



United Phosphorus Ltd

26th ANNUAL REPORT 2009-2010





Mr. Rajju Shroff, Chairman & Managing Director and
Mrs. Sandra Shroff, Vice-Chairman with Her Excellency
Mrs. Pratibha Patil, President of India

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26th ANNUAL GENERAL MEETINGDate : 8th September, 2010

Day : Wednesday

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

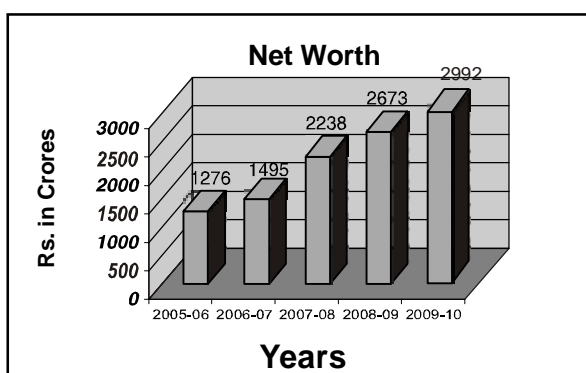
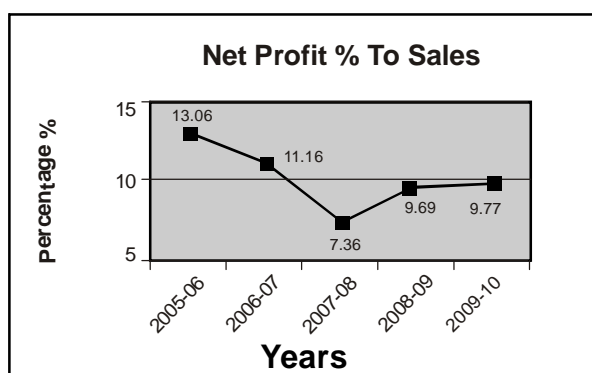
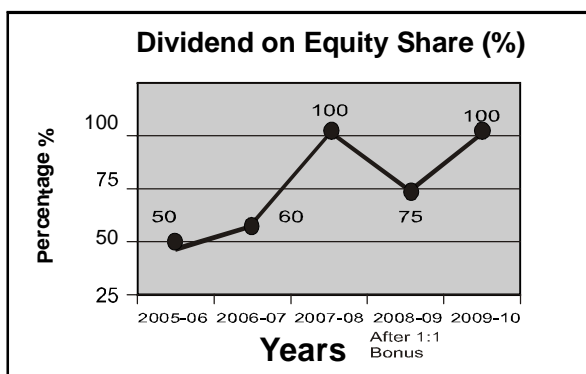
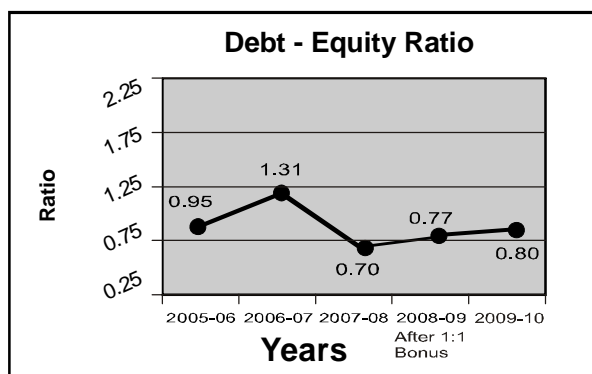
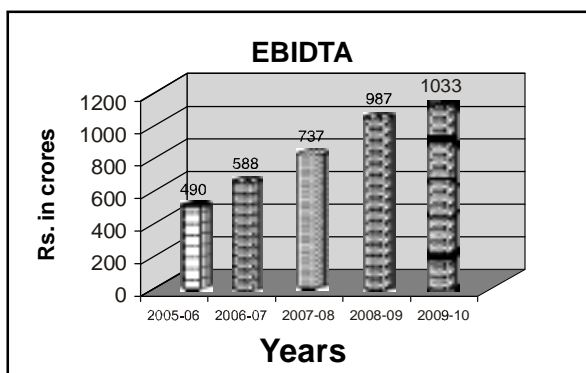
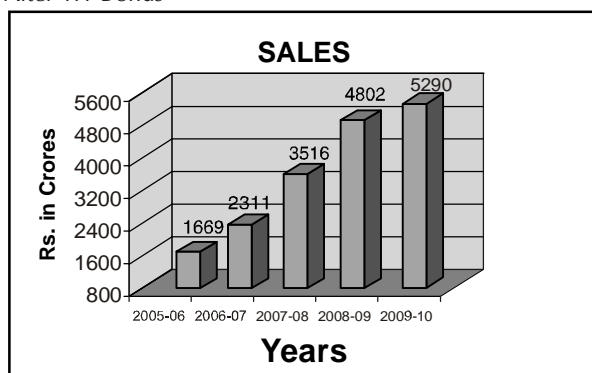
Saturday, 28th August, 2010
to
Wednesday, 8th September, 2010


