

Scaling New Heights



United Phosphorus Limited  
Crop Protection with Environmental Care

# LIFETIME ACHIEVEMENT AWARD

to

**Mr. Rajju Shroff**

**Chairman & Managing Director, United Phosphorus Limited**



Shri Jyotiraditya Scindia, Hon'ble Minister of State for Commerce and Industry, Government of India  
presenting the Award to Shri Rajju Shroff, CMD, United Phosphorus Limited

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

Date : 18<sup>th</sup> September, 2009

Day : Friday

Time : 10.00 a. m.

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

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

**Sharepro Services(India) Pvt. Ltd.**

**Unit : United Phosphorus Limited**

**13AB, Samhita Warehousing Complex,  
Second Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road,  
Sakinaka, Andheri (E),  
Mumbai 400 072.**

**Phone No(s) : 91-022-67720300/344/345**

**Fax No : 91-022-2859 1568**

### BOOK CLOSURE

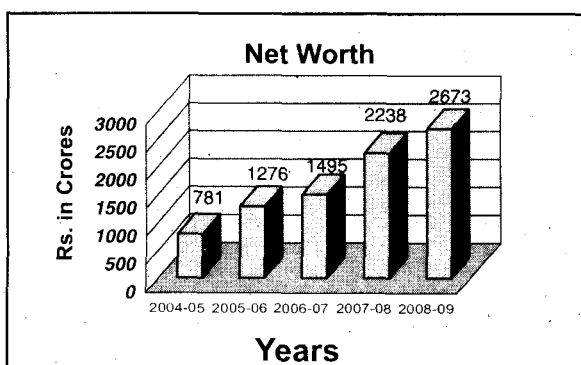
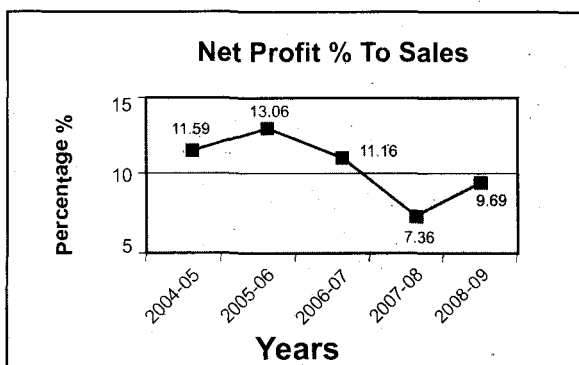
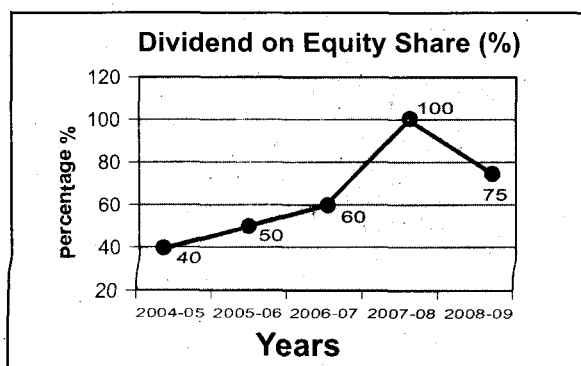
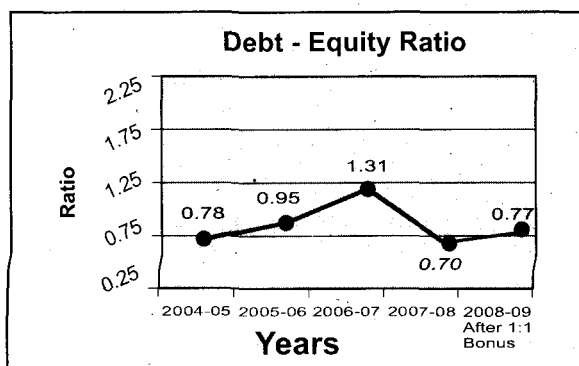
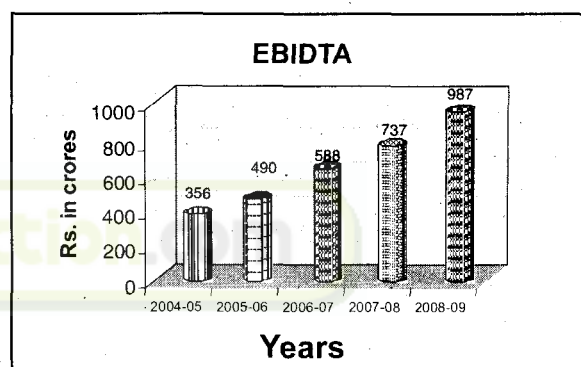
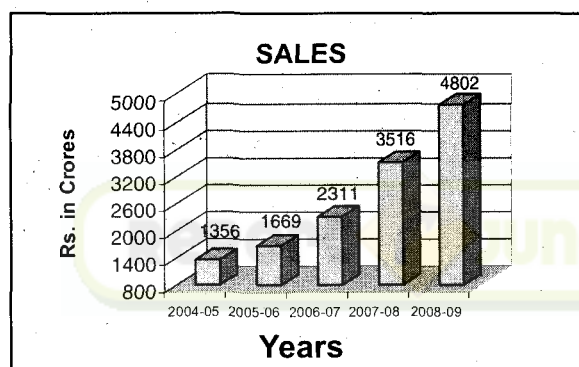
**Saturday, 5th September, 2009  
to  
Friday, 18<sup>th</sup> September, 2009**

