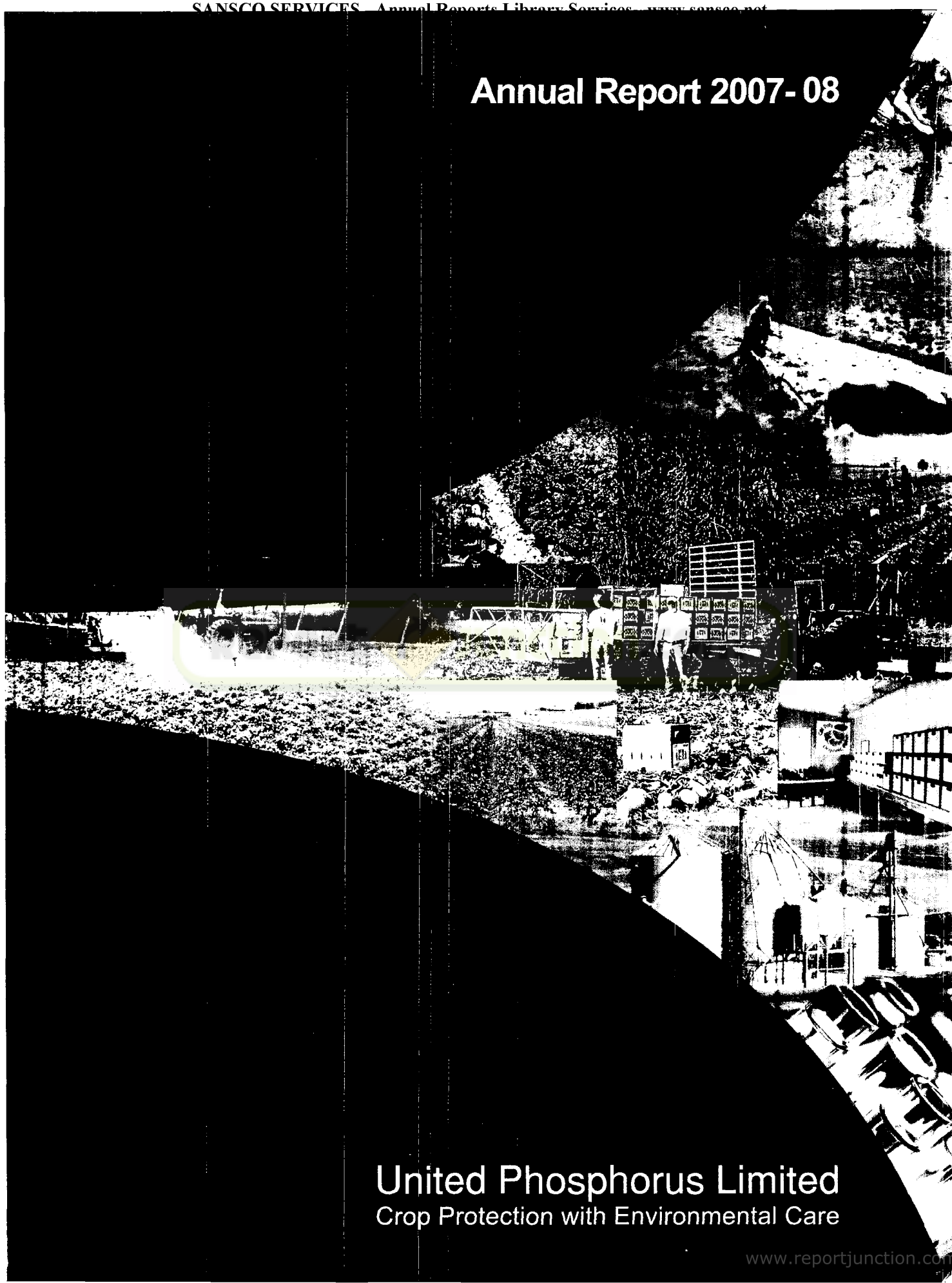


Annual Report 2007-08



United Phosphorus Limited
Crop Protection with Environmental Care

Incredible?

Can you Imagine THIS !!



We Can

Report Vision Statement

To be world class organisation by:

- Enhancing values to our customers and other stakeholders.
- Caring for employee to work as a motivated team in an open and learning environment.
- Setting challenging new standards of performance.
- Focusing on total quality, innovation and responsible care towards the environment.

Mission Statement

We are in the business of:

- Manufacturing and Supplying Crop Protection and Speciality Chemicals Worldwide.
- Providing solutions to optimise farm productivity for the farmer through innovative and cost effective products to provide the customer better value for money.