CONSOLIDATED FINANCIAL HIGHLIGHTS AT A GLANCE FOR LAST FIVE YEARS

(Rupees in Crores)

Accounting Year	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	1669	2311	3516	4802	5290
Total Income	1802	2471	3762	4974	5495
Earnings before Interest, Depreciation, Tax and Amortisation (EBIDTA)	490	588	737	987	1033
Profit after tax & minority interest	216	258	258	456	526
Gross Fixed Assets	1100	2223	2497	2742	2734
Net Fixed Assets	652	1092	1280	1507	1505
Net worth	1276	1495	2238	2673	2992
Earning per share	11.57	13.04	11.64	9.88*	11.40
Book Value per share	68.20	79.71	101.87	60.81*	68.06
Debt Equity Ratio	0.95:1	1.31:1	0.70:1	0.77:1*	0.80:1
Net Profit/Sales (%)	13.06	11.16	7.36	9.69	9.77
Dividend on Equity Shares (%)	50	60	100	75*	100
Return on Net worth (%)	17.07	17.26	11.57	17.40*	17.27

* 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
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 **26th ANNUAL GENERAL MEETING** of the Members of **UNITED PHOSPHORUS LIMITED** will be held on Wednesday, 8th September, 2010 at 10.00 a. m. at Hotel Green View Hall, National Highway No. 8, G.I.D.C., Vapi - 396 195, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2010, 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. Kalyan Banerjee, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) Reena Ramachandran, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Pradip Madhavji, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. R. D. Shroff, 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(s), the following resolution as a **Special Resolution**:
"**RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors, if any) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2010."

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 26th 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, 28th August, 2010 to Wednesday, 8th September, 2010 (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, 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 14th September, 2010 to the Members whose names stand in the Company's Register of Members on 8th September, 2010 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 2008-09 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. 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 is President of Rotary International and is actively associated with all the Rotary projects. He is also a Director, CII, Western Region. He is also associated with various education institutions at Vapi. 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 Fortune Institute of Internationals Business, which is approved by the Ministry of HRD, Govt. of India. She has been member of various associations and institutions relating to education. Presently, she is also a member of the Expert Committee appointed by the Ministry of HRD to device Policy Perspectives for Management Education. She was also associated with various committees appointed by various Ministries of Government of India. She has done her Doctorate in Chemistry from University of Allahabad and Doctorate in Science (chemistry) in France. She has varied professional experience of over 37 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 46 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 Kishco Cutlery Ltd., and IDFC Assets Management Company Ltd. 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 Waste & Effluent Management Co. Limited and Tatva Global Environment Limited.

Mumbai: 2nd August, 2010

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 No. 8 of the accompanying Notice set out hereinabove is as under:

Item No. 8

Taking into account the responsibilities of the Directors, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (apart from the Managing Director and the Whole-time Directors, if any) be paid, for each of the five financial years of the Company commencing 1st April, 2010, remuneration not exceeding one per cent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company, except the Managing Director and Whole-time Directors, are concerned or interested in the Resolution at Item No. 8 of the Notice to the extent of the remuneration that may be received by them.

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

M.B. TRIVEDI
COMPANY SECRETARY

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

Dated: 2nd August, 2010.

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, 2010.

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.	549457	497350	262734	258065
Profit before depreciation, interest and amortization of Deferred revenue expenses and Minority Interest	103336	98670	45060	48397
Depreciation / Amortisation	21470	19268	10791	8889
Interest	19379	29189	9264	23014
Exceptional Items	2670	1007	-	50
Minority Interest	593	247	-	-
Profit Before Tax	59224	48959	25005	16444
Provisions for Taxation:				
Current Tax	5997	4512	4420	1871
MAT Credit Entitlement	(2277)	(1935)	(2277)	(1861)
Deferred Tax	4415	(193)	4568	534
Fringe Benefits Tax	-	308	-	290
	8135	2692	6711	834
Profit After Tax	51089	46267	18294	15610
Share of Profit in Associates	1875	1995	-	-
	52964	48262	18294	15610
Debt Redemption/ General Reserve written back		5000		
Prior Period Adjustments (Net)	348	2675	165	836
Debt Redemption Reserve (Net of write back)	3601	11664	-	-
	3949	14339	165	836
	49015	38923	18129	14774
Balance Brought Forward	86929	57223	63	1170
Amount available for Appropriations	135944	96146	18192	15944
APPROPRIATIONS:				
Debt Redemption Reserve written back		-	4402	-
Transfer from General Reserve			-	5000
Final Equity Dividend	8791	6596	8791	6596
Tax on Distributed Profits	1460	1121	1460	1121
Debt Redemption Reserve (Net of write back)			8003	11664
Transfer to General Reserve	2000	1500	2000	1500
	12251	9217	20254	20881
Balance Carried Forward	123693	86929	2340	63

OPERATIONAL PERFORMANCE:

During the year the monsoon in India was scanty and erratic. There was drought in many parts of the country. However, as the company's sales are made in almost all the countries in the world, the company's dependence on rainfalls in India has reduced considerably. In fact, international sales account for 78% of the total sales globally. Hence, the poor rainfall in India did not affect the performance of the Company.

