

BOARD OF DIRECTORS

| | | |
|---------------------------|---|--|
| MR. R. D. SHROFF | - | Chairman & Managing Director |
| MRS. S. R. SHROFF | - | Vice Chairman |
| MR. J. R. SHROFF | - | Director |
| MR. A. C. ASHAR | - | Director |
| MR. PRADEEP GOYAL | | |
| MR. PRAKASH SHAH | - | Appointed w.e.f. 29th January, 2004 |
| MR. K. BANERJEE | - | Resigned w.e.f. 21 st October, 2003 |
| DR. P. V. KRISHNA | - | Resigned w.e.f. 21 st October, 2003 |
| Dr. ANIL BHATT | - | Resigned w.e.f. 21 st October, 2003 |
| DR. (MRS) R. RAMACHANDRAN | - | Resigned w.e.f. 21 st October, 2003 |
| Mr. D. A. ANANDPURA | - | Deceased on 4th November, 2003 |

COMPANY SECRETARY

MR. K. M. THACKER

AUDITORS

S. V. GHATALIA & ASSOCIATES
Chartered Accountants

BANKERS

Canara Bank
IDBI Bank Ltd.

ADMINISTRATIVE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

Sharepro Services
Unit: Uniphos Enterprises Ltd.
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai- 400 099.

REGISTERED OFFICE

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

NOTICE

NOTICE is hereby given that **35th ANNUAL GENERAL MEETING** of the Members of **UNIPHOS ENTERPRISES LIMITED** will be held on Saturday, 28th August, 2004 at 11.30 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, 2004, 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. Pradeep Goyal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Prakash Shah, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office up to the date of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from some members proposing the candidature of Mr. Prakash Shah for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT subject to the provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 the Securities Contract (Regulations) Act, 1956 and the rules framed thereunder, listing agreement with the Stock Exchanges and other applicable laws, rules & regulations and guidelines and subject to such other approvals, permissions, sanctions etc. as may be necessary and subject to such conditions as may be prescribed by any authority while granting such approvals, permissions, sanctions etc. which may be agreed to by the Board of Directors (hereinafter referred to as “the Board” which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to voluntarily delist the equity shares of the Company from The Stock Exchange Ahmedabad, where the equity shares of the Company are presently listed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts, deeds and things as it may in its absolute discretion deem necessary, desirable and appropriate to give effect to the above resolution.”

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

“RESOLVED THAT in accordance with the provisions of Section 16, and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to the Scheme of Arrangement approved by Hon’ble Gujarat High Court, the present Authorised Share Capital of the Company comprises of 3,00,00,000 (Three Crores) Equity Shares of Rs.10/- (Rupees Ten) each and 70,00,000 (Seventy Lakhs) Preference shares of Rs.100/- (Rupees One Hundred) each be and is hereby re-classified and divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.2/- (Rupees Two) each and 70,00,000 (Seventy Lakhs) Preference shares of Rs.100/- (Rupees One Hundred) each and consequently the existing Clause VI of Memorandum of Association of the Company relating to Authorised Share Capital be and is hereby altered by deleting the same and substituting in its place and stead the following as new Clause VI.

VI. 'The Authorised Share Capital of the Company is Rs.100,00,00,000/- (Rupees One Hundred Crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.2/- (Rupees Two) each and 70,00,000 (Seventy Lakhs) Preference shares of Rs.100/- (Rupees One Hundred) 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.'"

8. To consider and if thought fit, to pass, with or without modification, 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.100,00,00,000/- (Rupees One Hundred Crores) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs.2/- (Rupees Two) each and 70,00,000 (Seventy Lakhs) Preference shares of Rs.100/- (Rupees One Hundred) 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.'

9. 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 the Section 17 and other applicable provisions of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the members of the Company be and is hereby accorded to the alteration of the Other Objects of the Company as appearing under the Object Clause III C of the Memorandum of Association of the Company by inserting the following objects bearing sub-Clause No. 62 after the sub-Clause No. 61 thereof:

62. To purchase, sell, cultivate, plant, refine, purify, process, research, manufacture and to make marketable, whether on account of the Company or otherwise, any agricultural inputs, seeds, seeds oil, fresh fruits, vegetables, flowers, food grains, commercial crops and any other agricultural produce and to act as importers, exporters and/or distributors thereof.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to do such acts, deeds, matters and things and give such directions and authority to the Officials of the Company or to any other person as may be considered necessary, expedient or desirable by the Directors to give effect to this Resolution and settle any questions or dispute that may arise in relation thereto."

10. 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 149(2-A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to commence and carrying on all or any of the business of dealing, processing, manufacturing, exporting, importing seeds, seeds oil and other agricultural produce as specified under the new sub-clause 62 being now inserted in Objects Clause of the Memorandum of Association of the Company, as and when it deems fit.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this resolution and to settle any question or disputes that may arise in relation thereto."

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 during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of 35th 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 Thursday, 19th August, 2004 to Saturday, 28th August, 2004 (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, Unit : Uniphos Enterprises Limited, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099, quoting their Folio Number and in case their shares are held in dematerialised form, the intimation of change of address should be passed on to their respective Depository Participants.
6. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the financial year 1994-95 and prior to that which remained unclaimed has been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Members who have not encashed the Dividend Warrants pertaining to the said period may make their claims to the Registrar of Companies, Gujarat, Ahmedabad by submitting an application in prescribed form.
8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended-
 - (a) Dividend for the year 1995-96 which remained unclaimed for a period of seven years from the date of transfer of same to the unpaid dividend account of the Company has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.
 - (b) Dividend for the year 1996-97 and thereafter, 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.**
9. 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. Pradeep Goyal Director, retire by rotation and being eligible offer himself for reappointment. Mr. Prakash Shah is being appointed as Director liable to retire by rotation. In pursuance of Corporate Governance code, information of the aforesaid Directors is provided hereunder:
 - (a) 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 Limited.
 - (b) Mr. Prakash Shah has joined the Board as an Additional Director of the Company. Mr. Shah is a partner of DSK Legal, Advocates & Solicitors. He has many years of experience in the field of law. He is on the Board of Bharat Serums and Vaccines Ltd. He is also on the Local Board of State Bank of India.
10. The Companies (Amendment) Act, 2000, has included a new section 192A, which provided for passing of resolution by way of Postal Ballot in respect of business as notified by Central Government, in the case of Public Listed Company. The item No.9 relating to Passing of Resolution under Section 17 relating to alteration in Object Clause are among the business which has been notified by the Central Government vide its notification date 10th May, 2001 to be passed by way of Postal Ballot only. Please read carefully the instruction printed on the Postal Ballot Form and return the Form duly completed in all respects in the enclosed postage prepaid self-addressed envelop to Mr. Giriraj Laddha, Scrutiniser appointed by the Company on or before the close of working hours on 26th August, 2004.

By Order of the Board of Directors

K. M. THACKER
Company Secretary

Mumbai.
29th June, 2004

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

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

The Board of Directors appointed Mr. Prakash Shah as an Additional Director pursuant to Articles 120(a) of the Articles of Association of Company. Under Section 260 of the Companies Act, 1956, Mr. Prakash Shah will hold office only up to the date of 35th Annual General Meeting of the Company.

Notice in writing as required by Section 257 of the Companies Act, 1956, have been received from some of the members of the Company signifying their intention to propose Mr. Prakash Shah as a candidate for the office of the Directors. The members who intended to appoint the Directors have deposited with the Company a sum of Rs.500/- for the appointment.

Mr. Prakash Shah is a partner of DSK Legal, Advocates & Solicitors. He has many years of experience in the field of law. He is on the Board of Bharat Serums and Vaccines Ltd. He is also on the Local Board of State Bank of India. Keeping in view his knowledge and experience, it will be in the interest of the Company to appoint Mr. Prakash Shah as Director of the Company. The directors recommend this resolution for your approval.

Except Mr. Prakash Shah, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 6

Presently the securities of the Company are listed at three stock exchanges, viz., The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE) and The Stock Exchange – Ahmedabad. With the extensive connectivity of the BSE and NSE and the extension of the BOLT/NEAT terminals to other Indian cities as well, the investors have access to online dealings in the equity shares of the Company all over the country. The bulk of the trading in the securities of the Company takes place on the BSE and NSE only. The trading on The Stock Exchange – Ahmedabad is negligible or no trading takes place. Accordingly, the listing fees paid to this stock exchange is disproportionately higher with no trading volumes. As a part of the cost reduction measures, it is suggested to de-list voluntarily the equity shares of the Company from The Stock Exchange–Ahmedabad. As per the SEBI regulations, member's approval by a Special Resolution is required for the voluntarily delisting of the equity shares from the stock exchange. The proposed delisting will not adversely affect the investors, as the Company's equity shares will continue to be listed on the BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received.

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Delisting of Securities) Guidelines 2003. As per the Guidelines, a company whose securities are listed for a minimum period of three years on any stock exchange may voluntarily delist its securities from that exchange. The Guidelines further mention that a company proposing to delist its securities shall provide an "exit opportunity" to the shareholders. However, such an exit opportunity need not be given in cases where the securities continue to be listed on stock exchanges having nationwide terminals.

Since, the Company's equity shares shall continue to be listed on the BSE and NSE which have nationwide terminals (viz., BOLT and NEAT), the Company need not provide an exit opportunity. The proposed delisting would be subject to the guidelines for voluntary delisting as laid down in the SEBI (Delisting of Securities) Guidelines, 2003.

Directors recommend the resolution for approval of the members.

None of the Directors of the Company are interested in the above resolution.

Item Nos. 7 and 8

Pursuant to the Scheme of Arrangement approved by the Hon'ble Gujarat High Court sanctioning the demerger of manufacturing division of the Company to United Phosphorus Limited (Formerly known as Search Chem Industries Limited), the Company has issued new Equity shares to the shareholders of the Company. Hence, the authorised share capital of the Company requires to be re-classified as proposed in the resolution under item no. 7.

The alteration to Article 3 of the Articles of Association is consequential to the re-classification in the present Authorised Share Capital and alterations of Capital Clause of the Memorandum of Association of the Company.

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

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

A copy of the Memorandum of Association and 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 up to the date of the 35th Annual General Meeting between 11.00 a.m. and 1.00 p.m.

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

Item No. 9

At present the activities of the Company are on a very small scale, however it now desires to engage itself in the business of processing, research, manufacture, trade and marketing of various agro and agro related products, seeds, seeds oil and grains. These activities can be conveniently and advantageously combined effectively with the existing line of business and shall also widen its area of operation and increase its profits. It is, therefore, proposed to alter Object Clause as indicated in the resolution.

Under Section 17 of the Companies Act, 1956, read with Section 192A of the Companies (Passing of Resolutions through Postal Ballot) Rules, 2001, the Company cannot, except with the consent to the Members, alter the Objects Clause of the Memorandum of Association of the Company.

The Board of Directors at its meeting held on 29th June, 2004 has appointed Mr. Giriraj Laddha, Chartered Accountants, as a Scrutiniser of conducting the postal ballot process in a fair and transparent manner.

The Postal Ballot Form and postage pre-paid envelope bearing the address of the Scrutiniser are enclosed. Members are requested to send back the duly filled in postal ballots to the Scrutiniser so as to reach the Scrutiniser latest by 26th August, 2004. The assent (For) or dissent (Against) relating to the aforementioned item, if received after this date will be strictly treated as if the reply from the member(s) has not been received.

The Scrutiniser upon finalisation of the poll result will forward all ballot papers and register along with the minutes of the item referred above for the approval of the Chairman. The results of the voting by postal ballots will be declared by the Chairman of the meeting at the Annual General Meeting of the Company to be held on 28th August, 2004.

The Board of Directors recommends the resolution mentioned in Item No. 9 as a Special Resolution for your consideration and approval.

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

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 up to the date of the 35th Annual General Meeting between 11.00 a.m. and 1.00 p.m.

Item No. 10

Apart from the existing business of the Company, it is desirable to carry all or any of the business mentioned in new sub-Clause 62 of Clause C of Clause III of the Company's Memorandum of Association. As per Section 149(2A) of the Companies Act, 1956, the Company cannot commence any such business which is not germane to the existing business of the Company without the approval of the Shareholders by Special Resolution.

Hence, the Board of Directors recommends the passing of the resolutions mentioned in Item No. 10 as a Special Resolution.

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

By Order of the Board of Directors

K. M. THACKER
Company Secretary

Mumbai.

29th June, 2004

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

DIRECTORS' REPORT

TO,
THE MEMBERS OF
UNIPHOS ENTERPRISES LIMITED

Your Directors have pleasure in presenting their report and audited accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS *

| | Year ended on 31st March 2004 | (Rs. in lacs) Year ended 31st March 2003 |
|---|----------------------------------|--|
| Profit/(Loss) before taxation | (216.30) | 6197.66 |
| Less Provision for taxation | (0.38) | 770.33 |
| Profit after taxation | (215.92) | 5427.33 |
| Add: Debenture Redemption Reserves Written back | — | 1380.13 |
| | (215.92) | 6807.46 |
| Less:(i) Prior period adjustments (Net) | — | 389.58 |
| (ii) Debenture Redemption Reserve | — | 662.50 |
| | (215.92) | 5755.38 |
| Add : Balance brought forward | 446.08 | 473.72 |
| Amount available for appropriation | 230.16 | 6229.10 |
| APROPRIATIONS: | | |
| Preference Dividend and tax thereon | — | 208.25 |
| Proposed Equity Dividend and tax thereon | 28.74 | 574.77 |
| Transfer to General Reserve | — | 5000.00 |
| Balance carried forward | 201.42 | 446.08 |
| | 230.16 | 6229.10 |

* In view of demerger of manufacturing division of the Company into United Phosphorus Limited (erstwhile Search Chem Industries Limited) with effect from 1st March, 2003, the figures for current year are not comparable with the corresponding figures of the last year.

OPERATIONAL PERFORMANCE

During the year under review, the effect of demerger of manufacturing division of the Company into United Phosphorus Limited (UPL)(erstwhile Search Chem Industries Limited) has been given. Due to this demerger, the Company is left with only trading activities. It will take up new activities very soon.

FUTURE OUTLOOK

At present the activities of your Company are on a very small scale, however it wants to take up trading of chemicals, import and export of engineering goods, agricultural products and various other items. Your Directors feel that there is a very good scope in trading of chemicals and other goods and business can be very profitable.

It is also looking for new avenues such as seeds business.

DIVIDEND

Your Directors have recommended dividend of 5% per Equity Share on 2,54,74,670 Equity Shares of Rs. 2/- each for

the financial year ended 31st March, 2004, which if approved at the forthcoming Annual General Meeting, will be paid to (i) all those equity shareholders of the Company whose names appear in the Register of Members as on 28th August, 2004 (ii) to those equity shareholders of the Company whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

SCHEME OF ARRANGEMENT

As already informed to you in the last Directors' Report, the manufacturing division of the Company was demerged into United Phosphorus Limited (UPL)(erstwhile Search Chem Industries Limited) under the Scheme of Arrangement sanctioned by the Hon'ble High Court of Gujarat. Pursuant to the said Scheme of Arrangement, the Company has reduced its share capital and has, accordingly, issued to the shareholders of the Company one new equity share of Rs. 2/- each fully paid up for every one equity share of Rs.10/- each held by them in the Company. In addition to this, one equity share of Rs.10/- each fully paid up or 14 preference shares of Rs.10/- each fully paid up of UPL were allotted to the shareholders of the Company for every one equity share of Rs.10/- each held by them in the Company as per the option exercised by them in respect of their shareholding in the Company on the Record Date. The necessary effect of the said Scheme of Arrangement has been given in the accounts for the year under review.