**CONSOLIDATED FINANCIAL HIGHLIGHTS AT A GLANCE FOR LAST FIVE YEARS**

(Rupees in Crores)

Accounting Year	2004-05	2005-06	2006-07	2007-08	2008-09
Sales	1356	1669	2311	3516	4802
Total Income	1423	1802	2471	3762	4974
Earnings before Depreciation, Interest, Amortisation and Tax (EBDITA)	356	490	588	737	987
Profit after tax & minority interest	156	216	258	258	456
Gross Fixed Assets	1004	1100	2223	2497	2742
Net Fixed Assets	562	652	1092	1280	1507
Net worth	781	1276	1495	2238	2673
Earning per share	8.69	11.57	13.04	11.64	9.88*
Book Value per share	47.15	68.20	79.71	101.87	60.81*
Debt Equity Ratio	0.78:1	0.95:1	1.31:1	0.70:1	0.77:1*
Net Profit/Sales (%)	11.59	13.06	11.16	7.36	9.69
Dividend on Equity Share (%)	40	50	60	100	75*
Return on Net worth (%)	20.13	17.07	17.26	11.57	17.40

\* After 1:1 Bonus





## 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  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
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 **25<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Friday, 18<sup>th</sup> September, 2009 at 10.00 a. m. at Hotel Green View Hall, National Highway No. 8, G.I.D.C., Vapi, Dist. Valsad, Gujarat - 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, 2009, 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. Chirayu R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikram R. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vinod Sethi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. A. C. Ashar, who retires by rotation and being eligible, offers himself 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** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, ('the Act') Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') (including any statutory modifications or re-enactment of the Act or the SEBI Guidelines, for the time being in force) to the extent applicable and subject to the provisions contained in the Articles of Association of the Company and subject to other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including the Remuneration / Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this Resolution), consent and approval of the Company be and is hereby accorded to the Board to grant, issue, offer and allot at any time or from time to time, directly or through a trust, to the present and future employee(s) including Director(s) of the Company, including employees of its subsidiaries as mentioned in the proposed resolution at Item 9 below, and as selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, hereinafter referred to as "the Eligible Employees", except a promoter or a person who belongs to the promoter group, both these expressions being defined in the SEBI Guidelines and director who directly or indirectly holds more than 10% of the issued capital, under a scheme titled **"Employees Stock Option Plan 2009"** (hereinafter referred to as Plan), such number of options as the Board may decide, which could give rise to the issue of equity shares of the nominal face value not exceeding Rs 60,00,000 (Rupees Sixty lakhs only) divided into 30,00,000 (Thirty lakhs) equity shares of the face value of Rs. 2/- each, on such terms and conditions described below:

The offer shall be in accordance with the terms and conditions as regards price, payment, application, allotment, entitlement to dividend and other rights, transferability and all other matters as stipulated by the SEBI Guidelines to the extent applicable and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company provided that:

- i) The equity shares issued upon exercise of the options shall rank *pari passu* in all respects with the existing equity shares.
- ii) No option shall vest in the hands of the Option Grantee (as defined in the SEBI Guidelines) prior to 12 months from the date of grant of the option or such longer period from the date of grant, as may be determined by the Board from time to time, subject to the condition that the Option Grantee continues to be an employee or director of the Company and /or based on their performance or other conditions as may be determined by the Board from time to time. However, the maximum vesting period shall be 4 years from the date of grant of the option or such other period as the Board may determine.
- iii) The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 10 years from the date of grant of options to the Eligible Employees. The options shall be exercised in accordance with the process as may be specified in the Plan.
- iv) Each option granted to an Eligible Employee shall entitle him / her to one equity share of the nominal value of Rs. 2/- each at the exercise price as determined by Board which shall be at 50% discount to the market price of the Shares as provided under the SEBI Guidelines as on the date of Board meeting in which options are granted to the employees.
- v) The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the Company under a cashless exercise program implemented by the Company or any combination of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other applicable laws or regulations, to the extent applicable.
- vi) Before granting the options to the employees under the Plan, the Board / Compensation committee would, apart from examining and evaluating overall group corporate performance, *inter alia*, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.
- vii) The maximum number of options to be granted to each Eligible Employee shall not exceed 100,000 options.
- viii) The Company shall conform to the accounting treatment to the extent applicable under SEBI Guidelines or any other relevant SEBI regulation or direction as is applicable to the accounting of such options.
- ix) The Board shall have the power to make reasonable consequential adjustments to the number of options to be exercised and the exercise price in case of corporate actions, such as rights issues, bonus issues, merger, sale of division and others, provided that such adjustments or alterations do not adversely affect the rights and interests of the Option Grantees and is subject to the terms and conditions specified in the SEBI Guidelines to the extent applicable.
- x) The Board shall have the power to make consequential modifications or substitutions to the terms of the Plan, as it may deem fit from time to time, provided that such modifications or alterations do not adversely affect the rights and interests of the Option Grantees or the members of the Company and is subject to the terms and conditions specified

in the SEBI Guidelines to the extent applicable.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, but subject to the terms as approved by the members, the Board be and is hereby authorised to implement the Plan.

**RESOLVED FURTHER THAT** notwithstanding anything contained in the Plan, the Company shall have an option to recover Fringe Benefit Taxes from the employees, either in part or whole, if any, that is levied on or payable by the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised in whole or in part, to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Plan.

**RESOLVED FURTHER THAT** the said options may be granted / equity shares may be allotted in accordance with the Plan framed in that behalf, directly to such Eligible Employees or through a Trust, which may be set up in any permissible manner, or to the Trust to be held on behalf of such Eligible Employees.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable in connection with formation, funding, including any contributions to be made by the Company, administration, operation, etc. of a Trust, if the Board deems necessary or desirable, through which the options may be granted/equity shares may be allotted to the Eligible Employees of the Company.

**RESOLVED FURTHER THAT** the Board may, at its discretion, or in order to comply with any applicable rules or guidelines, add, amend or put restrictions or any other conditions as it may deem fit.

**RESOLVED FURTHER THAT** the Plan may also envisage providing any financial assistance to the employees or the Trust to enable the Eligible Employees / Trust to acquire, purchase or subscribe to the said equity shares of the Company in accordance with the provisions of the Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan and to the shares, issued herein without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

**RESOLVED FURTHER THAT** a Compensation Committee of majority of Independent directors of the Company as constituted by the Board be and is hereby authorised to identify the eligible employees and determine the number of options that may be offered to them pursuant to the Plan.

**RESOLVED FURTHER THAT** the Company shall value the options granted under the Plan, at their 'fair value' or 'Intrinsic value' as defined under the SEBI Guidelines as may be determined by the Board.

**RESOLVED FURTHER THAT** in case the Company calculates the employee compensation cost using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report."