During the first few months of the financial year key input costs were high and so were the selling prices. Subsequently the input costs moderated over the course of the year. The company was able to effectively pass on the impact of the changes in input costs. The company continuously endeavors to bring efficiencies in production processes leading to savings in overhead costs.

The year witnessed varied currency fluctuations wherein the Indian Rupee appreciated notably against the US Dollar and Euro. The company took necessary action to reduce the impact of currency fluctuations.



Total net sales for the year were higher at Rs.2453.39 crores as against Rs.2327.39crores. Profit before Taxes were higher at Rs.250.05 crores as against Rs.164.44 crores last year.

FUTURE OUTLOOK:

India, with its vast population, is a huge market and Indian economy survived the severe onslaught of global slowdown. In fact, Indian economy maintained its growth momentum. All agro-based companies in India have done well in the current year.

For the year 2010-11, near normal rains are forecasted. This should augur well for the Company. The expected revival of economies all over the world will pave way for another good year. U.S. and European economies have concerns in the areas of high unemployment and low spending. Some of the world economies face political crisis and financial imbalances. In comparison, Indian economy has done extremely well. Monetary policies, coupled with a very strict financial discipline, have helped the country face the downturn effectively and some of the sectors have progressed very well last year. Agri-based sector is one such sector. The company is expected to maintain a stable growth rate in the coming year.

DIVIDEND:

Your Directors have recommended dividend of Rs.2/- per Equity Share of Rs. 2/- each for the financial year ended 31st March, 2010, which if approved at the forthcoming Annual General Meeting, will be paid to all those Equity Shareholders of the Company whose names appear in the Register of Members as on 8th September, 2010 and whose names appear as beneficial owners as per beneficiary list furnished for the purpose by National Securities Depository Limited and Central Depository Services (India) Limited.

FINANCE:

During the year, the company has raised funds of Rs.385 crores by issue of unsecured Redeemable Non-convertible Debentures. It has also issued short term commercial papers.

FIXED DEPOSITS:

The Company has not accepted fixed deposits during the year. There are no fixed deposits outstanding as at 31st March, 2010.

RESEARCH AND DEVELOPMENT:

Your company is giving maximum importance to research and development by regular upgradation and modernization of all R&D laboratories and by recruitment of qualified and experienced scientists and engineers.

With the constant endeavor to improve quality, cost reduction and to penetrate new local and global markets, research is carried out continuously at company's R&D laboratories at Ankleshwar, Halol, Jhagadia, Thane and Vapi.

Many new products have been developed by the R&D team which will be commercialized in the coming years. The company is also working on developing and producing molecules which are going off patent in the near future.

The R&D team is continuously working and developing new safe and ecofriendly formulations and combination formulations of various pesticides for which patents are obtained in India and abroad.

Extensive field trials and data generation work for various pesticides is undertaken by R&D team, alongwith agricultural universities, with a view to further improve their quality and safety.

CORPORATE SOCIAL RESPONSIBILITY:

The company has been active in the area of social services for the benefit of communities, in and around, where its factories are located. Right from its inception as a small scale industry way back in 1970, its endeavour for social upliftment has been a continuous process. Over the years, this service is extended to other areas and many diverse fields.

In the field of education, the Company has funded and managed many schools and colleges. It is supporting a new Chemical Engineering college with the help of Rotary Club at Ankleshwar. Arts, Commerce, Science, Pharmacy, Nursing and Management Colleges are set up with the financial and management support from the Company. At Baroda, the Company has promoted various artists and art exhibitions, photo exhibitions, photo-journalism etc.

The Company is always in the forefront of medical care initiatives. It has supported various hospitals, promoted scores of rural health check-up camps, provided medicines, etc.

Various environmental initiatives are taken by the Company. Thousands of saplings are planted every year.

The Chairman of the Company was given an award by the Department of Science & Industrial Research (DSIR) for outstanding research and development on pollution control and environment protection.

The Company is supporting the people in Dangs for improving their lifestyles. In Vapi and Ankleshwar, it is supporting numerous temples, gardens and parks. The Company has also provided rural electrification and tubewells in nearby villages around Vapi and Ankleshwar.

SUBSIDIARY COMPANIES:

Your Directors are pleased to inform you that the DCA has vide its letter dated 9th June, 2010 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