INSURANCE

All the properties of the Company have been adequately insured.

FIXED DEPOSITS

The Company has not accepted fixed deposits during the year. Pursuant to the Scheme of Arrangement, the entire outstanding fixed deposits of the Company have been transferred to United Phosphorus Limited (UPL)(erstwhile Search Chem Industries Limited) and there is no outstanding fixed deposit as at 31st March, 2004.

AUDITORS AND AUDITORS' REPORT

M/s. S. V. Ghatalia & Associates, Chartered Accountants, the Statutory Auditors are retiring at the ensuing Annual General Meeting and being eligible for re-appointment have expressed their willingness to continue, if re-appointed. Your Directors recommend their appointment as the Statutory Auditors and to fix their remuneration for the year 2004-2005.

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

DEPOSITORY SYSTEM

As of 31st March, 2004 92.65 % of the total paid up equity shares of the Company are dematerialised.

DIRECTORS

Your Directors express their profound grief on the sad demise of Mr. D. A. Anandapura, the Director of the Company, on 4th November 2003. He had served the Company with deep commitment, enthusiasm and dedication. His contribution to the Company cannot be expressed in words. He was extremely sincere and devoted and was always helpful to all. He was the Founder President of Ankleshwar Industries Association. He was always concerned about the social development and improvement of Ankleshwar. He helped the poor in the region. He was actively associated with various NGOs and other institutions. He took lots of pain to ensure a pollution free society in and around Ankleshwar and personally looked after environment related issues.

Your Directors pray to the Almighty to rest his soul in peace and pay respectful and lasting homage to him. Your Directors also convey their heartfelt condolences to the bereaved family of Mr. Anandapura.

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Pradeep Goyal, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer himself for re-appointment.

During the year the Board of Directors has appointed Mr. Prakash Shah as an Additional Director on the Board of the Company. Mr. Prakash Shah has rich and varied experience in the field of law and your Company is proud to avail of his

knowledge and guidance. As per section 260 of the Companies Act, 1956, he holds office of Director up to the date of ensuing Annual General Meeting. Notices in writing as required under Section 257 of the Companies Act, 1956 have been received from members proposing his appointment as Director of the Company at the ensuing Annual General Meeting. Your Directors recommend his appointment.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

Information required under Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, for the year ended 31st March, 2004 is furnished here below.

- I. **CONSERVATION OF ENERGY** – Not Applicable
- II. **TECHNOLOGY ABSORPTION** – Not Applicable
- III. **FOREIGN EXCHANGE EARNING AND OUTGO**

Rupees in Lakhs.

| | |
|-----------------------------|---------|
| (a) Foreign Exchange earned | 1261.87 |
| (b) Foreign Exchange outgo | 1442.94 |

PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975, as amended from time to time, form part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement containing particulars of employees to be provided under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

DIRECTORS RESPONSIBILITY

Your Directors confirm the following Directors' Responsibility statements pursuant to provisions of Section 217(2AA) of the Companies Act, 1956:

- 1) in the preparation of Annual Accounts for the year ended 31st March, 2004, the Company has followed the applicable accounting standards with proper explanations relating to material departures, if any;
- 2) appropriate accounting policies have been selected and applied consistently and judgements and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2004 and of the loss of the Company for that year;
- 3) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with applicable provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Company and its Board has been complying with Corporate Governance to the extent set out in this respect as a separate report, in pursuance of requirement of Clause 49 of the Listing Agreement. The Management Discussion and Analysis Report forms part of this Report. Auditors' Certificate regarding compliance of the conditions of Corporate Governance as stipulated under the said clause is also attached to this Report.

LISTING OF THE COMPANY'S EQUITY SHARES

The Equity Shares of your Company continue to be listed during the year under review at the Mumbai Stock Exchange, National Stock Exchange and Ahmedabad Stock Exchange. There is no default in paying annual listing fees.

DELISTING

Presently the equity shares of the Company are listed at three stock exchanges, viz., The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE), and The Stock Exchange - Ahmedabad. With the extensive connectivity of the BSE and NSE and the extension of the BOLT/NEAT terminals to other Indian cities as well, the investors have access to online dealings in the equity shares of the Company all over the country. The bulk of the trading in the equity shares of the Company takes place on the BSE and NSE only. The trading on The Stock Exchange - Ahmedabad is negligible or no trading takes place. Accordingly, the listing fees paid to The Stock Exchange - Ahmedabad is disproportionately higher with no trading volumes. As a part of the cost reduction measures, your Board of Directors has decided, subject to necessary approvals, to delist voluntarily the equity shares of the Company from The Stock Exchange – Ahmedabad. As per the SEBI regulations, member's approval by a Special Resolution is required for the voluntarily delisting from the stock exchange. The proposed delisting will not adversely affect the investors, as the Company's equity shares will continue to be listed on the BSE and NSE. The delisting will take effect after all approvals, permissions and sanctions are received.

Since, the Company's equity shares shall continue to be listed on the BSE and NSE which have nationwide terminals (viz., BOLT and NEAT), the Company need not provide an exit opportunity as per SEBI (Delisting of Securities) Guidelines 2003. The proposed delisting would be subject to the guidelines for voluntary delisting as laid down in the SEBI (Delisting of Securities) Guidelines, 2003.

ACKNOWLEDGEMENT

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

Mumbai :
29th June, 2004

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

On behalf of the Board of Directors

R. D. SHROFF
Chairman & Managing Director

CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

The Company's philosophy on Corporate Governance relates to providing maximum service to all its stakeholders. It wants to enhance shareholder value with best practices of corporate governance. The high standard of corporate governance is maintained by being transparent, accountable and continuous interaction with shareholders, employees, lending institutions, banks, govt. agencies and all the dealers.

The Company is conscious of the fact that to achieve success very high ethical value of the management and the employees is inevitable.

The Company has constituted a share transfer committee in 1986, much before the norms of the corporate governance were codified. Compliance with the requirements of the corporate governance is, thus, a formality of the best practices already followed by the Company.

2. Board of Directors

The Board of Directors consists of 6 directors.

Composition and category of Directors is as follows:

| THE CONSTITUTION OF THE BOARD OF DIRECTORS | |
|---|---|
| Name of the Directors | Category |
| Mr. R. D. Shroff | Promoter & Chairman & Managing Director |
| Mrs. S. R. Shroff | Promoter & Vice Chairman |
| Mr. J. R. Shroff | Promoter & Director |
| Mr. A. C. Ashar | Non-Promoter & Director |
| Mr. Pradeep Goyal | Non-Executive & Independent Director |
| Mr. Prakash Shah * | Non-Executive & Independent Director |
| Dr. P. V. Krishna # | Non-Executive & Independent Director |
| Mr. K. Banerjee # | Non-Promoter & Non-Executive Director |
| Dr. (Mrs.) Reena Ramachandran # | Non-Executive & Independent Director |
| Dr. Anil Bhatt # | Non-Executive & Independent Director |
| Mr. D. A. Anandpura ** | Non-Executive & Independent Director |

Notes: * Appointed w.e.f. 29th January, 2004

Resigned w.e.f. 21st October, 2003

**** Deceased on 4th November, 2003**

Attendance of each Director at the Board meetings, last Annual General Meeting and number of other Directorship and Chairmanship/ Membership of Committee of each Director in various public companies :

OTHER DIRECTORSHIPS AND COMMITTEE MEMBERSHIPS

| Name of the Director | Attendance Particulars | | No. of other directorships and Committee member/ chairmanship | | |
|--------------------------------|------------------------|----------|---|-----------------------|-------------------------|
| | Board Meeting | Last AGM | Other Directorships | Committee Memberships | Committee Chairmanships |
| Mr. R. D. Shroff | 6 | Present | 11 | - | - |
| Mrs. S. R. Shroff | 7 | - | 9 | - | - |
| Mr. J. R. Shroff | 5 | - | 9 | - | - |
| Mr. A. C. Ashar | 7 | - | 5 | - | - |
| Mr. Pradeep Goyal | 1 | - | 4 | 2 | 1 |
| Mr. Prakash Shah * | - | N. A. | 2 | - | - |
| Dr. P. V. Krishna # | 2 | - | - | - | - |
| Mr. K. Banerjee # | 3 | - | - | - | - |
| Dr. (Mrs) Reena Ramachandran # | 2 | Present | - | - | - |
| Dr. Anil Bhatt | 2 | Present | - | - | - |
| Mr. D.A. Anandpura ** | 1 | Present | - | - | - |

Notes: # Resigned w.e.f. 21st October, 2003
 * Appointed w.e.f. 29th January, 2004
 ** Deceased on 4th November, 2003

Number of Board Meetings held and the dates on which held

Seven Board Meetings were held during the year, as against the minimum requirement of four meetings. The dates on which the meetings were held are as follows : 29th April, 2003, 9th June, 2003, 31st July, 2003, 21st October, 2003, 31st October, 2003, 15th December, 2003 and 29th January, 2004.

3. Information supplied to the Board

Following information was provided to the Board as part of the agenda papers in advance of the Board Meeting or presented at the time of the Board Meetings :

- Results of Company and consolidated results,
- Appointment of Directors,
- Disclosure of the interest of the Directors,
- Commission to Directors,
- Inter-corporate loans,
- Material show cause notices, legal judgements etc.,
- Issue of commercial papers,
- Acquisition of business abroad,
- Demerger related issues like reduction of capital, allotment of Shares, listing of new equity shares, change of name of the Company etc.

4. Disclosures

The particulars of transactions between the Company and related parties as per the Accounting Standards is mentioned separately in schedule "R" of the Annual Report. However these transactions are not likely to have any conflict with the Company's interest.

No strictures or penalties have been imposed on the Company by the Stock Exchange or The Securities and Exchange Board of India (SEBI) or any other regulatory body on any matter relating to capital markets in the last three years.

The Securities and Exchange Board of India (SEBI) vide notification dated 20th February, 2002, has amended the SEBI (Insider Trading) Regulations, 1992. As per these regulations, the Company has appointed Mr. K. M. Thacker as a Compliance Officer, who will be responsible for formulating policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trades, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company also has framed its own code of internal procedure and conduct for prevention of Insider Trading which provides for "Trading Window" restrictions, disclosure requirements and also pre-clearance of trades in the Company's securities.

Shareholding of the Directors as on 31st March, 2004 was as under:

| Name of the Director | Shareholding |
|----------------------|--------------|
| Mr. R. D. Shroff | 1081905 |
| Mrs. S. R. Shroff | 485475 |
| Mr. J. R. Shroff | 374063 |
| Mr. A. C. Ashar | 20643 |
| Mr. Pradeep Goyal | Nil |
| Mr. Prakash Shah | Nil |

5. Audit Committee

In view of the reconstitution of the Board of Directors, the Board of the Company has reconstituted an Audit Committee, comprising of two independent, Non-Executive Directors viz. Mr. Pradeep Goyal and Mr. Prakash Shah and one Non-Executive Director Mr. A. C. Ashar, Chairman.

Composition of members of Audit Committee is as follows:

THE CONSTITUTION OF THE AUDIT COMMITTEE

Name of the Directors

| |
|------------------------|
| Mr. Pradeep Goyal |
| Mr. Prakash Shah * |
| Mr. A. C. Ashar @ |
| Dr. P. V. Krishna # |
| Mr. D. A. Anandpura ** |

- Notes :** @ Appointed w.e.f. 21st October, 2003
 * Appointed w.e.f. 29th January, 2004
 # Resigned w.e.f. 21st October, 2003
 ** Deceased on 4th November, 2003

The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. Mr. A. C. Ashar has financial and accounting knowledge.

The role and terms of reference stipulated by the Board to the Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 besides other terms as may be referred by the Board of Directors. Three meetings of the Audit Committee were held on 29th April, 2003, 31st October, 2003 and 29th January, 2004.

Attendance of each Member at the Audit Committee Meetings :

| Name of the Director | Audit Committee Meetings held during the year | Audit Committee Meetings attended during the year |
|-----------------------------|--|--|
| Mr. A. C. Ashar @ | 3 | 2 |
| Mr. Pradeep Goyal | 3 | 3 |
| Mr. Prakash Shah * | 3 | - |
| Dr. P. V. Krishna # | 3 | 1 |
| Mr. D. A. Anandpura ** | 3 | 1 |

Notes : @ Appointed w.e.f. 21st October, 2003

* Appointed w.e.f. 29th January, 2004

Resigned w.e.f. 21st October, 2003

** Deceased on 4th November, 2003

6. Remuneration Committee

In view of the reconstitution of the Board of Directors, the Board of the Company has reconstituted a Remuneration Committee, comprising of two independent, Non-Executive Directors viz. Mr. Pradeep Goyal, Chairman and Mr. Prakash Shah and one Non-Executive Director Mr. A. C. Ashar.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Directors, based on performance and defined criteria.

No meeting of the Remuneration Committee was held during the year.

Details of the remuneration to all the Directors for the year:

The aggregate value of salary and perquisites for the year ended 31st March, 2004 to four Whole time Directors is as follows:

Mr. R. D. Shroff, Rs.13.42 lacs; Mr. Jai R. Shroff, Rs.18.02 lacs; Mr. Kalyan Banerjee, Rs.8.10 lacs and Mr. A. C. Ashar, Rs.14.88 lacs. Besides this, these Directors were entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of the tenure as per the rules of the Company.

The Company has paid the sitting fees for the year ended 31st March, 2004 to non- executive directors for attending Board Meetings, Audit Committee Meetings and Shareholders'/Investors' Grievances Committee Meeting as follows:

Dr. P. V. Krishna Rs.20,000/-, Mr. Pradeep Goyal Rs.17,000/-, Dr. Anil Bhatt Rs.10,000/-, Dr. (Mrs.) Reena Ramachandran Rs.10,000/- and Mr. D. A. Anandpura Rs.15,000/-.

7. Shareholders'/Investors' Grievance Committee

In view of the reconstitution of the Board of Directors, the Board of the Company has reconstituted a Shareholders'/Investors' Grievance Committee, comprising of two independent, Non-Executive Directors viz. Mr. Pradeep Goyal, Chairman and Mr. Prakash Shah and one Non-Executive Director Mr. A. C. Ashar to look into the Shareholders' and Investors' Grievances.

One meeting of the Shareholders'/Investors' Grievance Committee was held on 31st March, 2004 which was attended by Mr. A. C. Ashar and Mr. Pradeep Goyal.

The Company also has its separate shares transfer committee consisting of Mrs. S. R. Shroff and Mr. A. C. Ashar, Directors and two other senior executives. This committee normally meets twice a month to approve transfer of shares, issue of duplicate certificates, etc. Share certificate submitted for dematerialisation and request for rematerialisation are also approved by the committee.

The total number of complaints received during the year under review were 188 and all the complaints were replied to the satisfaction of shareholders on or before 31st March, 2004.

13 requests for transfers and Nil requests for dematerialisation were pending for approval as on 31st March, 2004, which were approved and dealt with by 15th April, 2004.

8. General Body Meetings

Location and time for last Three Annual General Meetings were :

| Year | AGM | Location | Date | Time |
|-----------|----------------------|--|------------|------------|
| 2000-2001 | 32 nd AGM | Hotel Green View Hall N. H. No. 8 Vapi 396 195 | 27/09/2001 | 9.30 a.m. |
| 2001-2002 | 33 rd AGM | Hotel Green View Hall N. H. No. 8 Vapi 396 195 | 25/09/2002 | 9.30 a.m. |
| 2002-2003 | 34 th AGM | Hotel Green View Hall N. H. No. 8 Vapi 396 195 | 24/09/2003 | 10.00 a.m. |

At the ensuing 35th Annual General Meeting of the Company one Special Resolution proposed to be passed under Section 17 of the Companies Act, 1956 requires to be put through postal ballot.