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24th ANNUAL GENERAL MEETING

Date : 18th September, 2008

Day : Thursday

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). : 91-022-6772 0300 / 6772 0346

Fax No. : 91-022-2837 5646

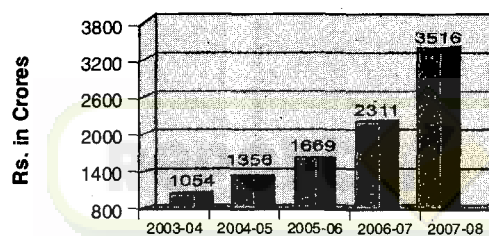
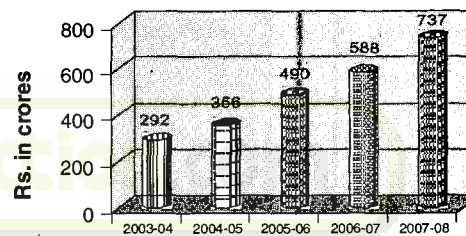
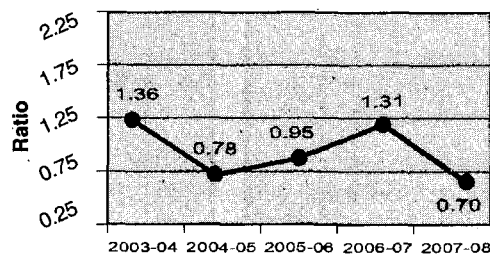
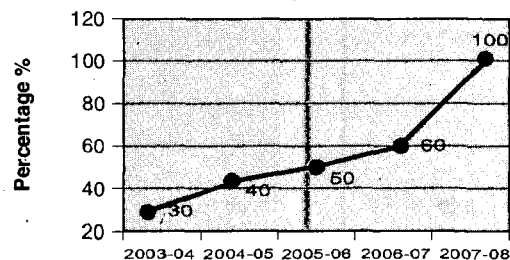
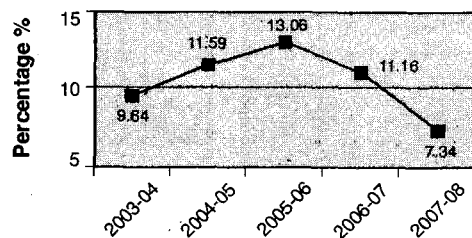
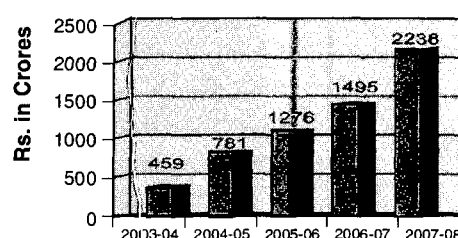
BOOK CLOSURE

**Saturday, 6th September, 2008
to
Thursday, 18th September, 2008**

CONSOLIDATED FINANCIAL HIGHLIGHTS AT A GLANCE FOR LAST FIVE YEARS

(Rupees in Crores)

Accounting Year	2003-04	2004-05	2005-06	2006-07	2007-08
Sales	1054	1356	1669	2311	3516
Total Income	1108	1423	1802	2471	3762
Earnings before Depreciation, Interest, Amortisation and Tax (EBDITA)	292	356	490	588	737
Profit after tax & minority interest	101	156	216	258	258
Gross Fixed Assets	920	1004	1100	2223	2497
Net Fixed Assets	549	562	652	1092	1280
Net worth	459	781	1276	1495	2238
Earning per share	5.66	8.69	11.57	13.04	11.64
Book Value per share	31.39	47.15	68.20	79.71	101.87
Debt Equity Ratio	1.36:1	0.78:1	0.95:1	1.31:1	0.70:1
Net Profit/Sales (%)	9.64	11.59	13.06	11.16	7.40
Dividend on Equity Share (%)	30	40	50	60	100
Return on Net worth (%)	22.12	20.13	17.07	17.26	11.57

SALES**Years****EBIDTA****Years****Debt - Equity Ratio****Years****Dividend on Equity Share (%)****Years****Net Profit % To Sales****Years****Net Worth****Years**

BOARD OF DIRECTORS

MR. R. D. SHROFF	- Chairman & Managing Director
MRS. S. R. SHROFF	- Vice Chairman
MR. J. R. SHROFF	- Global CEO of the Group
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
Centurion Bank Ltd.
IDBI Bank Ltd.
Punjab & Sind Bank
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.: 2646 8000 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 **24th ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Thursday, 18th September, 2008 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, 2008, 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 shares.
3. To appoint a Director in place of Mr. J. R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. P. V. Krishna, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Pradeep Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mrs. S. R. Shroff, who retires by rotation and being eligible, offers herself for re-appointment.
7. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Mr. Rajju D. Shroff as Chairman and Managing Director of the Company, for a period of 5 (five) years with effect from 1st October, 2008, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Rajju D. Shroff, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Rajju D. Shroff.

