associated in various social activities, and play a significant role in social upliftment of the society.

SUBSIDIARY COMPANIES:

Your Directors are pleased to inform you that the DCA has vide its letter dated 23rd July, 2007 approved the Company's request and exempted the Company from attaching the Profit and Loss Account, Balance Sheet, Directors Report and Auditors' Report of its subsidiaries subject to the condition that the Company will attach the consolidated financial statements of its subsidiaries for the year ended 31st March, 2007.

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 Administrative office. The same will be made available to the investors of the companies upon request.

Overall performance of the subsidiaries has improved, except for U.S.A. where due to drought, sales had gone down.

INSURANCE:

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

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 fix their remuneration for the year 2007-08.

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

In respect of consolidated accounts, the auditors have qualified their report for non-inclusion of accounts of certain subsidiaries and associates, segment information and recognition of deferred tax asset for certain subsidiaries of the Company. In this regard, your attention is invited to Notes 1(b), 5, 6 and 7 of Schedule "T" of the consolidated accounts which are self-explanatory.

COST AUDIT:

The Board of Directors appointed M/s M. B. Ashtamkar, Cost Accountant, Mumbai as Cost Auditor of the Company for conducting audit of the cost accounts maintained by the Company in respect of insecticides for the year 2007-08.

DEPOSITORY SYSTEM:

90.81% of the total paid up equity shares of the Company are dematerialized as on 31st March, 2007.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Kalyan Banerjee, Dr. (Mrs.) Reena Ramachandran, Mr. Pradeep Madhavji and Mr. Rajju D. Shroff, Directors of the Company, retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible offer themselves for re-appointment.

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of Mr. Kalyan Banerjee, Dr. Reena Ramachandran, Mr. Pradeep Madhavji and Mr. Rajju D. Shroff, Directors of the Company are provided in the notice convening the Annual General Meeting of the Company.

Mr. Jai R. Shroff has ceased to be Executive Director w.e.f. 31st January, 2007. He is now shouldering more responsibilities in his capacity as Global Chief Executive Officer of the Group.

PERSONNEL:

The relationship with all employees and workers at all sites of the Company remained very cordial throughout the year. Your Directors would like to place their appreciation for the contribution made by all the employees of the Company.

SAFETY, HEALTH PERFORMANCE AND ENVIRONMENT:

These are primary concerns of your company and were accorded highest priority by the management. All the plants of the Company have got certification for ISO 9000, ISO 14000 and ISO 18000 which mainly are awarded for maintaining the best standards of safety and health for all staff and workers.

In case of any accident or any hazard, a dedicated team is organized which is trained to deal with such situations. Even if such hazard takes place at any factory in nearby area, this team rushes to the aid of such factory.

Clean environment is maintained at all the plants of the Company. All steps are taken to see that the effluents arising out of production are properly treated. Strict monitoring is done for prevention of any air pollution.

As informed in earlier years, companies are set up in Vapi and Ankleshwar which have a common effluent treatment plant, solid waste disposal site and incineration of hazardous waste.

All these plants are following international standards. Successful running of such companies at Ankleshwar has helped the industries in that area and other state governments invite them to set up such facilities in their states.