At the 34th Annual General Meeting of the Company held on 24th September, 2003, one Special Resolution under Section 372A of the Companies Act, 1956 was passed through postal ballot process. Mr. Giriraj Laddha, Chartered Accountant, was appointed scrutinizer to conduct the postal ballot voting process. For the postal ballot, the procedure laid down by Section 192A of the Companies Act, 1956, and the rules made thereunder was followed. The Special Resolution was approved by the shareholders with requisite majority. Particulars of postal ballot voting are as follows:

| | Face Value of Shares (Rupees) | % of Votes |
|-----------------------------------|----------------------------------|------------|
| Votes in favour of the Resolution | 9,00,16,450 | 99.92 |
| Votes against the Resolution | 12,000 | 0.01 |
| Invalid Votes | 65,330 | 0.07 |
| Total | 9,00,93,780 | 100 |

9. (a) **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.**

During the year, the Company had no materially significant related party transaction which are considered to have potential conflict with the interest of the Company at large.

- (b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.**

None.

10. Means of communication

Half-yearly results for the half year ending 30th September, 2003 were not sent to each household of shareholder.

Quarterly results

The quarterly and annual results are published by the Company in the English and Gujarati editions of the 'Financial Express'. The results are also displayed on corporate Website, www.uelonline.com. Official news releases are sent to the Stock Exchanges at Ahmedabad, Mumbai and National Stock Exchange, where the equity shares of the Company are listed. During the year, no presentations were made to analysts or Institutional Investors.

The Management Discussion and Analysis (MD&A) forms a part of the annual report.

11. General Shareholder Information

11.1. Annual General Meeting :

- Date and Time : 28th August, 2004 at 11.30 a.m.
- Venue : Hotel Green View Hall
N. H. No. 8, Vapi 396 195

- 11.2. Financial Calendar :**
- Annual General Meeting –** 28th August, 2004
 - Results for quarter ending June 30, 2004-** Last week of July, 2004
 - Results for quarter ending September 30, 2004-** Last week of October, 2004
 - Results for quarter ending December 31, 2004-** Last week of January, 2005
 - Results for quarter/year ending March 31, 2005 -** Last week of April, 2005/June 2005.

- 11.3. Book closure date :** 19/08/2004 to 28/08/2004
(Both days inclusive)

- 11.4. Dividend payment date :** 1st September, 2004

- 11.5. Listing of Equity Shares on Stock Exchanges at :** Mumbai, Ahmedabad,
and The National Stock Exchange

- 11.6. (a) Stock Code :**
- | | |
|--------------------------------------|------------|
| The Stock Exchange, Ahmedabad | : — |
| The Stock Exchange, Mumbai | : 500429 |
| The National Stock Exchange | : UNIENTER |

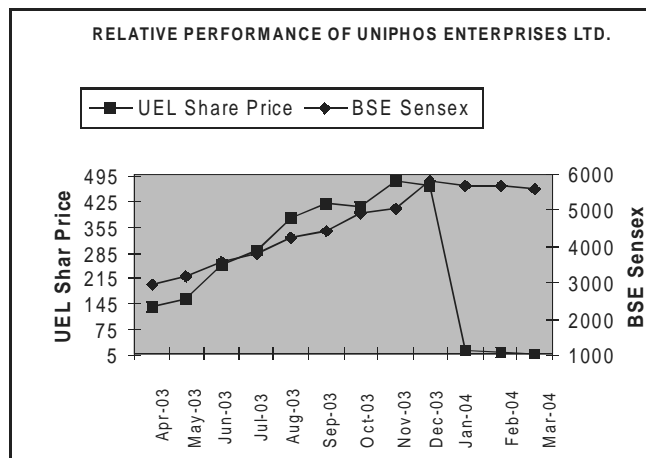
- (b) Demat ISIN Number in NSDL & CDSL for Equity Shares :** INE037A01022

11.7. Stock Market Data

| Month | Bombay Stock Exchange (BSE) (In Rs.) | | National Stock Exchange (NSE) (In Rs.) | |
|----------------|--------------------------------------|-------------------|--|-------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April 2003 | 142.45 | 121.00 | 146.00 | 118.00 |
| May 2003 | 174.25 | 142.20 | 175.00 | 137.60 |
| June 2003 | 259.60 | 154.5 | 289.00 | 153.75 |
| July 2003 | 294.10 | 251.05 | 299.30 | 247.50 |
| August 2003 | 381.45 | 271.35 | 378.40 | 251.00 |
| September 2003 | 420.75 | 356.55 | 433.40 | 355.00 |
| October 2003 | 451.00 | 394.35 | 458.00 | 387.00 |
| November 2003 | 498.10 | 392.00 | 520.00 | 391.00 |
| December 2003 | 483.35 | 469.30 | 495.00 | 462.00 |
| January 2004 | 33.90 | 17.00 | 37.00 | 10.00 |
| February 2004 | 15.35 | 12.10 | 17.00 | 11.65 |
| March 2004 | 13.73 | 6.95 | 14.10 | 6.25 |

11.8. Share price performance in comparison to broad based indices – BSE Sensex.

UEL share price performance relative to BSE Sensex based on share price during the year.



11.9. Registrar and Transfer Agents :

(Share transfer and communication regarding share certificate, dividends and change of address)

Sharepro Services
Unit : Uniphos Enterprises Limited
Satam Estate, 3rd Floor,
Above Bank of Baroda, Chakala,
Andheri (E), Mumbai 400 099.

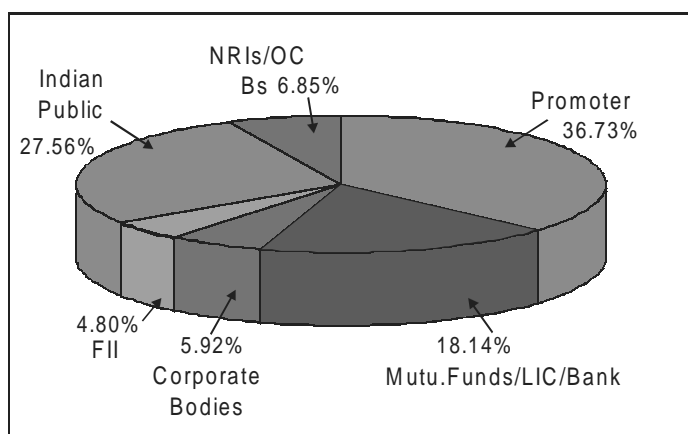
Also, for the benefit of the Shareholders, the documents will continue to be accepted at the following office of the Company:

Uniphos Enterprises Limited
Share Department
Excel Estate, S. V. Road, Near Mahesh Nagar
Goregaon (West), Mumbai 400 062.

11.10. Share Transfer System : Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

11.11. Distribution of Shareholdings as on 31st March, 2004 :

| Shareholding of Nominal Value of (Rs.) | Shareholders | | Share Amount | |
|--|--------------|-----------------|-----------------|-----------------|
| | Numbers | % of Total Nos. | In (Rs.) | % of Total Amt. |
| 1 – 5,000 | 21850 | 97.89 | 11696648 | 22.96 |
| 5,001 – 10,000 | 216 | 0.97 | 1606682 | 3.15 |
| 10,001 – 20,000 | 120 | 0.54 | 1760370 | 3.45 |
| 20,001 – 30,000 | 33 | 0.15 | 811804 | 1.59 |
| 30,001 – 40,000 | 16 | 0.07 | 569282 | 1.12 |
| 40,001 – 50,000 | 10 | 0.05 | 451126 | 0.89 |
| 50,001 – 1,00,000 | 25 | 0.11 | 1886726 | 3.70 |
| 1,00,001 and above. | 50 | 0.22 | 32166702 | 63.14 |
| Total | 22320 | 100.00 | 50949340 | 100.00 |

11.12 Shareholding pattern as on 31st March, 2004 :


11.13. Dematerialisation of Shares : 92.65% of the outstanding equity shares have been dematerialised up to 31st March, 2004. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 17th January, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

Liquidity :

The shares of the Company are among the most liquid and actively traded shares. Relevant data for the **average daily turnover** for the financial year 2003 – 2004 is given below:

| | Bombay Stock Exchange (BSE) | National Stock Exchange (NSE) | BSE+NSE |
|--------------------------------|-----------------------------|-------------------------------|--------------------|
| In no. of shares (in thousand) | 43791.86 | 63317.50 | 107109.36 |
| In value terms (Rs. thousand) | 10583400.01 | 16510747.07 | 27094147.08 |

11.14. Outstanding GDR/Warrants and Conversion date and likely Impact on the Equity : Outstanding GDRs as on 31st March, 2004 represent 222462 shares (0.87 %). There are no further outstanding instruments, which are convertible into equity in the future.

11.15. Plant Locations : The Company has no manufacturing unit.

11.16. Address for Correspondence

(i) Investor Correspondence

: For Shares held in Physical Form

Sharepro Services
Unit : Uniphos Enterprises Limited
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri (E)
Mumbai 400 099.

Also, for the benefit of the Shareholders, the documents will continue to be accepted at the following office of the Company :

Uniphos Enterprises Limited
Secretarial Department
Excel Estate, S. V. Road,
Near Mahesh Nagar
Goregaon (West), Mumbai 400 062.

For Shares held in Demat form
To the Depository Participant

(ii) Any query on Annual Report

: Mr. K. M. Thacker
C/o. Uniphos Enterprises Limited
Secretarial Department
Excel Estate, S. V. Road,
Goregaon (West)
Mumbai 400 062.
E-Mail : thackerkm@uniphos.com

On behalf of the Board of Directors

Mumbai :
29th June, 2004

R. D. SHROFF
Chairman & Managing Director

CERTIFICATE

To The Members of
UNIPHOS ENTERPRISES LIMITED

We have examined the compliance of conditions of corporate governance by Uniphos Enterprises Limited for the year ended 31st March 2004, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending for a period exceeding one month against the Company as certified by the Registrar and Share Transfer Agent of the Company and taken on record by the Shareholder / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. V. GHATALIA & ASSOCIATES**
Chartered Accountants

Mumbai
29th June 2004

(P.V. PARANJPE)
Partner
Membership No. 047296

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development:

During the year under review, the effect of demerger of manufacturing division of the Company into United Phosphorus Limited (UPL)(erstwhile Search Chem Industries Limited) has been given. Due to this demerger, the Company is left with only trading activities.

Segmentwise Performance:

Due to demerger of manufacturing division, the Company is left with only one segment i.e. trading activities.

Business:

Outlook – At present the activities of the Company are on a very small scale, however it wants to take up trading of chemicals, import and export of engineering goods, agricultural products and various other items. There is a very good scope in trading of chemicals and other goods and business can be very profitable. Apart from this, the Company is also intending to start the business of dealing and manufacturing of seeds of various types.

Internal Control System and Their Adequacy:

The company has a proper and adequate system of internal controls to see that all its assets are safeguarded and protected against loss from any unauthorized use or disposition, and all financial records are maintained properly. The group has its own internal audit team.

Financial and Operational Performance:

During the year, the Hon'ble High Court of Gujarat sanctioned the scheme of arrangement whereby the manufacturing business of the Company has been demerged with erstwhile Search Chem Industries Limited (now known as United Phosphorus Limited). With this the Company is left with only trading activities. For the year 2003-04, sales have been Rs.14.59 crores. Loss before taxes is Rs.2.16 crores.

Human Resources Development:

There were no persons employed in the Company as on 31st March, 2004.

Cautionary Statement:

Certain statements in this section relating to estimates, projections and expectations may be forward looking within the meaning of applicable laws and regulations. The actual results could differ materially from what the directors envisage in terms of the future performance and outlook. The factors that may affect the performance of the company will be drought or shortfall in rains, change in government policies, tariff barriers, delay in registrations, changes in local and overseas markets and the related factors.

AUDITORS' REPORT

TO
THE MEMBERS OF
UNIPHOS ENTERPRISES LIMITED

We have audited the attached Balance Sheet of UNIPHOS ENTERPRISES LIMITED (formerly known as 'United Phosphorus Limited') as at 31st March, 2004 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

A Scheme of Arrangement between the Company and United Phosphorus Limited (formerly known as Search Chem Industries Limited) and their respective shareholders under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Gujarat on 28th August, 2003. The appointed date of the aforesaid Scheme was 1st March, 2003. The financial statements have been prepared after giving effect to the aforesaid Scheme (Refer Note Nos. 4 and 5 in Schedule 'R')

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit;

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2004 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2004;
 - (b) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. V. GHATALIA & ASSOCIATES**
Chartered Accountants

Mumbai
29th June, 2004

(P.V. PARANJPE)
Partner
Membership No. 47296

ANNEXURE TO THE AUDITORS' REPORT*

[* Referred to in our Report of even date on the accounts of Uniphos Enterprises Limited (formerly known as 'United Phosphorus Limited') for the year ended 31st March, 2004]

1.
 - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, all the fixed assets have been physically verified by the management. The frequency of verification is reasonable and no discrepancies have been noticed on such verification.
 - (c) During the year, the Company has not disposed off a substantial part of the fixed assets.
2.
 - (a) The inventories, except for stock-in-transit and materials lying with outside parties, have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. No discrepancies have been noticed on physical verification of stocks as compared to books records.
3.
 - (a) The Company had not granted any loan to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company had taken an unsecured loan from a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.2,129.59 lacs and the year-end balance of the aforesaid loan was Rs.727.59 lacs.
 - (b) In our opinion, the rate of interest of the loan taken from company listed in the register maintained under Section 301 of the Companies Act, 1956 is not, *prima facie*, prejudicial to the interest of the Company. However, in the absence of any stipulations in respect of other terms and conditions of the said loan, we are unable to comment in respect thereof.
 - (c) In the absence of stipulations in respect of the terms of payment of principal amount and interest of the aforesaid loan, we are unable to comment whether payment of principal amount and interest is regular.
 - (d) In the absence of stipulations in respect of the terms of payment of principal amount and interest of the aforesaid loan, we are unable to comment whether reasonable steps have been taken by the Company for repayment of the principal amount and interest where the overdue amount is more than rupees one lakh.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5.
 - (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except in respect of a transaction of service, we are unable to comment on this transaction in absence of similar transaction with other parties.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly, the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company. We have been informed that no Order has been passed by the Company Law Board.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have been informed that the Central Government has not made any Order for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the product of the Company.