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

**"RESOLVED THAT** pursuant to Section 81(1A) and other applicable modification or re-enactment thereof for the time being in force and in accordance with the Articles of Association of the Company, the applicable clauses of Securities and Exchange Board of India ('SEBI') (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time ('SEBI Guidelines'), the applicable guidelines and clarifications issued by the Reserve Bank of India ('RBI') and any other statutory / regulatory authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall also include a Committee thereof) to create, issue, offer and allot at anytime or from time to time, directly or through a trust, to 'Subsidiary Employees' (which expression shall, unless repugnant to the context, mean and include the permanent Employees of the subsidiaries of the Company and the Directors of the subsidiaries of the Company, whether whole-time or not) as may be decided solely by the Board, such number of options, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, within the overall limit of 30,00,000 options as mentioned in the proposed resolution at Item 8 above each option giving the right but not the obligation, to the holder, to subscribe for cash, to one fully paid equity share of Rs. 2 each of the Company, in terms of the United Phosphorus Limited Employees Stock Option Plan, 2009 ('Plan') (as put up for approval in terms of the preceding Resolution).

The offer shall be to Subsidiary Employees of such subsidiaries of the Company as the Board, at its discretion, may from time to time decide ('Selected Subsidiaries') and shall be in accordance with the terms and conditions as regards price, payment, application, allotment, etc. stipulated by the SEBI Guidelines to the extent applicable and in accordance with any other guidelines, rules, regulations and laws to the extent applicable and subject also to the Memorandum and Articles of Association of the Company and the subsidiaries of the Company."

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

**"RESOLVED THAT** in partial modification of the Resolution passed at the Annual General Meeting held on September 18, 2008 and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the following remuneration payable to Mr. Rajju D. Shroff, the Chairman and Managing Director.

**Salary:**

Rs.22,00,000/- per month with effect from October 1, 2009 [in supersession of Rs.17,00,000/- per month fixed earlier by the shareholders] with powers to the Board of Directors (which includes any Committee thereof) to grant such increments as they may in their absolute discretion think fit;

**RESOLVED FURTHER THAT** except the above, Commission, Perquisites and allowances, Minimum Remuneration and other terms of the Agreement dated October 1, 2008 executed by the Company with Mr. Rajju D. Shroff shall remain unchanged unless agreed otherwise by the Board of Directors (which includes any Committee thereof) within the approval of the shareholders."

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

**"RESOLVED THAT** in partial modification of the Resolution passed at the Annual General Meeting held on September 19, 2006 and Extra-ordinary General Meeting held on 11<sup>th</sup> October, 2007 and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the



following remuneration payable to Mr. Vikram R. Shroff, the Executive Director.

**Salary:**

Rs.20,00,000/- per month with effect from October 1, 2009 [in supersession of the scale of Rs.10,00,000/- - 1,00,000/- - 15,00,000/- per month fixed earlier by the shareholders] with powers to the Board of Directors (which includes any Committee thereof) to grant such increments as they may in their absolute discretion think fit;

**RESOLVED FURTHER THAT** except the above, Commission, Perquisites and allowances, Minimum Remuneration and other terms of the Agreement dated September 20, 2006 executed by the Company with Mr. Vikram R. Shroff shall remain unchanged unless agreed otherwise by the Board of Directors (which includes any Committee thereof) within the approval of the shareholders.