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the said Mr. Rajju D. Shroff shall be paid the aforementioned remuneration as minimum remuneration subject however to the limits prescribed under the said Schedule XIII or any modifications thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. 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 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Mr. Arun C. Ashar, as Whole-time Director designated as Director - Finance, for a period of 5 (five) years with effect from 1st October, 2008, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Arun C. Ashar, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Arun C. Ashar.

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the said Mr. Arun C. Ashar shall be paid the aforementioned remuneration as minimum remuneration subject however to the limits prescribed under the said Schedule XIII or any modifications thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Mr. Kalyan Banerjee, as Whole-time Director, for a period of 5 (five) years with effect from 1st October, 2008, on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. Kalyan Banerjee, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said reappointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Kalyan Banerjee.

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the said Mr. Kalyan Banerjee shall be paid the aforementioned remuneration as minimum remuneration subject however to the limits prescribed under the said Schedule XIII or any modifications thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

11. 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 Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from Rs.300,00,00,000/- (Three 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 Rs.10/- each to Rs.400,00,00,000/- (Rupees Four Hundred Crores) divided into 127,50,00,000 (One Hundred 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 Rs.10/- each and consequently the existing Clause V of Memorandum of Association of the Company relating to 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 Capital of the Company is Rs.400,00,00,000/- (Rupees Four Hundred Crores) divided into 127,50,00,000 (One Hundred 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 Rs.10/- 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 rights as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights in such manner as may for the time being be provided in the Articles of Association of the Company."

12. 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.400,00,00,000/- (Rupees Four Hundred Crores) divided into 127,50,00,000 (One Hundred 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 Rs.10/- 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."

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

"RESOLVED THAT

- (a) subject to such consents and approvals as may be required, and such conditions and modifications, as may be considered necessary and agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), a sum of Rs. 43,92,91,512 to be increased by a further sum that may be required on account of any conversion of Foreign Currency Convertible Bonds or exercise of the options attached to the warrants issued to the Promoters after 31st March, 2008 up to the RECORD DATE to be fixed, as may be determined to be required by the Board, out of the amount of Rs.1073.87 crores standing to the credit of the Securities Premium Account as at 31st March, 2008, be capitalized and transferred from the Securities Premium Account to Share Capital Account and that such sum as may be determined to be required shall be applied for allotment of New Equity shares of the Company of Rs.2/- each as fully paid Bonus Shares to the persons who, on a date to be hereafter fixed by the Board (the "RECORD DATE"), shall be the holders of the existing Equity Shares of Rs.2/- each of the Company on the said date and that such New Equity Shares out of the Company's unissued Equity Shares, credited as fully paid, be accordingly allotted as Bonus Shares to such persons respectively as aforesaid in the proportion of 1 (One) new Equity Share for every 1 (One) existing Equity Share held by such persons respectively on the Record Date, upon the footing that they become entitled thereto for all purposes as capital;
- (b) the New Equity shares of Rs.2/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respect with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividends declared after the Bonus Shares are allotted;
- (c) no letter of Allotment shall be issued to the allottees of the Bonus Shares and the Share Certificates in respect of the New Equity Shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf from time to time, except that the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in electronic form;
- (d) the allotment of the fully paid New Equity Shares as Bonus Shares to the extent that they relate to non-resident members of the Company, shall be subject to the approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999, if necessary;
- (e) the allotment of equity shares to be made in case of conversion of outstanding Foreign Currency Convertible Bonds or application for shares against warrants issued to promoters on preferential basis or exercise of options by Eligible Employees under the Employees Stock Option Plan, 2008 subsequent to the RECORD DATE, be increased proportionately by making adjustments on account of issue of the bonus shares.



- (f) For the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the New Equity Shares."