9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom Duty, Excise duty, cess and any other statutory dues have generally been deposited regularly during the year with the appropriate authorities. There were no arrears of the aforesaid dues as on the date of the Balance Sheet for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the dues of sales tax, income tax, custom tax (duty), wealth tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

| Name of the statute | Nature of dues | Amount (Rs. in lacs) | Forum where dispute is Pending |
|----------------------|--------------------|----------------------|--|
| Income tax Act, 1961 | Income-tax Demands | 618.77 | Commissioner of Income-tax (Appeals), Mumbai |

10. The Company has no accumulated losses as at year-end and has incurred cash losses during the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not taken loan from financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund company or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us, the Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet and the cash flow statement of the Company, we are of the opinion that during the year no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.
18. In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to information and explanations given to us, the Company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 in respect of creation of security for debentures issued are not applicable to the Company.
20. The Company has not made any public issue during the year and accordingly, the question of disclosing the end use of money raised by public issue does not arise.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. V. GHATALIA & ASSOCIATES
Chartered Accountants

Mumbai
29th June 2004

(P.V. PARANJPE)
Partner
Membership No. 47296

BALANCE SHEET AS AT 31ST MARCH, 2004

| | Schedule | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------|-----------------|--|--|
| SOURCES OF FUNDS: | | | | |
| 1 SHAREHOLDER'S FUNDS: | | | | |
| (a) Capital | 'A' | 509.49 | | 4,347.47 |
| (b) Reserves and Surplus | 'B' | 3,366.45 | | 42,898.92 |
| | | | 3,875.94 | 47,246.39 |
| 2 LOAN FUNDS: | | | | |
| (a) Secured Loans | 'C' | — | | 25,221.21 |
| (b) Unsecured Loans | 'D' | 2,240.58 | | 8,362.13 |
| | | | 2,240.58 | 33,583.34 |
| 3 DEFERRED PAYMENT LIABILITIES | | | — | 1,166.50 |
| 4 DEFERRED TAX LIABILITY (NET) | | | 30.28 | 5,356.86 |
| | TOTAL | | 6,146.80 | 87,353.09 |
| APPLICATION OF FUNDS: | | | | |
| 1 FIXED ASSETS: | 'E' | | | |
| (a) Gross Block | | 886.42 | | 34,545.59 |
| (b) Less: Depreciation | | 329.22 | | 14,467.42 |
| (c) Net Block | | 557.20 | | 20,078.17 |
| (d) Lease Adjustment Account | | — | | 962.98 |
| (e) Capital Work-in-Progress | | 65.57 | | 801.84 |
| | | | 622.77 | 21,842.99 |
| 2 INVESTMENTS | 'F' | | 5,320.62 | 20,170.75 |
| 3 CURRENT ASSETS, LOANS AND ADVANCES: | | | | |
| (a) Inventories | 'G' | — | | 10,904.19 |
| (b) Sundry Debtors | 'H' | 13.70 | | 22,028.89 |
| (c) Cash and Bank Balances | 'I' | 36.80 | | 280.87 |
| (d) Other Current Assets | 'J' | — | | 11,439.09 |
| (e) Loans and Advances | 'K' | 1,393.20 | | 17,914.96 |
| | | 1,443.70 | | 62,568.00 |
| Less: CURRENT LIABILITIES AND PROVISIONS: | | | | |
| (a) Liabilities | 'L' | 1,211.55 | | 19,267.72 |
| (b) Provisions | 'M' | 28.74 | | 574.77 |
| | | 1,240.29 | | 19,842.49 |
| NET CURRENT ASSETS | | | 203.41 | 42,725.51 |
| 4 MISCELLANEOUS EXPENDITURE: (to the extent not written off or adjusted) | | | | |
| Deferred Revenue Expenses | | | — | 2,613.84 |
| | TOTAL | | 6,146.80 | 87,353.09 |
| NOTES ON ACCOUNTS | 'R' | | | |

As per our attached Report of even date
For **S.V. GHATALIA & ASSOCIATES**
Chartered Accountants

P.V. PARANJAPÉ
Partner
Mumbai, 29th June 2004

K. M. THACKER
Company Secretary
Mumbai, 29th June 2004

R. D. SHROFF
J. R. SHROFF
A. C. ASHAR

Chairman and Managing Director
Director
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED - 31ST MARCH, 2004

| | Schedule | Rs. in lacs | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|--|----------|-------------|-----------------------------|------------------------------|
| INCOME: | | | | |
| Sale of Products: [Including sale of Raw materials: Rs.Nil (Previous Year: 1,871.71 lacs)] | | 1,458.97 | | 67,039.05 |
| Less: Excise Duty | | — | | 3,545.33 |
| | | | 1,458.97 | 63,493.72 |
| Export Incentives | | | — | 2,506.35 |
| Other Income | 'N' | | 157.20 | 1,455.89 |
| | | | 1,616.17 | 67,455.96 |
| Increase in Stocks | 'O' | | — | 1,584.36 |
| | | | 1,616.17 | 69,040.32 |
| EXPENDITURE: | | | | |
| Manufacturing and Other Expenses | 'P' | 1,677.76 | | 53,760.64 |
| Depreciation | | 29.32 | | 1,739.14 |
| Interest and Other Financial Cost (Net) | 'Q' | 125.39 | | 6,092.25 |
| Amortisation of Deferred Revenue Expenses | | — | | 1,250.63 |
| | | | 1,832.47 | 62,842.66 |
| | | | (216.30) | 6,197.66 |
| PROFIT BEFORE TAXATION | | | | |
| Less: Provision for Taxation | | | | |
| Current | | | — | 435.00 |
| Deferred | | (0.38) | | 335.33 |
| | | | (0.38) | 770.33 |
| PROFIT AFTER TAXATION | | | | |
| Add: Debenture Redemption Reserve written back | | | (215.92) | 5,427.33 |
| | | | — | 1,380.13 |
| | | | (215.92) | 6,807.46 |
| Less: (a) Prior Period Adjustments(Net) | | | | |
| (i) Taxation | | — | | 102.97 |
| (ii) Others | | — | | 286.61 |
| | | | — | 389.58 |
| (b) Debenture Redemption Reserve | | — | | 662.50 |
| | | | — | 1,052.08 |
| | | | (215.92) | 5,755.38 |
| Balance brought forward from Previous Year | | | 446.08 | 473.72 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | | | |
| | | | 230.16 | 6,229.10 |
| Appropriations: | | | | |
| (a) Preference Dividend Paid | | — | | 208.25 |
| (b) Proposed Dividend on Equity Shares | | 25.48 | | 509.49 |
| (c) Tax on Distributed Profits : | | | | |
| On Equity Dividend | | 3.26 | | 65.28 |
| (d) Transfer to General Reserve | | — | | 5,000.00 |
| | | | 28.74 | 5,783.02 |
| Balance Carried to Balance Sheet | | | 201.42 | 446.08 |
| EARNING PER SHARE (See Note No. 23 in Schedule 'R') | | | | |
| Basic and Diluted Earnings per Share (Rs.) | | | (0.85) | 18.96 |
| Face Value per Share (Rs.) | | | 2.00 | 10.00 |

NOTES ON ACCOUNTS

'R'

As per our attached Report of even date
For **S.V. GHATALIA & ASSOCIATES**
Chartered Accountants

P.V. PARANJAPE
Partner
Mumbai, 29th June 2004

K. M. THACKER
Company Secretary
Mumbai, 29th June 2004

R. D. SHROFF
J. R. SHROFF
A. C. ASHAR

Chairman and Managing Director
Director
Director

SCHEDULE FORMING PART OF THE BALANCE SHEET

| | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|---|---|--|
| SCHEDULE 'A': | | |
| CAPITAL: | | |
| Authorised: | | |
| 3,00,00,000 Equity Shares of Rs. 10 each | 3,000.00 | 3,000.00 |
| 70,00,000 Preference Shares of Rs. 100 each | 7,000.00 | 7,000.00 |
| | 10,000.00 | 10,000.00 |
| Issued, Subscribed and Paid-up: | | |
| 2,54,74,670 Equity Shares of Rs. 2 (Previous Year Rs. 10) each fully paid-up | 509.49 | 2,547.47 |
| Nil (Previous Year: 3,00,000) 10.75% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up | — | 300.00 |
| Nil (Previous Year: 4,00,000) 11% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up | — | 400.00 |
| Nil (Previous Year: 11,00,000) 12% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up | — | 1,100.00 |
| TOTAL | 509.49 | 4,347.47 |

Notes:

1. Of the above Equity Shares of Rs.2 each fully paid-up:
 - (a) 1,74,87,335 Equity Shares have been allotted by way of Bonus Shares by capitalisation of General Reserve.
 - (b) 50,000 Equity Shares have been allotted pursuant to a scheme of amalgamation, without payments being received in cash.
 - (c) 45,95,835 Equity Shares have been allotted on partial conversion of Secured Redeemable Convertible Debentures in pursuance of the terms of issue of the said Debentures.
 - (d) 9,00,000 Equity Shares have been allotted in respect of warrants issued to the promoters.

2. The rights in respect of 1,015 Equity Shares of Rs. 2 each arising out of part conversion of 17% Secured Redeemable Partly Convertible Debentures and 1,015 Equity Shares arising as a result of issue of Bonus Shares have been kept in abeyance under Section 206A of the Companies Act, 1956.

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'B' | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------------|---|---|
| RESERVES AND SURPLUS: | | | |
| 1. Capital Reserve: | | | |
| (a) Central and State Subsidies for a project in backward area | 60.00 | | 60.00 |
| (b) Capital Reserve arising on amalgamation of Shroffs Industrial Chemicals Private Limited with the Company | 3.01 | | 3.01 |
| (c) Profit on reissue of Forfeited Shares / Debentures | 1.38 | | <u>1.38</u> |
| | | 64.39 | 64.39 |
| 2. Capital Redemption Reserve: | | | |
| Balance as per last Balance Sheet | 2,100.00 | | 2,100.00 |
| Less : Transferred from Capital Restructuring Account pursuant to the Scheme of Arrangement (Refer Note No. 4 in Schedule 'R') | 2,100.00 | | <u>—</u> |
| | | — | 2,100.00 |
| 3. Revaluation Reserve: | | | |
| Balance as per last Balance Sheet | 121.87 | | 121.87 |
| Less : Transferred from Capital Restructuring Account pursuant to the Scheme of Arrangement (Refer Note No. 4 in Schedule 'R') | 121.87 | | <u>—</u> |
| | | — | 121.87 |
| Carried Forward | | 64.39 | <u>2,286.26</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'B' (Cont'd) | | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|------------------------|---|------------------|--|--|
| Brought Forward | | | 64.39 | 2,286.26 |
| 4. | Capital Reserve: | | | |
| | Balance as per last Balance Sheet | 16,541.39 | | 11,541.39 |
| | Add: Trasferred from Profit and Loss Account | <u>—</u> | | <u>5,000.00</u> |
| | | 16,541.39 | | 16,541.39 |
| | Less: Adjustments consequent to the Scheme of Arrangement (refer Note No. 5 in Schedule 'R') | <u>368.48</u> | | <u>—</u> |
| | | 16,172.91 | | 16,541.39 |
| | Less: Trasferred to Capital Restructuring Account pursuant to the Scheme of Arrangement (Refer Note No. 4 in Schedule 'R') | <u>13,072.27</u> | | <u>—</u> |
| | | | 3,100.64 | 16,541.39 |
| 5. | Share Premium Account: | | | |
| | Balance as per last Balance Sheet | 20,625.19 | | 20,625.19 |
| | Less : Trasferred to Capital Restructuring Account pursuant to the Scheme of Arrangement (Refer Note No. 4 in Schedule 'R') | <u>20,625.19</u> | | <u>—</u> |
| | | | | 20,625.19 |
| 6. | Debenture Redemption Reserve : | | | |
| | Balance as per last Balance Sheet | 3,000.00 | | 3,717.63 |
| | Add: Trasferred from Profit and Loss Account | <u>—</u> | | <u>662.50</u> |
| | | 3,000.00 | | 4,380.13 |
| | Less: Trasferred to Profit and Loss Account | <u>—</u> | | <u>1,380.13</u> |
| | | 3,000.00 | | 3,000.00 |
| | Less : Trasferred to Capital Restructuring Account pursuant to the Scheme of Arrangement (Refer Note No. 4 in Schedule 'R') | <u>3,000.00</u> | | <u>—</u> |
| | | | | 3,000.00 |
| 7. | Balance in Profit and Loss Account | | 201.42 | 446.08 |
| Total | | | 3,366.45 | 42,898.92 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'C': SECURED LOANS: | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|-----------------|--|--|
| 1. Debentures: | | | |
| (a) 35,00,000 15% Secured Redeemable Non- Convertible Debentures of Rs.100 each fully paid-up Balance as per Balance Sheet In pursuance of the terms of issue, the debentures are redeemable at par in three equal annual instalments commencing from 7th January, 2004. Less : Trasferred pursuant to the Scheme of Arrangement | 3,500.00 | | 3,500.00 |
| | <u>3,500.00</u> | | <u>—</u> |
| (b) 15,00,000 14.5% Secured Redeemable Non- Convertible Debentures of Rs.100 each fully paid-up. Balance as per last Balance Sheet In pursuance of the terms of issue, the debentures are redeemable at par in three equal annual instalments commencing from 30th June, 2003. Less : Trasferred pursuant to the Scheme of Arrangement | 1,500.00 | | 1,500.00 |
| | <u>1,500.00</u> | | <u>—</u> |
| (c) 10,00,000 14.5% Secured Redeemable Non- Convertible Debentures of Rs.100 each fully paid-up. Balance as per last Balance Sheet In pursuance of the terms of issue, the debentures are redeemable at par in three equal annual instalments commencing from 21st July, 2003. Less : Trasferred pursuant to the Scheme of Arrangement | 1,000.00 | | 1,000.00 |
| | <u>1,000.00</u> | | <u>—</u> |
| | — | | 1,000.00 |
| | | | <u>6,000.00</u> |
| 2. From Banks: | | | |
| (a) On Term Loan Accounts | — | | 9,451.09 |
| (b) Under Vehicle Finance Schemes | — | | 87.96 |
| (c) On Cash Credit and Working Capital Demand Loan Accounts | — | | 7,853.80 |
| | | | <u>17,392.85</u> |
| 3. From Others: | | | |
| (a) From Technology Information Forecasting and Assessment Council | — | | 47.50 |
| (b) From Industrial Development Bank of India | — | | 1,000.00 |
| (c) From Industrial Development Bank of India Foreign Currency loan | — | | 780.86 |
| | | | <u>1,828.36</u> |
| TOTAL | | <u>—</u> | <u>25,221.21</u> |

Note:

- The Company is in the process of releasing the charges created in respect of secured loans transferred to United Phosphorus Limited (Formerly known as Search Chem Industries Limited) pursuant to the Scheme of Arrangement.