**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 25<sup>th</sup> Annual General Meeting.
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 5<sup>th</sup> September, 2009 to Friday, 18<sup>th</sup> September, 2009 (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 Agent – Sharepro Services (India) Pvt. Ltd., Unit : United Phosphorus Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072, 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 24<sup>th</sup> September, 2009 to the Members whose names stand in the Company's Register of Members on 18<sup>th</sup> September, 2009 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 Warrant(s) 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 2007-08 which remain unclaimed for a period of seven years from the date of transfer of same to the unpaid dividend accounts 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. Chirayu R. Amin, Mr. Vikram R. Shroff, Mr. Vinod Sethi and Mr. A. C. Ashar, 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. Chirayu R. Amin is the Director of the Company since 28<sup>th</sup> July, 2006. He is a Science graduate and Master in Business Administration. Presently, he is the Chairman and Managing Director of Alembic Limited. He represented the industry in various associations and federations such as FICCI, International Chambers of Commerce, Federation of Gujarat Industries etc. He is keenly interested in sports and presently he is the President of Baroda Cricket Association and also Vice-President of Cricket Control Board of India. He has many years of experience in business. He is also Chairman of Alembic Exports Ltd., Shreno Ltd., Paushak Ltd. AGI Developers Ltd. and Quick Flight Ltd. He is also on the Board of Elecon Engineering Co. Ltd., Gujarat Flying Club, Sierra Investments Ltd. and Siera Healthcare Ltd.
  - (b) Mr. Vikram R. Shroff is the Director of the Company since 22<sup>nd</sup> April, 2006 and designated as Executive Director. He is Science graduate from University of Mumbai. He is having independent charge of HR functions, Purchase, Commercial, Marketing (local), production department and implementation of SAP system in the organization. He is on the Board of Bharuch Enviro Infrastructure Ltd., Enviro Technology Ltd., Agrinet Solutions Ltd., Advanta India Ltd., Sharvak Environment Ltd., Entrust Environment Ltd., SWAL Corporation Ltd., Shroff United Chemicals Ltd., Agraja Properties Ltd. and Mrugal Properties Ltd.
  - (c) Mr. Vinod Sethi is the Director of the Company since 30<sup>th</sup> January, 2006. He is a Chemical Engineer from IIT, Mumbai and Master in Business Administration from IIM, Ahmedabad. Presently, he runs his own private investment bank. He was previously with Morgan Stanley. He has many years of experience in the filed of finance. He is Chairman of K C P Sugar Mills Ltd. and is also on the Board of Subex Ltd., Geodesic Ltd., GTL Ltd., Axsys Tech Ltd., Advanta India Ltd., Mount Everest Mineral Water Ltd., Itz cash card Ltd., G. G. Dandekar Machine Works Ltd., Orbis Financial Corporation Ltd and ISMT Ltd.
  - (d) Mr. A. C. Ashar is the Director of the Company since 1<sup>st</sup> March, 1993. He is a Chartered Accountant. He was associated with the group in the capacity of consultant prior to his joining of the Board. He looks after the financial



functions of the Company and has been instrumental in raising finance for various projects of the Company. He is on the Board of Uniphos Enterprises Ltd., Enviro Technology Ltd., Bharuch Enviro Infrastructure Ltd., Agrinet Solutions Ltd., Tatva Global Environment Ltd., UPL Djai Power Ltd., Shivalik Solid Waste Management Ltd., UPL Environmental Engineers Ltd., Entrust Environment Ltd., Kerala Enviro Infrastructure Ltd., Latur Water Supply Management Co. Ltd., Sharvak Environment Ltd. and SPML-UEEL JV. Company Ltd.

Mumbai: 23<sup>rd</sup> July, 2009

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 11 of the accompanying Notice set out hereinabove is as under:

### Item Nos.8 and 9

At the Extra-ordinary General Meeting of the members of the Company held on 28th April, 2008, the consent of the members was accorded to the Board of Directors to issue up to 15,00,000 stock options entitling the Eligible Employees to subscribe to equivalent number of shares at the rate of Rs. 162 per share which was at a 50% discount at the market rate, in line with the SEBI Guidelines. However, due to volatility in the market, global meltdown and downturn in the share prices, the employees have not accepted these options and accordingly, these stock options have lapsed. Further subsequent to the above approval, on 5th November, 2008, the Company issued Bonus shares in the ratio of ONE equity share of the Company of Rs.2/- each for every ONE equity share of the Company. In light of the these development, as a measure of employee benefit, the Board of Directors at its meeting held on 25th April, 2009 resolved, subject to the approval of the members by special resolution at the forthcoming General Meeting, to issue up to 30,00,000 stock options to the Eligible Employees of the Company under Employee Stock Option Plan entitling them to subscribe to equivalent number of shares of Rs. 2 each of the Company at the rate of Rs. 64/- per share, which is at 50% discount to the market price of the shares. The re-pricing has been worked out as the stock options were rendered unattractive due to fall in the market price and the same is not detrimental to the interest of the employees.