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 24th 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, 6th September, 2008 to Thursday, 18th September, 2008 (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. Payment of dividend as recommended by the Directors, if declared at the Meeting, will be made on or after 24th September, 2008 to the Members whose names stand in the Company's Register of Members on 18th September, 2008 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.
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 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.**
11. 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. J. R. Shroff, Dr. P. V. Krishna, Mr. Pradeep Goyal and Mrs. S. R. 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. J. R. Shroff is the Director of the Company since 1st 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 Ltd., Uniphos Agro Industries Ltd., Enviro Technology Ltd., Nivi Trading Ltd., Ventura Guaranty Ltd., SWAL Corporation Ltd., UPL Djai Power Ltd., Advanta India Ltd., Bharuch Enviro Infrastructure Ltd., Agri Net Solutions Ltd., Search Enviro Ltd., Shivalik Solid Waste Management Ltd., UPL Environmental Engineers Ltd., Nirlon Ltd., Latur Water Supply Management Co. Ltd., Sharvak Environment Ltd. and Entrust Environment Ltd.
- (b) Dr. P. V. Krishna is the Director of the Company since 31st 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.
- (c) Mr. Pradeep Goyal is the Director of the Company since 29th March, 2001. 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 Ltd. He is also on the Board of Uniphos Enterprises Ltd., Nelito Systems Ltd., Indian Resources Information and Management Technology Ltd., Flashnet Infor Solutions (India) Ltd. and Hind Rectifiers Ltd.

- (d) Mrs. S. R. Shroff is the Director of the Company since 1st October, 1992. She has been associated with Uniphos Enterprises Ltd. (erstwhile United Phosphorus Ltd.) since its inception. She has held various important positions in commercial, educational and social fields. She is on the Board of Uniphos Enterprises Ltd., Uniphos Agro Industries Ltd., Enviro Technology Ltd., Nivi Trading Ltd., Shroff United Chemicals Ltd., Bharuch Enviro Infrastructure Ltd., Vapi Effluent and Waste Management Co. Ltd., Ventura Guaranty Ltd. and UPL Environmental Engineers Ltd.

Mumbai: 24th July, 2008

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

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

The Explanatory Statement for Item Nos. 8 to 13 of the accompanying Notice set out hereinabove is as under:

Item Nos. 8 to 10

Subject to shareholders' approval, the Board of Directors of the Company, at its meeting held on 24th July, 2008, have re-appointed Mr. Rajju D. Shroff as Chairman and Managing Director, Mr. Arun C. Ashar as Whole-time Director designated as Director-Finance and Mr. Kalyan Banerjee, as Whole-time Director for a period of 5 years commencing from 1st October, 2008 on the terms and conditions as stated in the draft of agreements to be entered into by the Company with the aforesaid Directors. The Remuneration Committee of the Board of Directors has approved the remuneration in respect of each of the above Directors.

The broad particulars of remuneration payable to and the terms of the respective reappointments of Mr. Rajju D. Shroff, Mr. Arun C. Ashar and Mr. Kalyan Banerjee during the tenure of their respective reappointments are as under:

a) Salary:

Name	Designation	Salary Rs. per month including Dearness and all other allowances
Mr. Rajju D. Shroff	Chairman and Managing Director	17,00,000/-
Mr. Arun C. Ashar	Director-Finance	5,00,000/-
Mr. Kalyan Banerjee	Whole-time Director	1,50,000/-

b) Commission:

Such amount of Commission not exceeding 1% (one percent) of net profits of the Company, to each of the appointees, as may be decided by the Board of Directors for each financial year.

c) Perquisites:

Perquisites as follows shall be allowed in addition to the salary and commission to each of the appointees. The perquisites will be evaluated 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:

(i) Housing:

- If residential accommodation is provided in a company owned house, then a deduction at 10% of the salary of the appointee shall be made;
 - If the Company hires residential accommodation for the appointee, the expenditure on hiring unfurnished accommodation will not exceed 60% of his salary;
 - If the company does not provide residential accommodation to the appointee, the appointee shall be paid such house rent allowance not exceeding 60% of his salary as the Board may decide;
- The expenditure incurred by the appointee on Gas, Electricity, Water and Furnishing shall be reimbursed by the Company as per Income-tax Rules, 1962, and the same shall not exceed 10% of the salary of the Appointee;
 - Reimbursement of all Medical expenses actually incurred for self and family;
 - Leave travel concession for self and family once in a year in accordance with the rules of the company;
 - Fees of clubs subject to a maximum of two clubs. However, life membership and admission fees, shall not be paid by the Company;
 - Personal Accident Insurance of an amount, the annual premium of which shall not exceed Rs.4,000/-;
 - Contribution towards Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company;
 - Gratuity payable at the rate of half a month's salary for each completed year of service, and the same will not be included in perquisites;
 - Car with driver shall be provided for use on company's business and the same will not be considered as perquisites; use of car for private purposes shall however, be billed by the Company;
 - Telephone at residence will be provided and the same will not be considered as perquisite but personal long distance calls shall be billed by the Company;
 - Actual Entertainment expenses incurred for the business of the Company will be reimbursed;
 - Even if in any financial year, the Company has no profits or profits are inadequate, the aforesaid salary and perquisites will be payable as minimum remuneration.