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'D': UNSECURED LOANS: | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|---|--------------------|---|---|
| 1. Fixed Deposits [Including Rs. Nil (Previous Year: Rs. 6.47 lacs) repayable within one year] | | — | 12.10 |
| 2. Term Loans from Banks [Including Rs. Nil (Previous Year: Rs. 1,450 lacs) repayable within one year] | | — | 5,549.99 |
| 3. Short Term Loans from Companies and Others | 2,129.64 | | 2,779.50 |
| Add: Interest accrued and due | 110.94 | | <u>7.22</u> |
| | | 2,240.58 | 2786.72 |
| 4. From Housing Development Finance Corporation Limited under Employees Housing Loan Scheme (Guaranteed by the Company) | | — | 13.32 |
| TOTAL | | <u>2,240.58</u> | <u>8,362.13</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET

**SCHEDULE 'E':
FIXED ASSETS:**

(Rs. in lacs)

| Sr. No. | Description of Assets | GROSS BLOCK (AT COST OR BOOK VALUE) | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|------------------------------------|-------------------------------------|---------------------------|----------------------------|------------------------|------------------------|-------------------------|--------------------------|-----------------------------|------------------------|------------------------|
| | | As at 31st March, 2003* | Additions during the year | Deductions during the year | As at 31st March, 2004 | Upto 31st March, 2003* | Deductions/ Adjustments | Provided during the year | Total upto 31st March, 2004 | As at 31st March, 2004 | As at 31st March, 2003 |
| 1 | Land - Freehold. | — | — | — | — | — | — | — | — | — | 187.49 |
| 2 | Land - Leasehold | — | — | — | — | — | — | — | — | — | 352.88 |
| 3 | Buildings | 886.42 | — | — | 886.42 | 299.90 | — | 29.32 | 329.22 | 557.20 | 2,480.73 |
| 4 | (Refer Note No. 1 given below) | — | — | — | — | — | — | — | — | — | 15,487.05 |
| 5 | Plant and Machinery | — | — | — | — | — | — | — | — | — | 36.95 |
| 6 | Laboratory Equipments | — | — | — | — | — | — | — | — | — | 438.69 |
| 7 | Furniture, Fixtures and Equipments | — | — | — | — | — | — | — | — | — | 237.03 |
| 8 | Vehicles | — | — | — | — | — | — | — | — | — | — |
| 9 | Temporary Structures | — | — | — | — | — | — | — | — | — | — |
| | Leased Assets | — | — | — | — | — | — | — | — | — | 857.35 |
| | Plant and Machinery | — | — | — | — | — | — | — | — | — | — |
| | Total | 886.42 | 759.21 | 47.47 | 886.42 | 299.90 | 32.81 | 29.32 | 329.22 | 557.20 | 20,078.17 |
| | Previous Year | 33,833.85 | — | — | 34,545.59 | 12,761.09 | — | 1,739.14 | 14,467.42 | — | — |
| | Lease Adjustment Account | — | — | — | — | — | — | — | — | — | 962.98 |
| | Capital Work-in-Progress | — | — | — | — | — | — | — | — | 65.57 | 801.84 |
| | (Refer Note No.2 below) | — | — | — | — | — | — | — | — | — | — |
| | Total | — | — | — | — | — | — | — | — | 622.77 | 21,842.99 |

Notes:

- The Company is in the process of releasing the charges created on asset retained by it, since the secured loans for which the said charges were created, have been transferred to United Phosphorus Limited (Formerly known as Search Chem Industries Limited) pursuant to the Scheme of Arrangement.
- Capital Work-in-Progress includes Advances for Capital Expenditure Rs. Nil (Previous Year : Rs. 85.66 lacs).
- * Excludes amounts in respect of Demerged Undertaking as under : (Refer Note No. 4 in Schedule 'R')

| Sr. No | Description of Assets | GROSS BLOCK | | DEPRECIATION | |
|--------|------------------------------------|---|--|---|---------------------------|
| | | Transferred Under the Scheme of Arrangement | Additions during March, 2003 of Demerged Undertaking | Transferred Under the Scheme of Arrangement | Provision for March, 2003 |
| 1 | Land - Freehold | 178.73 | 8.76 | — | — |
| 2 | Land - Leasehold | 352.88 | — | — | — |
| 3 | Buildings | 2,568.14 | 19.86 | 690.38 | 3.41 |
| 4 | Plant and Machinery | 26,047.13 | 246.81 | 10,693.38 | 113.51 |
| 5 | Laboratory Equipments | 64.45 | 1.22 | 28.42 | 0.30 |
| 6 | Furniture, Fixtures and Equipments | 1,723.83 | 24.27 | 1,298.43 | 10.98 |
| 7 | Vehicles | 592.53 | 2.54 | 359.97 | (1.93) |
| 8 | Temporary Structures | 3.02 | — | 3.02 | — |
| 9 | Leased Assets | 1,825.00 | — | 960.42 | 7.23 |
| | Plant and Machinery | — | — | — | — |
| | Total | 33,355.71 | 303.46 | 14,034.02 | 133.50 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'F': | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|---|--------------------|---|---|
| INVESTMENTS (At Cost): | | | |
| Long Term: | | | |
| 1. IN GOVERNMENT SECURITIES: (Unquoted) | | | |
| (a) National Savings Certificates [Face Value: Rs.Nil (Previous Year: Rs. 1.49 lacs)] | — | | 1.49 |
| (b) Indira Vikas Patra [Face Value: Rs. Nil (Previous Year: Rs. 0.07 lac)] | — | | 0.07 |
| | | — | <u>1.56</u> |
| 2. IN SUBSIDIARY COMPANIES: | | | |
| (a) Quoted: Nil (Previous Year 2,65,62,160) Equity Shares of Rs. 10 each fully paid-up in United Phosphorus Limited (Formerly known as Serch Chem Industries Limited) | — | | 5,293.25 |
| (b) Unquoted: | | | |
| (i) Nil (Previous Year: 86,000) Ordinary Shares of US \$ 100 each fully paid-up in Bio-Win Corporation | — | | 2,897.27 |
| (ii) Nil (Previous Year: 6,10,000) Equity Shares of Rs.10 each fully paid-up in Enviro Technology Limited | — | | 61.00 |
| (iii) Nil (Previous Year: 1,12,00,000) 10% Non-Convertible Redeemable Cumulative Preference Shares of Rs.100 each fully paid-up in United Phosphorus Limited (Formerly known as Serch Chem Industries Limited) | — | | 11,185.00 |
| | — | | <u>14,143.27</u> |
| | | — | 19,436.52 |
| 3. TRADE INVESTMENTS : (Unquoted) | | | |
| (a) Nil (Previous Year: 650) Equity Shares of Tk. 1,000 each fully paid-up in United Phosphorus (Bangladesh) Limited | — | | 4.12 |
| (b) 1,000 Equity Shares of no par value in Kaw Vally, Inc. | 0.98 | | 0.98 |
| (c) 250 Equity Shares of no par value in Midland Flumigant, Inc. | 4.91 | | 4.91 |
| | | 5.89 | <u>10.01</u> |
| 4. IN SHARES (OTHER THAN TRADE): | | | |
| (a) Quoted: | | | |
| (i) Nil (Previous Year : 72,200 Equity Shares) of Rs.10 each fully paid-up in Dena Bank | — | | 21.66 |
| (ii) Nil (Previous Year : 28,100) Equity Shares of Rs.10 each fully paid-up in Gujarat State Financial Corporation | — | | 5.62 |
| (iii) Nil (Previous Year : 1,500) Equity Shares of Rs.10 each fully paid-up in Keynote Corporate Services Limited | — | | 0.90 |
| (iv) 22,13,513 (Previous Year : Nil) Equity Shares of Rs.10 each fully paid-up in United Phosphorus Limited (formerly known as Search Chem Industries Limited) | 5,293.25 | | — |
| (v) Nil (Previous Year : 20,000) Equity Shares of Rs.10 each fully paid-up in Shakthi Sugars Limited | — | | 27.08 |
| (vi) Nil (Previous Year : 8,000) Equity Shares of Rs.10 each fully paid-up in Tata Power Company Limited | — | | 14.65 |
| (vii) Nil (Previous Year : 2,55,000) Equity Shares of Rs.10 each fully paid-up in Transpek Industry Limited | — | | 424.50 |
| | 5,293.25 | | <u>494.41</u> |
| Carried forward | | 5.89 | 19,942.50 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'F' (Contd.): | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------------|---|---|
| Brought forward | | 5.89 | 19,942.50 |
| (b) Unquoted: | | | |
| (i) Nil (Previous Year : 10,00,000) Equity Shares of Rs.10 each, fully paid-up in Agrinet Solutions Limited | — | | 500.00 |
| (ii) Nil (Previous Year : 3,37,000) Equity Shares of Rs.10 each fully paid-up in Bharuch Enviro Infrastructure Limited | — | | 33.70 |
| (iii) Nil (Previous Year : 4,07,035) Equity Shares of Rs.10 each, Rs.4 paid-up in Bharuch Eco Aqua Infrastructure Limited. | — | | 16.28 |
| (iv) 1,00,000 Equity Shares of Rs.10 each fully paid-up in Harsora Hotels Private Limited | 25.00 | | 25.00 |
| (v) 100 Equity Shares of Rs.10 each fully paid-up in Industrial Grahak Sahakari Bhandar Limited | 0.01 | | 0.01 |
| (vi) Nil (Previous Year : 10,000) Equity Shares of Rs.10 each fully paid-up in Janakalyan Sahakari Bank Limited | — | | 1.00 |
| (vii) 20,000 Equity Shares of Rs.10 each fully paid-up in Saket Projects Limited | 2.00 | | 2.00 |
| (viii) 156 Equity Shares of Rs.100 each fully paid-up in Sardar Bhiladwala Pardi People's Co-operative Bank Limited | 0.16 | | 0.16 |
| (ix) 40 Equity Shares of Rs. 500 each fully paid-up in Shree Ganesh Khand Udyog Sahakari Mandi Limited | 0.20 | | 0.20 |
| (x) Nil (Previous Year : 5,00,000) Equity Shares of Rs.10 each fully paid-up in Uniphos Agro Industries Limited | — | | 50.00 |
| | 27.37 | | 628.35 |
| 5. OTHER INVESTMENTS: | | 5,320.62 | 1,122.76 |
| Unquoted: | | | |
| Nil (Previous Year: 100) Bonds of State Bank of India of Rs.1,000 each fully paid-up | | — | 1.00 |
| | | 5,326.51 | 20,571.85 |
| Less: Provision for Diminution in value of Long Term Investments | | 5.89 | 401.10 |
| TOTAL | | 5,320.62 | 20,170.75 |
| Notes: | | | |
| 1. Aggregate amount of Quoted Investments: | | | |
| Cost (Net of Provision for Diminution) | | 5,293.25 | 5,392.45 |
| Market Value | | 10,158.92 | 2,439.03 |
| 2. Aggregate amount of Unquoted Investments: | | | |
| Cost (Net of Provision for Diminution) | | 27.37 | 14,778.30 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'G' | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------|--|--|
| INVENTORIES: | | | |
| (Taken, valued and certified by a Director of the Company) | | | |
| (At lower of Cost or Net Realisable Value, except otherwise stated) | | | |
| 1. Stores and Spares (including Fuel) | | — | 186.58 |
| 2. Packing Materials [Includes goods-in-transit Rs. Nil (Previous Year: Rs.46.78 lacs)] | | — | 816.78 |
| 3. Stock-in-Trade: | | | |
| (a) Finished Products | — | | 5,893.14 |
| (b) By-Products (at estimated realisable value) | — | | 210.28 |
| (c) Semi-finished Products | — | | 339.39 |
| (d) Traded Goods | — | | 104.79 |
| (e) Raw Materials [Includes goods-in-transit Rs. Nil (Previous Year: Rs. 947.06 lacs)] | — | | 3,353.23 |
| | | — | <u>9,900.83</u> |
| TOTAL | | — | <u><u>10,904.19</u></u> |
| SCHEDULE 'H' | | | |
| SUNDRY DEBTORS: | | | |
| Unsecured: | | | |
| 1. Debts outstanding for a period exceeding six months: | | | |
| Considered Good | 13.70 | | 6,881.00 |
| Considered Doubtful | — | | <u>1,011.28</u> |
| | 13.70 | | 7,892.28 |
| Less: Provision for Doubtful Debts | — | | <u>1,011.28</u> |
| | | 13.70 | <u>6,881.00</u> |
| 2. Other Debts: | | | |
| Considered Good | | — | 15,147.89 |
| TOTAL | | 13.70 | <u><u>22,028.89</u></u> |
| Notes: | | | |
| 1. Debts (considered good) outstanding for a period exceeding six months include: | | | |
| (a) Amounts due from private limited companies in which some of the directors of the company are directors/members | | — | 159.99 |
| (b) Amounts due from Enviro Technology Limited, a company under the same management: | | — | 3.09 |
| 2. Other debts due include: | | | |
| (a) Amounts due from private limited companies in which some of the directors of the company are directors/members | | — | 121.71 |
| (b) Amounts due from Enviro Technology Limited, a company under the same management: | | — | 0.06 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------|--|--|
| SCHEDULE 'I': | | | |
| CASH AND BANK BALANCES: | | | |
| 1. Cash on hand | | — | 23.80 |
| 2. Bank Balances: | | | |
| (a) With Scheduled Banks: | | | |
| (i) In Current Accounts | 1.72 | | 92.90 |
| (ii) In Margin Accounts | — | | 31.95 |
| (iii) In Foreign Currency Accounts | — | | 14.87 |
| (iv) In Fixed Deposit Accounts | — | | 76.47 |
| [Including Fixed Deposit Receipts for Rs.Nil (Previous Year: Rs.69.38 lacs) pledged with Bankers against guarantees given by them] | | | |
| (v) In Unclaimed Dividend Accounts | 35.08 | | 40.87 |
| | 36.80 | | 257.06 |
| (b) With Sardar Bhiladwala Pardi People's Co-operative Bank Limited: | | | |
| In Current Account | — | | 0.01 |
| [Maximum amount outstanding at any time during the year: Rs.Nil (Previous Year: Rs. 0.01 lac)] | | | |
| | — | | 0.01 |
| | | 36.80 | 257.07 |
| | | 36.80 | 280.87 |
| SCHEDULE 'J': | | | |
| OTHER CURRENT ASSETS: | | | |
| 1. Interest accrued on Investments | | — | 0.22 |
| 2. Interest Receivable | | — | 9,151.66 |
| 3. Discount Receivable | | — | 10.50 |
| 4. Export Benefits Receivable | | — | 2,088.17 |
| 5. Others | | — | 188.54 |
| | | — | — |
| TOTAL | | — | 11,439.09 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'K': | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|---|--------------------|---|---|
| LOANS AND ADVANCES: | | | |
| Unsecured and Considered Good, unless otherwise stated: | | | |
| 1. Advances and loans to subsidiaries | | — | 7,268.20 |
| 2. Advances recoverable in cash or kind or for value to be received: | | | |
| Considered Good | 0.29 | | 5,600.43 |
| Considered Doubtful | — | | 89.38 |
| | <u>0.29</u> | | <u>5,689.81</u> |
| Less: Provision for Doubtful Advances | — | | <u>89.38</u> |
| | | 0.29 | 5,600.43 |
| 3. Payment of taxes less provision for taxation | | 1,392.91 | 1,300.47 |
| 4. Loans and Advances to Employees | | — | 140.54 |
| 5. Sundry Loans: | | | |
| Considered Good | — | | 738.83 |
| Considered Doubtful | — | | 25.65 |
| | <u>—</u> | | <u>764.48</u> |
| Less: Provision for Doubtful Loans | — | | <u>25.65</u> |
| | | — | 738.83 |
| 6. Deposits with the Collectorate of Central Excise and Customs | | — | 590.12 |
| 7. Sundry Deposits | | — | 1,044.65 |
| 8. Share Application Money | | — | 1,231.72 |
| TOTAL | | <u>1,393.20</u> | <u>17,914.96</u> |
| Notes: | | | |
| 1. Advances and Loans to subsidiaries include loans and advances to : United Phosphorus Limited (Formerly known as Search Chem Industries Limited), a Company under the same management. | | — | 7,268.20 |
| 2. Advances recoverable in cash or kind or for value to be received include advance to: | | | |
| (a) Companies under the same management: | | | |
| (i) United Phosphorus Limited (Formerly known as Search Chem Industries Limited) | | — | 2,838.00 |
| (ii) Enviro Technology Limited | | — | 2.77 |
| (b) A Director for advance rent | | — | 30.15 |
| 3. Sundry Deposits include amounts due from Directors | | — | 28.00 |