The Company proposes to launch a new Employees Stock Option Plan as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the extent applicable in order to issue options and equity shares to directors and employees of the Company so as to ensure commitment, retaining good talent and attracting through ownership and financial motivation.

Accordingly, the approval of the shareholders is sought by way of a Special Resolution for issue of Options to the directors & employees of the Company and for allotment of equity shares pursuant to exercise of such options. The Board recommends the passing of the resolution as a Special Resolution.

The Directors of the Company may be issued options and / or allotted equity shares under the Scheme and hence they are deemed to be concerned / interested in the resolution.

The Employees Stock Option Plan 2009 is available for inspection at the registered office of the Company during business hours on all working days till the date of the Annual General Meeting.

The following information and description gives the rationale and other details of the Employees Stock Option Plan 2009 ("the Plan") and also gives the information required by the SEBI (Employee Stock Option Scheme and Employee Stock Purchase) Guidelines 1999 ("the SEBI Guidelines") and other provisions of the applicable laws to the extent applicable:

1. The Plan is pursuant and subject to the SEBI Guidelines to the extent applicable and whose provisions shall prevail over any term of the Plan that is inconsistent with the SEBI Guidelines.
2. The Plan shall be administered by and be under the superintendence of the Compensation Committee. However, the Company may also set up an "ESOP Trust" to administer and implement the Plan and for related and incidental matters.
3. It is proposed to issue, in the aggregate, a maximum number of 30,00,000 shares of face value of Rs 2/- each. However, within such overall limit, the Company may issue Options to directors and employees upto maximum of 100,000 options per employee.
4. The Options / Shares may be issued in such phases and manner as the Compensation Committee may deem fit. Before granting the options to the employees under the Plan, the Compensation Committee / Board would, apart from examining and evaluating overall group corporate performance, *inter alia*, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.
5. Each option shall vest in the hands of the Option Holder after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee continues to be an employee or director of the Company and / or based on their performance or other conditions as may be determined by the Board from time to time. The maximum vesting period shall be 4 years from the date of grant of the option or such other period as the Board may determine.
6. The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 10 years from the date of grant of options to the Eligible Employees. The options shall be exercised in accordance with the process as may be specified in the Plan.
7. Each option granted to an Eligible Employee shall entitle him / her to one equity share of the nominal value of Rs 2/- each at the exercise price as determined by Board which shall be at 50% discount to the market price of the Shares as understood under the SEBI Guidelines as on the date of Board meeting in which options are granted to the employees.
8. The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the Company under a cashless exercise program implemented by the Company or any combination of the foregoing methods of payment subject to fulfillment of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time or any other applicable laws or regulations, to the extent applicable.
9. The Company hereby formally undertakes and records that it shall conform to the accounting policies as specified in the SEBI Guidelines 1999 to the extent applicable.
10. If the Company calculates the employee compensation cost using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on

profits and on Earnings Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report.

Vide Item number 9, the Company seeks approval to issue stock options and other rights or securities to employees of any subsidiary of the Company, whether such Company is registered in India or out of India. The terms and conditions, features, and other information are identical, mutatis mutandis, to those for stock options and other rights/securities to employees of the Company as detailed earlier herein and hence are not repeated to avoid duplication.

#### **Item No. 10**

The shareholders at the Annual General Meeting held on September 18, 2008 had approved the re-appointment of and payment of remuneration to Mr. Rajju D. Shroff, Chairman and Managing Director of the Company. The re-appointment was made for 5 years and the term shall expire on 30<sup>th</sup> September, 2013. Suitable agreement was executed with him.

The Shareholders are informed that the Remuneration Committee of Directors at its meeting held on July 23, 2009 discussed that in last few years the operations of the Company have increased manifold resulting in higher turnover and profits and such progress is likely to continue for many years in future. Hence, the present remuneration paid to Mr. Rajju D. Shroff is considered inadequate and needs to be revised. The committee, therefore, recommended to the Board for increase in the remuneration of Mr. Rajju D. Shroff, Chairman and Managing Director in line with the market trend.

The Board of Directors at its meeting held on July 23, 2009 discussed the recommendation of the Remuneration Committee and decided unanimously to increase the remuneration of Mr. Rajju D. Shroff, Chairman and Managing Director as set out in the draft resolution with effect from October 1, 2009 subject to the approval of the shareholders.