The draft agreements to be entered into between the Company and each of Mr. Rajju D. Shroff, Mr. Arun C. Ashar and Mr. Kalyan Banerjee respectively incorporating the above particulars of remuneration are available for inspection by the Members of the Company at the Registered Office of the Company on all working days (except Saturdays), up to the date of the 24th Annual General Meeting between 11.00 a.m. and 1.00 p.m.

The above may be treated as an abstract of the terms of the contract/agreements proposed to be entered into between the Company and Mr. Rajju D. Shroff, Mr. Arun C. Ashar and Mr. Kalyan Banerjee respectively pursuant to Section 302 of the Companies Act, 1956.

Mr. Rajju D. Shroff, Mr. Arun C. Ashar and Mr. Kalyan Banerjee are interested in the resolutions which pertain to their respective reappointments and remuneration payable to each of them. Further, Mrs. S. R. Shroff, Mr. J. R. Shroff and Mr. V. R. Shroff may also be deemed to be interested in the resolutions pertaining to the reappointments and remuneration payable to Mr. Rajju D. Shroff as they are related to each other. Save and except the above, none of the other Directors of the company is, in any way, concerned or interested in the resolutions.

As per Part I (c) (ii) of Schedule XIII of the Companies Act, 1956, the aforesaid reappointment of Mr. R. D. Shroff and the remuneration payable to him is required to be approved by the members in General Meeting by passing a special resolution as he has attained the age of 70 years and he is a relative of Mrs. S. R. Shroff, Mr. J. R. Shroff and Mr. V. R. Shroff, Directors of the Company. Mr. Kalyan Banerjee will attain the age of 70 years during the period of re-appointment and his re-appointment and remuneration is required to be approved by members in general meeting by passing a special resolution. The reappointment of Mr. Arun C. Ashar and the remuneration payable to him is required to be approved by the members in General Meeting. Your Directors commend the resolutions at Item Nos. 8 to 10 of the Notice for approval.

Item No. 11

The present Authorised Capital of the Company is Rs.300 Crores. In order to facilitate the capitalisation of reserves as set out in the Resolution at Item No. 13 of the Notice, it is proposed to increase the Authorised Capital from Rs. 300 crores to Rs.400 Crores in the manner as set out in the Notice in accordance with Section 94 of the Companies Act, 1956. Consequently, Clause V of the Memorandum of Association of the Company is proposed to be altered.

The alteration of the capital clause of the Memorandum of Association of the Company is purely consequential, in accordance with the provisions of Section 16 of the Companies Act, 1956.

Directors recommend the resolution for approval of the shareholders.

A copy of the Memorandum of Association of the Company showing proposed alterations is available 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 the 24th Annual General Meeting.

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

ITEM NO. 12

The alteration to Article 3 of the Articles of Association is consequential to the alterations of Capital Clause of the Memorandum of Association of the Company as proposed in the Resolution under Item No.11 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 resolution for approval of the shareholders.

A copy of the Articles of Association of the Company showing proposed alterations is available 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 the 24th Annual General Meeting.

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

Item No. 13

Within the guidelines prescribed by the Securities and Exchange Board of India (SEBI) for capitalization of reserves and in order to bring the paid up capital of the Company more in line with the capital employed, the Board at its meeting held on July 24, 2008 recommended an issue of Bonus Shares in the proportion of 1 (One) new Equity Share of the Company of Rs.2/- each for every 1 (One) existing Equity Share of the Company of Rs.2/- each held by the Members on a date to be fixed by the Board, by capitalizing a part of the Securities Premium Account.

As per Article 183 of the Articles of Association of the Company, it is necessary for the Members to approve the issue of Bonus Shares.

It is also necessary to authorize the Board of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed and/or any other regulatory authority

The Directors of the Company may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholding in the Company, or to the extent of the shareholdings of the companies / institutions / trusts of which they are directors or members or trustees.

The Directors recommend the resolution for approval of the shareholders.

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

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

M.B. TRIVEDI
COMPANY SECRETARY

Dated: 24th July, 2008.