SCHEDULE FORMING PART OF THE BALANCE SHEET

| SCHEDULE 'L': | Rs. in lacs | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|--|--------------------|---|---|
| LIABILITIES: | | | |
| 1. Acceptances | | — | 6,418.92 |
| 2. Sundry Creditors for goods | | — | 6,546.03 |
| 3. Sundry Creditors for Expenses | | 0.75 | 2,737.80 |
| 4. Advances against Orders | | — | 1,694.06 |
| 5. Trade Deposits | | — | 267.62 |
| 6. Investor Education and Protection Fund shall be credited by the following amounts, as and when due: | | | |
| (a) Unpaid Dividend | 35.08 | | 40.87 |
| (b) Unclaimed Deposits | — | | 0.53 |
| | | 35.08 | 41.40 |
| 7. Bank Accounts Excess Drawn | | — | 9.72 |
| 8. Interest accrued but not due on Loans | | — | 334.82 |
| 9. Other liabilities | | 1,175.72 | 1,217.35 |
| TOTAL | | 1,211.55 | 19,267.72 |
| SCHEDULE 'M': | | | |
| PROVISIONS: | | | |
| 1. Proposed Dividend on Equity Shares | | 25.48 | 509.49 |
| 2. Provision for Tax on Distributed Profits: On Equity Shares | | 3.26 | 65.28 |
| TOTAL | | 28.74 | 574.77 |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

| SCHEDULE 'N': | Rs. in lacs | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|---|--------------------|-------------------------------------|--------------------------------------|
| OTHER INCOME: | | | |
| 1. Income from Long Term Investments (Gross) [Tax Deducted at Source Rs. Nil (Previous Year: Rs. 1.33 lacs)] | | | |
| (a) Dividend from Subsidiary Companies | — | | 9.15 |
| (b) Dividend on other than Trade Investments | — | | 3.88 |
| (c) Interest on Investments | — | | 0.13 |
| | | | <u>13.16</u> |
| 2. Interest on Loans, Deposits etc. (Gross) [Tax Deducted at Source Rs. Nil (Previous Year: Rs. 5.65 lacs)] | | 103.20 | 59.18 |
| 3. Rent | | 54.00 | 10.37 |
| 4. Lease Rentals | — | | — |
| Add : Lease Equilisation Credit | — | | 274.03 |
| | | | <u>274.03</u> |
| 5. Job-Work Charges | | — | 13.75 |
| 6. Management Service Fees | | — | 284.34 |
| 7. Refund of Sales-tax/Sales-tax set-off | | — | 32.69 |
| 8. Discount Received | | — | 4.81 |
| 9. Provision for Doubtful Debts and Advances Written Back | | — | 578.14 |
| 10. Excess Provisions in respect of earlier years written back (Net) | | — | 38.23 |
| 11. Provision for Diminution in Value of Long Term Investments Written Back (Net) | | — | 55.51 |
| 12. Miscellaneous Receipts | | — | 91.68 |
| TOTAL | | <u>157.20</u> | <u>1,455.89</u> |
| SCHEDULE 'O': | | | |
| INCREASE IN STOCKS: | | | |
| Closing Stocks: | | | |
| (i) Finished Products | — | | 5,893.14 |
| (ii) By-Products | — | | 210.28 |
| (iii) Semi-finished Products | — | | 339.39 |
| (iv) Traded Goods | — | | 104.79 |
| | | | <u>6,547.60</u> |
| Less : Opening Stocks*: | | | |
| (i) Finished Products | — | | 4,429.38 |
| (ii) By-Products | — | | 199.39 |
| (iii) Semi-finished Products | — | | 160.63 |
| (iv) Traded Goods | — | | 93.12 |
| | | | <u>4,882.52</u> |
| Less: Excise Duty on Stocks | | — | 1,665.08 |
| | | | <u>80.72</u> |
| | | | <u>1,584.36</u> |
| * Opening stocks include stocks of the Demerged Undertaking as on 1st April, 2003 | | | |
| (i) Finished Products | 5,893.14 | | |
| (ii) By-Products | 210.28 | | |
| (iii) Semi-finished Products | 339.39 | | |
| (iv) Traded Goods | 104.79 | | |

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

| | Rs. in lacs | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|--|--------------|-----------------------------|------------------------------|
| SCHEDULE 'P': | | | |
| MANUFACTURING AND OTHER EXPENSES: | | | |
| 1. RAW MATERIALS CONSUMED: | | | |
| Opening Stock | — | | 3,407.74 |
| (*Excluding stock of Demerged Undertaking as on 1st April, 2003 as per the Scheme of Arrangement) | | | |
| Add: Purchases | — | | <u>27,617.72</u> |
| | — | | 31,025.46 |
| Less: Closing Stock | — | | <u>3,353.23</u> |
| | | — | 27,672.23 |
| [Including cost of raw materials sold Rs.Nil (Previous Year: Rs. 1,643.58 lacs)] | | | |
| 2. PURCHASES OF TRADED GOODS | | 1,442.96 | 2,639.24 |
| 3. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES | | | |
| (a) Salaries, Wages, Bonus and Other Benefits | 60.64 | | 2,386.61 |
| (b) Contribution to Provident Fund and Other Funds | 12.13 | | 192.30 |
| (c) Retirement Benefits | — | | 125.48 |
| (d) Welfare Expenses | 1.58 | | <u>292.88</u> |
| | | 74.35 | 2,997.27 |
| 4. OPERATING AND OTHER EXPENSES: | | | |
| (a) Stores and Spares Consumed | — | | 1,036.25 |
| (b) Power and Fuel | — | | 4,036.70 |
| (c) Repairs to Buildings | — | | 17.01 |
| (d) Repairs to Machinery | — | | 736.57 |
| (e) Other Repairs | — | | 211.35 |
| (f) Labour/Processing Charges | — | | 1,685.28 |
| (g) Rent | 0.90 | | 201.70 |
| (h) Rates and Taxes | 4.76 | | 118.07 |
| (i) Insurance Charges | 0.54 | | 498.25 |
| (j) Commission on Sales | — | | 424.11 |
| (k) Rebates and Discount | — | | 968.42 |
| (l) Advertisement and Sales Promotion | — | | 1,008.87 |
| (m) Travelling and Conveyance | 62.73 | | 879.44 |
| (n) Legal and Professional Fees | 50.00 | | 468.00 |
| (o) Charity and Donations | — | | 126.09 |
| (p) Directors' Fees | 0.72 | | 1.47 |
| (q) Bad Debts/Sundry Debit balances Written Off (Net) | — | | 553.48 |
| (r) Provision for Doubtful Debts and Advances | — | | 358.17 |
| (s) Loss on Sale of Assets (Net) | — | | 3.26 |
| (t) Exchange Difference (Net) | 36.23 | | 128.59 |
| (u) Loss on Sale of Investments (Net) | — | | 9.81 |
| (v) Other Expenses | 4.57 | | <u>1,134.64</u> |
| | | 160.45 | 14,605.53 |
| 5. CONTAINERS AND PACKING MATERIALS CONSUMED | | — | 3,737.10 |
| 6. TRANSPORT CHARGES | | — | <u>2,109.27</u> |
| TOTAL | | <u>1,677.76</u> | <u>53,760.64</u> |
| SCHEDULE 'Q': | | | |
| INTEREST AND OTHER FINANCIAL COST (NET): | | | |
| 1. On Debentures | | — | 456.58 |
| 2. On Term Loans | | — | 787.15 |
| 3. On Cash Credit and Working Capital Demand Loan Accounts | | — | 2,363.64 |
| 4. On Fixed Deposits and Fixed Loans | | 125.19 | 164.24 |
| 5. Other Interest | | 0.20 | 401.38 |
| 6. Cash Discount | | — | 1,091.83 |
| 7. Exchange Difference on Borrowings | | — | 132.33 |
| 8. Other Financial Charges | | — | <u>695.10</u> |
| TOTAL | | <u>125.39</u> | <u>6,092.25</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT**SCHEDULE 'R':****NOTES ON ACCOUNTS:****1. SIGNIFICANT ACCOUNTING POLICIES:****(a) System of Accounting:**

- (i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis and for this purpose, certain items of income such as insurance claims, overdue interest from customers, etc. have been considered to the extent the amount is ascertainable/accepted by the parties.
- ii) Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

(b) Fixed Assets and Depreciation:

- (i) Fixed Assets are stated at cost less depreciation.
- (ii) Depreciation

Depreciation has been provided:

- (1) On written down value basis in accordance with Section 205(2)(a) of the Companies Act, 1956 at the rates specified in Schedule XIV to the Companies Act, 1956.
- (2) Assets costing Rs.5,000 or less have been depreciated at the rate of 100%.
- (3) In respect of additions to/deletions from the Fixed Assets, on pro-rata basis with reference to the month of addition/deletion of the Assets.

(c) Inventories:

Traded goods are valued at lower of cost or net realisable value.

(d) Investments:

Long-term investments are carried at cost of acquisition. However, the carrying amount is reduced to recognise a decline, other than temporary, in the value of long-term investments by a charge to the profit and loss account.

(e) Export Benefits:

The benefit accrued under the Duty Entitlement Pass Book Scheme as per the Import and Export Policy in respect of exports made under the said scheme has been included under the head 'Export Incentives'.

(f) Retirement Benefits:

The Company provides for gratuity liability and liability in respect of leave encashment payable to employees at the time of their retirement on the basis of actuarial valuation.

(g) Foreign Currency Transactions:

Transactions in foreign currency are recorded by applying the exchange rate at the date of the transaction. Monetary items denominated in foreign currency remaining unsettled at the end of the year, are reported using the contracted / closing rates, as applicable. Exchange differences arising as a result of the above are recognised as income or expense in the profit and loss account. In the case of forward contracts, the difference between the forward rate and the exchange rate on the date of the transaction is recognised as income or expense over the life of the contract.

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'R': (Contd.)

(h) Borrowing Costs:

Interest and other costs incurred for acquisition of qualifying assets, upto the date of commissioning / installation, are capitalised as part of the cost of the said assets.

(i) Grants, Subsidies received:

Government grants / subsidies in the nature of promoters' contribution, given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay, are treated as capital reserve.

(j) Taxation:

Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax charge or credit is recognised using current tax rates. Deferred tax asset is recognised only if there is sufficient evidence that future taxable income will be available.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR:

| | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
|---|---|--|
| (a) Disputed Excise Duty Liability | — | 1,579.59 |
| (b) Disputed Income-tax Liability | 2,069.72 | 3,710.41 |
| (c) Disputed Sales-tax Liability | — | 1,364.58 |
| (d) Bills/Cheques purchased/discounted with the banks and remaining unpaid as at the date of the Balance Sheet | — | 8,743.64 |
| (e) Bills discounted under Letter of Credit and remaining unpaid at the date of the Balance Sheet | — | 1,042.22 |
| (f) Guarantees given by Company's Bankers on behalf of the Company to third parties | — | 854.05 |
| (g) Guarantees given by Company to Housing Development Finance Corporation Limited under Employees Housing Loan Scheme. | 10.09 | — |
| (h) Corporate guarantees given on behalf of subsidiary companies: | | |
| (i) United Phosphorus Limited (Formerly known as Search Chem Industries Limited) | — | 15,807.00 |
| (ii) Bio-win Corporation Limited | — | 4,774.00 |
| (iii) United Phosphorus Limited (U.K.) | — | 2,260.20 |
| (iv) United Phosphorus Limited (Hong Kong) | — | 477.40 |
| (i) Uncalled Liability in respect of partly paid shares | — | 24.42 |
| (j) Claims against the Company not acknowledged as debts | — | 43.35 |
| (k) The Company has undertaken export obligation along with Uniphos Enterprises Limited (Formerly known as Search Chem Industries Limited) of six times the CIF value of machinery imported by the Company to be fulfilled over a period of eight years. The obligation outstanding on the date of Balance Sheet amounts to Rs.7,203.91 lacs (Previous Year: Rs. 20,673.30 lacs). | | |
| 3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | — | 39.57 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

4. A Scheme of Arrangement between the Company and United Phosphorus Limited ("UPL") (formerly known as Search Chem Industries Limited) and their respective shareholders under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Gujarat on 28th August, 2003 and became effective from 1st October 2003. As per the said Scheme:

- (a) The whole of the undertaking of the Manufacturing Division of the Company ("Demerged Undertaking") is demerged and transferred to and vested UPL as a going concern with effect from the appointed date, viz. 1st March, 2003
- (b) All the assets and liabilities pertaining to the Demerged Undertaking existing immediately before the appointed date, as certified by the Board of Directors of both the Companies, have been transferred to UPL at their respective book values as appearing in the books of account of the Company immediately before the Demerger.
- (c)
 - i) The Subscribed and Paid-up equity capital of the Company is reorganised from Rs. 25,47,46,700 divided into 2,54,74,670 equity shares of Rs. 10 each fully paid-up to Rs. 5,09,49,340 divided into 2,54,74,670 equity shares of Rs. 2 each fully paid-up.
 - ii) UPL has issued 2,54,66,243 equity shares of Rs.10 each fully paid-up and 1,17,978 preference shares of Rs.10 each fully paid-up to the shareholders of the Company in consideration of the demerger.
- d) The excess of assets over liabilities transferred by the Company under the aforesaid Scheme, amounting to Rs. 40,957.30 lacs is debited to the Capital Restructuring Account.
- (e) The Capital Restructuring Account has been credited by the following amounts:

| | Rs. in lacs |
|---|--------------------|
| 1. Reorganisation of Equity Share Capital | 2,037.97 |
| 2. Share Premium Account | 20,625.19 |
| 3. Capital Redemption Reserve | 2,100.00 |
| 4. Debenture Redemption Reserve | 3,000.00 |
| 5. Revaluation Reserve | 121.87 |

- (f) The net balance in Capital Restructuring Account amounting to Rs. 13,072.27 has been debited to the General Reserve.

5. The accounts of the Company for the year ended 31st March, 2004 have been prepared after giving effect to the aforesaid Scheme of Arrangement. Accordingly, the profit of the Demerged Undertaking for the period from the appointed date viz. 1st March, 2003 to 31st March, 2003 together with other adjustments consequent to the Scheme of Arrangement aggregating to Rs. 368.48 lacs has been separately debited to the General Reserve.