Commission, Perquisites and allowances, Minimum Remuneration and other terms as contained in his agreement as currently in force shall remain the same.

The aforesaid changes will be recorded in the draft Supplemental Agreement to be executed by the Company with Mr. Rajju D. Shroff.

The increase in the remuneration requires approval of shareholders under Section 310 of Companies Act, 1956. The Board of Directors at its aforesaid meeting has resolved to seek approval of the shareholders accordingly.

The copy of the earlier Agreement of his re-appointment as in force and the draft Supplemental Agreement to be executed are available for inspection by the shareholders during business hours on all the working days at the registered office of the Company.

The above particulars and the particulars set out in the Resolution may be deemed as the abstract of the terms of variation required to be sent to the shareholders pursuant to Section 302 of the Companies Act, 1956.

As per Part I (c) (ii) of Schedule XIII of the Companies, Act, 1956, the aforesaid remuneration payable to Mr. Rajju D. Shroff 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.

The Board of Directors recommends passing of the Resolution at item no. 10.

Mr. Rajju D. Shroff in his personal capacity and Mrs. S. R. Shroff, Mr. J. R. Shroff and Mr. Vikram R. Shroff as relatives of Mr. Rajju D. Shroff are concerned or interested in the Resolution. Save as aforesaid, none of the other Directors is, in any way, concerned or interested in the said Resolution.

#### **Item No. 11**

The shareholders at the Annual General Meeting held on September 19, 2006 had approved the appointment of and remuneration to Mr. Vikram R. Shroff, Executive Director of the Company. The appointment was made for 5 years and the term shall expire on 30<sup>th</sup> April, 2011. Subsequently, the shareholders at the Extra-ordinary General Meeting held on 11<sup>th</sup> October, 2007 approved the revision in the salary in the scale of Rs. 10,00,000/- - 1,00,000/- - 15,00,000/- per month with effect from 1<sup>st</sup> October, 2007. Suitable agreements were executed with him.

The Shareholders are informed that the Remuneration Committee of Directors at its meeting held on July 23, 2009 discussed that in last few years the operations of the Company have increased manifold resulting in higher turnover and profits and such progress is likely to continue for many years in future. Hence, the present remuneration paid to Mr. Vikram R. Shroff is considered inadequate and needs to be revised. The committee, therefore, recommended to the Board for increase in the remuneration of Mr. Vikram R. Shroff, Executive Director in line with the market trend.

The Board of Directors at its meeting held on July 23, 2009 discussed the recommendation of the Remuneration Committee and decided unanimously to increase the remuneration of Mr. Vikram R. Shroff, Executive Director as set out in the draft resolution with effect from October 1, 2009 subject to the approval of the shareholders.

Commission, Perquisites and allowances, Minimum Remuneration and other terms as contained in his agreement as currently in force shall remain the same.

The aforesaid changes will be recorded in the draft Supplemental Agreement to be executed by the Company with Mr. Vikram R. Shroff.

The increase in the remuneration requires approval of shareholders under Section 310 of Companies Act, 1956. The Board of Directors at its aforesaid meeting has resolved to seek approval of the shareholders accordingly.

The copy of the earlier Agreements of his appointment as in force and the draft Supplemental Agreement to be executed are available for inspection by the shareholders during business hours on all the working days at the registered office of the Company.

The above particulars and the particulars set out in the Resolution may be deemed as the abstract of the terms of variation required to be sent to the shareholders pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors recommends passing of the Resolution at item no. 11.

Mr. Vikram R. Shroff in his personal capacity and Mr. R. D. Shroff, Mrs. S. R. Shroff and Mr. J. R. Shroff as relatives of Mr. Vikram R. Shroff are concerned or interested in the Resolution. Save as aforesaid, none of the other Directors is, in any way, concerned or interested in the said Resolution.

Registered Office:  
 3-11, G.I.D.C., Vapi,  
 Gujarat - 396 195.  
 Dated: 23<sup>rd</sup> July, 2009.

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

**M.B. TRIVEDI**  
 COMPANY SECRETARY