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'R': (Contd.)

| | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|---|-------------------------------------|------------------------------|
| 6. The amount of exchange difference in respect of forward exchange contracts to be recognised as income in the Profit and Loss Account of the subsequent year. | — | 87.41 |
| 7. Provision for Taxation includes Provision for Wealth-Tax | — | 5.00 |
| 8. Research and Development costs, as certified by the Management, debited to the Profit and Loss Account : | | |
| a) Revenue Expenses debited to appropriate heads of account. | — | 282.98 |
| b) Depreciation on Research and Development Assets | — | 19.18 |
| 9. Auditors' Remuneration: | | |
| a) Audit Fees | 0.43 | 11.55 |
| b) For Taxation matters | 0.90 | 6.90 |
| c) For other matters | 11.05 | 9.98 |
| d) For Certification work | 0.65 | 1.02 |
| e) Reimbursement of out-of-pocket expenses | — | 0.75 |
| 10. Pre-operative expenses capitalised: | | |
| a) Interest and other costs | — | 31.67 |
| b) Salaries, wages and Other Expenses | — | 24.68 |
| 11. Charity and Donations include contributions to the following Political Parties: | | |
| a) Bharitiya Janata Party | — | 23.00 |
| b) Indian Congress Party | — | 2.00 |
| c) National Congress Party | — | 1.00 |
| 12. Deferred Payment Liabilities: | | |
| (a) are net of interest in respect of future instalments | — | 37.99 |
| (b) repayable within one year (net of interest) | — | 640.44 |
| 13. Minimum Lease Payments in respect of assets acquired under finance leases are as under: | | |
| (a) Payable not later than 1 year | — | 36.00 |
| (b) Payable later than 1 year and not later than 5 years | — | 82.87 |
| Total Minimum Lease Payments | — | 118.87 |
| Less: Future Finance Charges | — | 21.09 |
| Present Value of Minimum Lease Payments | — | 97.78 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

| | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|--|---|---|
| 14. (a) Managerial remuneration for Managing/Wholetime Directors: | | |
| i. Salaries | 43.80 | 87.60 |
| ii. Contribution to Provident Fund | 5.04 | 10.08 |
| iii. Superannuation Scheme | 6.30 | 12.60 |
| iv. Perquisites | 9.72 | 7.99 |
| v. Commission | — | 100.00 |
| | 64.86 | 218.27 |
| (b) Computation of Commission payable to Managing/Wholetime Directors | | |
| Profit before Taxation. | (216.30) | 6,197.66 |
| Add: Depreciation charged in Accounts | 29.32 | 1,739.14 |
| Managerial Remuneration | 64.86 | 218.27 |
| Director's Fees | 0.72 | 1.47 |
| Loss on sales of Fixed Assets as per Section 350 of the Companies Act, 1956. | — | 3.26 |
| Loss on Sale of Investments | — | 9.81 |
| | 94.90 | 1,971.95 |
| Less: Depreciation as per Section 350 of The Companies Act, 1956 | 29.32 | 1,739.14 |
| Loss on sale of Fixed Assets as per Accounts | — | 3.26 |
| Prior Period Adjustments - (net) | — | 286.61 |
| | 29.32 | 2,029.01 |
| Net Profit as per Section 309(5) of the Companies Act, 1956. | (150.72) | 6,140.60 |
| Commission to Managing/Wholetime Directors in terms of agreements. | — | 245.62 |
| Restricted to : | — | 100.00 |
| | As at 31st March, 2004 Rs. in lacs | As at 31st March, 2003 Rs. in lacs |
| 15. Break up of Deferred Tax Assets and Deferred Tax Liabilities: | | |
| a) Deferred Tax Assets: | | |
| (i) Provision for Doubtful debts and advances | — | 404.06 |
| (ii) Others | 7.83 | 141.89 |
| | 7.83 | 545.95 |
| b) Deferred Tax Liabilities: | | |
| (i) Deferred Revenue Expenditure | — | 937.71 |
| (ii) Depreciation | 38.11 | 4,540.75 |
| (iii) Legal Fees | — | 237.27 |
| (iv) Others | — | 187.08 |
| | 38.11 | 5,902.81 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'R': (Contd.)

16. Segment information

1. Information about Primary Business Segments (Rs. in lacs)

| Particulars | Current year | | | | | Previous Year | | | | |
|---|----------------|----------------------|---------|-------------|--------------------|----------------|----------------------|----------|-------------|--------------------------|
| | Agro Chemicals | Industrial Chemicals | Others | Unallocated | Total | Agro Chemicals | Industrial Chemicals | Otheras | Unallocated | Total |
| Revenue | | | | | | | | | | |
| External | — | — | 1458.97 | — | 1458.97 | 54,304.20 | 4,828.74 | 4,360.78 | — | 63,493.72 |
| Inter Segment | — | — | — | — | — | (2,606.83) | 2,606.83 | — | — | — |
| Total Revenue | — | — | 1458.97 | — | 1458.97 | 51,697.37 | 7,435.57 | 4,360.78 | — | 63,493.72 |
| Segment Results | | | | | | | | | | |
| Contribution | — | — | 16.01 | — | 16.01 | 13,106.96 | 393.54 | 218.56 | — | 13,719.06 |
| Add: Inter Segment Profit | — | — | — | — | — | (330.89) | 330.89 | — | — | — |
| Total Segment Results | — | — | 16.01 | — | 16.01 | 12,776.07 | 724.43 | 218.56 | — | 13,719.06 |
| Unallocated Expenses Net of Unallocated Income Interest | | | | | (106.92) 125.39 | | | | | (1,429.15) (6,092.25) |
| Profit Before Taxation | | | | | 34.48 | | | | | 6,197.66 |
| Provision for Taxation Current Deferred | | | | | — (0.38) | | | | | (435.00) (335.33) |
| Profit After Tax | | | | | 34.86 | | | | | 5,427.33 |
| Other Information | | | | | | | | | | |
| Segment Assets | — | — | 13.70 | 5,980.48 | 5994.18 | 44,986.05 | 4,507.91 | 4331.67 | 52,069.48 | 105,895.11 |
| Segment Liabilities | — | — | — | 3,480.87 | 3,480.87 | 15,024.12 | 1,602.10 | 1462.98 | 36,503.13 | 54,592.33 |
| Capital Expenditure | — | — | — | — | — | 473.59 | 12.75 | 5.74 | 267.13 | 759.21 |
| Depreciation | — | — | — | 29.32 | 29.32 | 1,119.07 | 185.59 | 137.50 | 296.98 | 1,739.14 |
| Non Cash Expenses other than Depreciation | — | — | — | — | — | 2,232.85 | 66.33 | 74.33 | 193.34 | 2,566.85 |

2. Information about Secondary Business Segments (Rs. in lacs)

| | Current Year | | | Previous Year | | |
|---------------------------------------|--------------|---------------|----------|---------------|---------------|------------|
| | India | Outside India | Total | India | Outside India | Total |
| Revenue by Geographical Market | | | | | | |
| External | 197.09 | 1,261.88 | 1,458.97 | 27,252.04 | 36,241.68 | 63,493.72 |
| Inter Segment | — | — | — | — | — | — |
| Total | 197.09 | 1,261.88 | 1,458.97 | 27,252.04 | 36,241.68 | 63,493.72 |
| Carrying amount of Segment Assets | 5994.18 | — | 5994.18 | 90,438.06 | 15,457.05 | 105,895.11 |
| Additions to Fixed Assets | — | — | — | 759.21 | — | 759.21 |

3. Notes

- (1) The Company is organised into three main business segments namely :
 - a) Agro Chemicals - comprising of Agrochemicals Technicals and Formulations.
 - b) Industrial Chemicals - comprising of Industrial Chemicals and Speciality Chemicals.
 - c) Others - primarily comprising of Traded Products, Lease and Jobwork.
- (2) Segment Revenue in the above segments includes sales, processing charges, rental income and export incentives.
- (3) Segment Revenue in the geographical segments considered for disclosure are as follows:
 - a) Revenue within India includes sales to customers located within India.
 - b) Revenue outside India includes sales to customers located outside india
- (4) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

17. Additional information pursuant to the provisions of paragraphs 3,4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

(A) Licenced Capacity, Installed Capacity and Production:

| Sr. No. | PRODUCT | Current Year | | | Previous Year | | |
|---------|------------------------------|-------------------|--------------------|------------|-------------------|--------------------|------------|
| | | Licenced Capacity | Installed Capacity | Production | Licenced Capacity | Installed Capacity | Production |
| | | Tonnes | Tonnes | Tonnes | Tonnes | Tonnes | Tonnes |
| 1 | Phosphorus and its Compounds | — | — | — | 7,700 | 6,720 | 2,135 |
| 2 | Pesticides | — | — | — | 23,440 | 18,100 | 14,408 |
| 3 | Mercury Salts | — | — | — | 100 | 100 | — |
| 4 | Pesticides Intermediates | — | — | — | 12,725 | 16,656 | 10,816 |

(B) Details of Opening and Closing Stocks of Finished Products:

| Class of Goods | Unit | Current Year | | | | Previous Year | | | |
|---------------------------------|--------------|----------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|
| | | Opening Stock* | | Closing Stock | | Opening Stock | | Closing Stock | |
| | | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) |
| I. Manufactured Goods: | | | | | | | | | |
| 1. Phosphorus and its Compounds | Tonnes | — | — | — | — | 215 | 156.38 | 304 | 177.15 |
| 2. Pesticides | Tonnes | — | — | — | — | 1,777 | 2,654.36 | 1,784 | 3,113.07 |
| | K.L. | — | — | — | — | 474 | 896.17 | 973 | 1,962.95 |
| 3. Mercury Salts | Tonnes | — | — | — | — | 1 | 1.55 | — | — |
| 4. Pesticides Intermediates | Tonnes | — | — | — | — | 315 | 713.01 | 260 | 618.71 |
| | K.L. | — | — | — | — | 16 | 3.29 | 17 | 3.52 |
| 5. Others | | — | — | — | — | — | 4.62 | — | 17.74 |
| | TOTAL | | | | | | 4,429.38 | | 5,893.14 |
| (II) Traded Goods: | | | | | | | | | |
| 1. Pesticides | Tonnes | — | — | — | — | 14 | 8.48 | 55 | 9.82 |
| | K.L. | — | — | — | — | 3 | 3.96 | 2 | 3.12 |
| 2. Chemicals | Tonnes | — | — | — | — | 2 | 1.01 | 52 | 10.23 |
| 3. Others | | — | — | — | — | — | 79.67 | — | 81.62 |
| | TOTAL | | | | | | 93.12 | | 104.79 |

* Opening Stocks exclude stocks of the Demerged Undertaking as on 1st April, 2003 (Rs. in lacs)

- i) Finished Products 5,893.14
 ii) Traded Goods 104.79

(C) Turnover:

| Class of Goods | Unit | Current Year | | Previous Year | |
|---------------------------------|--------|--------------|--------------------|---------------|--------------------|
| | | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) |
| (A) Manufactured Goods: | | | | | |
| 1. Phosphorus and its Compounds | Tonnes | — | — | 1,327 | 1,642.27 |
| 2. Pesticides | Tonnes | — | — | 21,224 | 46,052.12 |
| | K.L. | — | — | 4,268 | 10,307.18 |
| 3. Pesticides Intermediates | Tonnes | — | — | 3,689 | 3,486.08 |
| 4. Others | | — | — | — | 838.42 |
| (B) Traded Goods: | | | | | |
| 1. Phosphorus and its Compounds | Tonnes | 12 | 5.35 | 688 | 329.83 |
| 2. Pesticides | Tonnes | — | — | 565 | 687.55 |
| | K.L. | — | — | 22 | 113.54 |
| 3. Chemicals | Tonnes | — | — | 780 | 226.79 |
| 4. Soyabean Meal | Tonnes | 11,615 | 1,261.88 | 5,200 | 613.35 |
| 5. Phenol | Tonnes | 415 | 144.64 | — | — |
| 6. Medhanol | Tonnes | 250 | 33.40 | — | — |
| 7. HDFC Granuels | Tonnes | 50 | 13.70 | — | — |
| 8. Others | | — | — | — | 870.21 |
| TOTAL : | | | 1,458.97 | | 65,167.34 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'R': (Contd.)

(D) Purchases of Traded Goods:

| Sr. No. | Class of Goods | Unit | Current Year | | Previous Year | |
|---------|------------------------------|--------|--------------|--------------------|---------------|--------------------|
| | | | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) |
| 1. | Phosphorus and Its Compounds | Tonnes | 12 | 5.23 | 688 | 318.52 |
| 2. | Pesticides | Tonnes | — | — | 606 | 630.81 |
| | | K.L. | | | 22 | 72.43 |
| 3 | Chemicals | Tonnes | — | — | 830 | 219.44 |
| 4 | Soyabean Meal | Tonnes | 11,615 | 1,251.51 | 5,200 | 604.48 |
| 5. | Phenol | Tonnes | 415 | 135.08 | — | — |
| 6. | Methanol | Tonnes | 250 | 37.65 | — | — |
| 7. | HDPE Granuels | Tonnes | 50 | 13.49 | — | — |
| 8. | Others | | | — | — | 793.56 |
| | | | | <u>1,442.96</u> | | <u>2,639.24</u> |

(E) Raw Material Consumed

(excluding captively produced and consumed)

| Sr. No. | Class of Goods | Unit | Current Year | | Previous Year | |
|---------|--------------------------------|------|--------------|--------------------|---------------|--------------------|
| | | | Quantity | Value (Rs.in lacs) | Quantity | Value (Rs.in lacs) |
| 1. | Organic Chemicals | M.T. | — | — | 15,578 | 6,257.73 |
| | | K.L. | — | — | 6 | 5.48 |
| 2. | Pesticides Intermediates: | | | | | |
| | (a) Cypermethric Acid Chloride | M.T. | — | — | 16 | 79.92 |
| | (b) Others | K.L. | — | — | 4,878 | 4,385.03 |
| 3. | Solvents | M.T. | — | — | 11,151 | 2,140.01 |
| | | K.L. | — | — | 2,272 | 323.21 |
| 4. | Technical Pesticides | M.T. | — | — | 1,337 | 3,318.76 |
| | | K.L. | — | — | 104 | 323.23 |
| 5. | Minerals | M.T. | — | — | 5,490 | 1,628.43 |
| 6. | Metal and Metal Powder | M.T. | — | — | 909 | 952.67 |
| 7. | Hydrogenated Compounds | M.T. | — | — | 6,836 | 844.37 |
| 8. | Emulsifiers | M.T. | — | — | 335 | 250.54 |
| 9. | Metal chlorides | M.T. | — | — | 1,534 | 560.05 |
| 10. | Inorganic Chemicals | M.T. | — | — | 7,202 | 1,384.44 |
| 11. | Others | M.T. | — | — | 24,962 | 3,353.13 |
| | | K.L. | — | — | 1,493 | 221.65 |
| | TOTAL | | | <u>—</u> | | <u>26,028.65</u> |

18. Consumption of Raw Materials, Components and Spare Parts.

| | Current Year | | Previous Year | |
|---------------------------------|--------------|--------------|------------------|---------------|
| | (Rs.in lacs) | (Percentage) | (Rs.in lacs) | (Percentage) |
| A. Raw Materials: | | | | |
| Imported | — | — | 9,800.50 | 37.65 |
| Indigenous | — | — | 16,228.15 | 62.35 |
| TOTAL | <u>—</u> | <u>—</u> | <u>26,028.65</u> | <u>100.00</u> |
| B. Components and Spare Parts*: | | | | |
| Imported | - | - | - | - |
| Indigenous | - | - | - | - |

* In giving the above information, the Company has taken the view that Components and Spare Parts as referred to in Clause 4(c) of Part II of Schedule VI cover only such items as go directly into production and not those used as spares for repairs and maintenance of Plant and Machinery

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

| | | Current Year Rs. in lacs | Previous Year Rs. in lacs |
|-----|--|--------------------------------|---------------------------------|
| 19. | A. Value of Imports on C.I.F. basis : | | |
| | (a) Raw Materials and Traded Goods | 1,442.57 | 13,005.45 |
| | (b) Components and Spare Parts* | — | — |
| | (c) Capital Goods | — | 11.84 |
| | * In giving the above information, the Company has taken the view that components and Spare Parts as referred to in Clause 4-D(a) of Part II of Schedule VI cover only such items as go directly into production and not those used as spares for repairs and maintenance of Plant and Machinery | | |
| | B. Expenditure in Foreign Currency (on cash basis): | | |
| | (a) Commission on Export Sales | — | 561.68 |
| | (b) Foreign Travelling Expenses | — | 146.38 |
| | (c) Interest and Bank charges | — | 81.32 |
| | (d) Legal and Professional charges | — | 88.72 |
| | (e) Product Registration and Data Access Fees | — | 921.42 |
| | (f) Others | — | 138.37 |
| 20. | Amount remitted during the year in Foreign Currency on account of dividend: | | |
| | (a) Number of Shareholders | 29 | 24 |
| | (b) Number of Equity Shares held | 18,656 | 18,020 |
| | (c) Year to which the dividend related | 2002-03 | 2001-02 |
| | (d) Amount remitted (net of tax) | 0.37 | 0.14 |
| 21. | Earnings in Foreign Exchange: | | |
| | (a) Exports of goods calculated on F.O.B. basis [including exports through Export Houses: Rs.Nil (Previous Year: Rs. 118.20 lacs)] | 1,261.87 | 35,080.77 |
| | (b) Interest | — | 0.35 |
| | (c) Management Service Charges | — | 284.34 |
| 22. | Related party disclosure as required by Accounting Standard (AS) - 18 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India is given below: | | |
| | (a) Relationship : | | |
| | (i) Associate Companies: | | |
| | Midland Fumigant, Inc. | | |
| | Kaw Valley, Inc. | | |
| | (ii) Enterprises over which Key Management personnel and their relatives have significant influence : | | |
| | United Phosphorus Limited | | |
| | Uniphos Agro Industries Limited | | |
| | Nivi Trading Limited | | |
| | Shroffs United Chemicals Limited | | |
| | Bloom Packaging Private Limited | | |
| | Bloom Industrial Plastics Private Limited | | |
| | Demuric Holdings Private Limited | | |
| | Esthetic Finvest Private Limited | | |
| | Kline Chemicals Private Limited | | |
| | Nerka Chemicals Private Limited | | |
| | Equator Holdings Private Limited | | |
| | R Shroff Consultants Private Limited | | |
| | Shroff Envirotral Private Limited | | |
| | Teknomic Consultants Private Limited | | |
| | Ultima Search | | |
| | Jai Research Foundation | | |
| | Vikram Farm | | |
| | (iii) Key Management Personnel and their relatives : | | |
| | Whole Time Directors and their relatives | | |
| | Mr Rajju D. Shroff | | |
| | Mrs Sandra R. Shroff | | |
| | Mr Kalyan Banerjee | | |
| | Mr Jai R. Shroff | | |
| | Mr Arun C. Ashar | | |
| | Mr Vikram R. Shroff | | |
| | Mrs Shilpa Sagar | | |
| | Mrs Asha Ashar | | |
| | Mrs Jayaben Ashar | | |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'R': (Contd.)

(b) The following transactions were carried out with the related parties in the ordinary course of business:

| Nature of Transactions | Current Year (Rs. in lacs) | | Previous Year (Rs. in lacs) | | | |
|---|-------------------------------|---------------------------|--------------------------------|-------------------------|--------------------------|---------------------------|
| | Associate Companies | Other related Parties# | Subsidiary Companies | Associates Companies | Joint Venture Company | Other related parties# |
| 1. Income | | | | | | |
| Sale of Goods (Net of Rebates and Discounts) | - | 19.05 | 26,111.78 | - | 101.96 | 234.06 |
| Services | - | - | - | - | - | 59.74 |
| Management Fees | - | - | 284.34 | - | - | - |
| Dividend Received | - | - | 9.15 | 3.37 | - | - |
| Rent | - | 54.00 | - | - | - | - |
| 2. Expenses | | | | | | |
| Purchase of Goods | - | - | * 4,663.01 | - | - | * 583.34 |
| Services | - | - | 396.60 | 27.39 | - | 266.87 |
| Rent | - | - | - | - | - | * 8.60 |
| Commission on Exports | - | - | 116.40 | - | - | - |
| Others | - | - | * 27.62 | - | - | * 7.31 |
| 3. Write Back of Payables | - | - | 34.15 | - | - | - |
| 4. Write Off of Receivables | - | - | - | - | - | 23.63 |
| 5. Sale of Investments | - | - | 24.11 | - | - | - |
| 6. Finance | | | | | | |
| Loans Taken | - | 2,129.59 | 148.00 | 229.75 | - | 53.50 |
| Loans Given | - | - | - | - | - | 83.60 |
| Interest Paid | - | 68.22 | 3.08 | 9.01 | - | 49.47 |
| Interest Received | - | - | 1,908.24 | - | - | - |
| 7. Trade Advances | | | | | | |
| Taken | - | - | - | - | - | 500.00 |
| Given | - | - | - | - | - | 100.00 |
| 8. Reimbursements | | | | | | |
| Charged | - | - | * 133.80 | 5.61 | - | * 36.73 |
| Recovered | - | - | 21.74 | - | - | 16.76 |
| Paid | - | 1,168.65 | - | - | - | - |
| 9. Outstandings as at the Balance Sheet Date | | | | | | |
| Payables | | | | | | |
| (Including Trade Advances) | - | 1,161.43 | 411.82 | 0.16 | - | 571.30 |
| Receivables | | | | | | |
| (Including Trade Advances) | - | 13.70 | 23,400.85 | 61.46 | 33.19 | 281.70 |
| Loans Taken | - | 727.59 | - | - | - | 19.50 |
| Loans Given | - | - | @ 7,268.20 | - | - | - |
| Interest Receivable | - | - | 9,109.10 | - | - | - |
| Interest Payables | - | 109.93 | - | - | - | - |
| Bills Payable | - | - | 417.35 | - | - | 20.50 |
| Deferred Payment Liabilities | - | - | - | - | - | 200.77 |
| Sundry Deposits | - | - | - | - | - | 75.00 |
| 10. Leasing Arrangements | | | | | | |
| Plant and Machinery Given on Lease | - | - | 1,225.00 | - | - | - |
| 11. Guarantee Given on behalf of Companies | - | - | 23,318.60 | - | - | - |

* includes prior period adjustments

Enterprises over which Key Management personnel and their relatives have significant influence :

@ Loan given to Subsidiary Company, United Phosphorus Limited (formerly known as Search Chem Industries Limited). Maximum amount outstanding during the year Rs. 7,268.20 lacs.

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

| | Current Year (Rs. in lacs) | Previous Year (Rs. in lacs) |
|--|---------------------------------------|--------------------------------|
| (c) Transactions with Directors and their Relatives | | |
| Remuneration | 64.86 | 226.54 |
| Rent Paid | 0.90 | 71.18* |
| Interest Paid | — | 0.02 |
| Outstandings as at the Balance Sheet Date: | | |
| Remuneration Payable | — | 102.65 |
| Sundry Deposits given | — | 63.00 |
| Public Deposits taken | — | 0.15 |
| Rent Payable | — | 0.06 |
| Advance Rent | — | 103.96 |
| * includes prior period adjustments | | |
| 23. Earning per Share | | |
| Profit after taxation as per Profit and Loss Account | (215.92) | 5,427.33 |
| Less: Preference Dividend including tax thereon | — | 208.25 |
| Less: Prior Period Adjustments | — | 389.58 |
| | (A) (215.92) | 4,829.50 |
| Number of Equity Shares Outstanding | (B) 25,474,670 | 25,474,670 |
| Earning per Share (In Rupees) | [(A)/(B)] (0.85) | 18.96 |
| Face Value Per Share (in Rupees) | 2.00 | 10.00 |

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)

24. Additional Information as required under Part IV of Schedule VI to the Companies Act 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1588

State Code

04

Balance Sheet Date

31

03

2004

Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

614,680

Sources of Funds

Total Assets

614,680

Paid-Up Capital

50,949

Reserves & Surplus

336,645

Secured Loans

Nil

Unsecured Loans*

227,086

Application of Funds

Net Fixed Assets

62,277

Investments

532,062

Net Current Assets

20,341

Misc. Expenditure

Nil

Accumulated Losses

Nil

* Including Deferred Tax Liability of Rs. 3,028 (Thousands)

IV Performance of Company (Amount in Rupees Thousand)

Turnover (Total Revenue)

161,617

Total Expenditure

183,247

+ / -

Profit/Loss Before Tax

-

21,630

+ / -

Profit/Loss After Tax

-

21,592

Earning per Share in Rs.

-0.85

Dividend Rate %

5

V Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Not Applicable

SCHEDULE FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
SCHEDULE 'R': (Contd.)
25. CASH FLOW STATEMENT
(A) CASH FLOW FROM OPERATING ACTIVITIES

| | (Rs. in lacs) | For the year ended 31st March, 2004 (Rs. in lacs) | (Rs. in lacs) | For the year ended 31st March, 2003 (Rs. in lacs) |
|--|---------------|--|---------------|--|
| Net Profit Before Tax and Extraordinary Items | | (216.30) | | 6,197.66 |
| Adjustments For : | | | | |
| Amortisation / Depreciation | 29.32 | | 1,739.14 | |
| Amortisation of Expenses | — | | 1,250.63 | |
| Lease Equalisation Crdeit | — | | (274.03) | |
| Provision for Diminution in Value of Investments | — | | (55.51) | |
| Provision for Doubtful Debts and Advances | — | | 358.17 | |
| Provision for Doubtful Debts and Advances Written Back | — | | (578.14) | |
| Bad Debts and Sundry Debit Balances Written Off | — | | 553.14 | |
| Interest Paid | 125.39 | | 4,172.99 | |
| Exchange loss on loans Taken | — | | 132.33 | |
| Profit/Loss on sale on asset (net) | — | | 3.26 | |
| Dividend/Interest on Investments | — | | (13.16) | |
| Loss on sale on Investments | — | | 9.81 | |
| Other Interest received | (103.20) | | (59.18) | |
| Excess / Short Provision written back (Net) | — | | (38.23) | |
| | | <u>51.51</u> | | <u>7,201.56</u> |
| Operating Profit Before Working Capital Changes | | (164.79) | | 13,399.22 |
| Adjustments for : | | | | |
| Trade and other Receivables | | 660.82 | | (4,619.89) |
| Inventories | | — | | (1,930.76) |
| Trade Payable and other Liabilities | | 178.06 | | 574.96 |
| Miscellaneous Expenditure Incurred | | — | | (1,957.51) |
| Cash Generated from Operations | | 674.09 | | 5,466.02 |
| Total Interest Paid | | (14.45) | | (4,000.52) |
| Taxes Paid | | (120.83) | | (821.41) |
| Cash Flow Before Extraordinary Items | | 538.81 | | 644.09 |
| Prior Period Expenditure | | — | | (286.61) |
| Net Cash from Operating Activities | | <u>538.81</u> | | <u>357.48</u> |

(B) CASH FLOW FROM INVESTING ACTIVITIES

| | | | | |
|---|--|--------------|--|-------------------|
| Purchase of Fixed Assets | | (65.57) | | (1,363.32) |
| Sale of Fixed Assets | | — | | 11.40 |
| Purchase of Investments | | — | | (1,672.62) |
| Dividend Received | | — | | 13.03 |
| Interest Received | | 103.20 | | 320.19 |
| Sale of Investments | | — | | 38.12 |
| Sundry Loans | | — | | 48.32 |
| Net Cash from (used in) Investing activities | | <u>37.63</u> | | <u>(2,604.88)</u> |

(C) CASH FLOW FROM FINANCING ACTIVITIES

| | | | | |
|---|--|-----------------|--|-----------------|
| Borrowings (Net) | | 0.05 | | 1,685.15 |
| Dividends Paid | | (515.28) | | (460.45) |
| Tax on Distributed Profits | | (65.28) | | (22.28) |
| Net Cash From (used in) Financing Activities | | <u>(580.51)</u> | | <u>1,202.42</u> |

(D) Net Increase in Cash and Cash Equivalents

| | | | | |
|--|--------|------------------------------|---------|--------------------|
| | | (4.07) | | (1,044.98) |
| Cash and Cash Equivalents as at the Beginning of the year | 280.87 | | 1325.85 | |
| Less: Transferred to United Phosphorus Limited (Formerly Known as Search Chem Industries Limited) as on 31st March, 2003 pursuant to the Scheme of Arrangement | 240.00 | | — | |
| Cash and Cash Equivalents as at the Close of the year | | <u>40.87</u> <u>36.80</u> | | 1,325.85 280.87 |

Notes :

- Cash and Cash equivalents at the end of the year are after adjustments of foreign exchange gain of Rs. Nil (Previous Period: Rs. 7.07 lacs)
- The aforesaid cash flow statement has been prepared after giving effect to the Scheme of Arrangement. (Also Refer Note No. 4 in Schedule 'R')

26. Previous Period's figures have been regrouped/rearranged wherever necessary. In view of the Scheme of Arrangement being given effect to in the accounts for the year, the figures for the current year are not comparable with those of the previous period.

Signature to Schedules 'A' to 'R'

As per our attached Report of even date

For **S.V. GHATALIA & ASSOCIATES**

Chartered Accountants

P.V. PARANJAPE

Partner

Mumbai, 29th June 2004

K. M. THACKER

Company Secretary

Mumbai, 29th June 2004

R. D. SHROFF

J. R. SHROFF

A. C. ASHAR

Chairman and Managing Director

Director

Director

UNIPHOS ENTERPRISES LIMITED

Proxy Form

Regd. Office: 11, GIDC, Vapi, Dist. Valsad, Pin-396 195.

I/We.....of.....
in the district of.....being a Member/Members of the above
 named Company hereby appoint.....of.....
 in the district ofor failing him/her
 of.....in the district of
as my/our proxy to attend and vote in my/our behalf at the 35th Annual General
 Meeting of the Company to be held on Saturday, the 28th day of August, 2004 at 11.30 a.m. and at any
 adjournment thereof.

Signed this.....day of.....2004.

Folio No.DPID*.....Client ID*.....

No. of Shares held.....

Affix
 Revenue
 Stamp of
 Rs. 1/-

NOTES:

1. The proxy need not be a member. (Signature of the Member)
2. The proxy form duly signed across Revenue Stamp should be lodged at the Company's Registered
 Office at least 48 hours before the time of the meeting.

UNIPHOS ENTERPRISES LIMITED

ATTENDANCE SLIP

Regd. Office: 11, G.I.D.C., Vapi, Dist. Valsad, Pin-396 195.

To be handed over at the entrance of the Meeting Hall.

| | | |
|--|------------------------------|--|
| Name of the attending Member | Member's Folio Number | |
| | DP Id* Client Id* | |
| Name of the Proxy (in Block Letters) (To be filled in, if the Proxy attends, instead of the Member) | Number of Equity Shares held | |
| | | |

I/We hereby arrod my/our presence at the 35th ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 28th day of August, 2004 11.30 a.m. at Hotel Green View Hall, National Highway No. 8, G.I.D.C., Vapi-396 195.

Member's/Proxy's Signature
 (To be signed at the time of handing over this slip)

* Applicable for investor holding shares in electronic form

| CONTENTS | | Page No(s). |
|--|--|-------------|
| Board of Directors, etc. | | 1 |
| Notice | | 2-6 |
| Directors' Report | | 7-10 |
| Corporate Governance | | 11-19 |
| Management Discussion and Analysis | | 20 |
| Auditors' Report | | 21-23 |
| Balance Sheet | | 24 |
| Profit and Loss Account | | 25 |
| Schedules forming part of the Balance Sheet-'A' to 'M' | | 26-37 |
| Schedules forming part of the Profit and Loss Account-'N' to 'Q' | | 38-39 |
| Notes on Accounts- Schedule 'R' | | 40-52 |

35TH ANNUAL GENERAL MEETING

Date : 28th August, 2004

Day : Saturday

Time : 11.30 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

Unit : Uniphos Enterprises Limited

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

Phone No(s) : 91-022-2821 5168/2821 5991

Fax No. : 91-022-2837 5646

BOOK CLOSURE

**Thursday, 19th August, 2004
to
Saturday, 28th August, 2004**