

PRIVATE & CONFIDENTIAL
(For Shareholders and Employees of the Company only)



CRISIL RATING FOR NCD-"AA"
Debentures "AA" are judged to offer high safety of timely payment of interest and principal. They differ in safety from "AAA" issues only marginally.

United Phosphorus Limited

Registered office, 11 GIDC, Vapi, Gujarat

LETTER OF OFFER

ISSUE OF 37,27,500 17% SECURED REDEEMABLE PARTLY CONVERTIBLE DEBENTURES OF THE FACE VALUE OF RS. 200 EACH FOR CASH AT PAR AGGREGATING TO RS. 74,55,00,000. (Including 1,77,500 Debentures reserved for employees including Indian Working Directors/Workers of the company)

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	LAST DATE FOR RECEIVING APPLICATIONS
21ST JUNE 1993	5TH JULY 1993	20TH JULY 1993

The Company's existing shares are listed at the Ahmedabad and Bombay Stock Exchanges. The company will make an application for listing of the proposed debentures/equity shares arising on exercise of entitlement at the Stock Exchanges at Ahmedabad and Bombay. This issue of Partly Convertible Debentures has been authorised by a Special Resolution pursuant to Section 81 (1-A) of the Companies Act, 1956 (hereinafter referred to as "the Act") passed at the Annual General Meeting of the Company held on 16th September, 1992.

HIGHLIGHTS

1. The Company is an export oriented unit exporting its products to over 70 countries across the globe.
2. The Company has a very strong and well equipped research and development department and has successfully introduced lot of new products over the last 20 years.
3. The Company's operations are highly integrated and thus has a very good control over its quality and cost, e.g. in a particular category the Company manufactures right from White Phosphorus to formulation of Monocrotophos including all the intermediates like Phosphorus Trichloride, Tri Methyl Phosphite etc.

Estimated fair value as per CCI calculations is Rs. 49.57 per share.

THE INVESTORS ARE ADVISED TO REFER TO THE PARA ON 'JUSTIFICATION FOR PREMIUM' MENTIONED IN THE LETTER OF OFFER BEFORE MAKING AN INVESTMENT IN THIS ISSUE.

RISKS AS PERCEIVED BY THE MANAGEMENT

As a measure of abundant caution to the shareholders, the Management perceives the following risks:

- a) Any major setback in the Indian monsoons would affect the company's domestic business to a marginal extent.
- b) Any adverse change in government policies pertaining to pesticides and agrochemical industry can have an unfavourable impact on the Company's financial performance.
- c) The Company may face competition from the entry of additional parties in future. However, the risks gets reduced since the company is in this line of business for over two decades and has already established a world wide reputation for standards of quality, reliability and price.
- d) One of the critical inputs of the company is power, thus any shortfall in the supply from Gujarat Electricity Board from the sanctioned load would have an effect on the production of White Phosphorus. The company has not yet received sanction from the Gujarat Electricity Board for the additional power required by the Company.
- e) Price realisation of the products is subject to domestic and international market conditions/competition.
- f) As some of the raw materials are imported by the company, the fluctuation in foreign exchange rate will have a bearing in the cost of production.
- g) The requirements of funds and future projections have not been appraised by any financial institutions/bank and are based on company's own inhouse estimates.
- h) In the absence of stake of any financial institution/bank there shall be no monitoring of the funds raised through this issue by them and deployment of the funds raised through this issue shall be left entirely at the sole descretion of the company management.
- i) Contingent liability of Rs. 657.69 lacs in respect of disputed duty has-not been provided for.

LEAD MANAGERS TO THE ISSUE

CITIBANK
Merchant Banking Group
293, Dr. D.N. Road,
Bombay 400 021



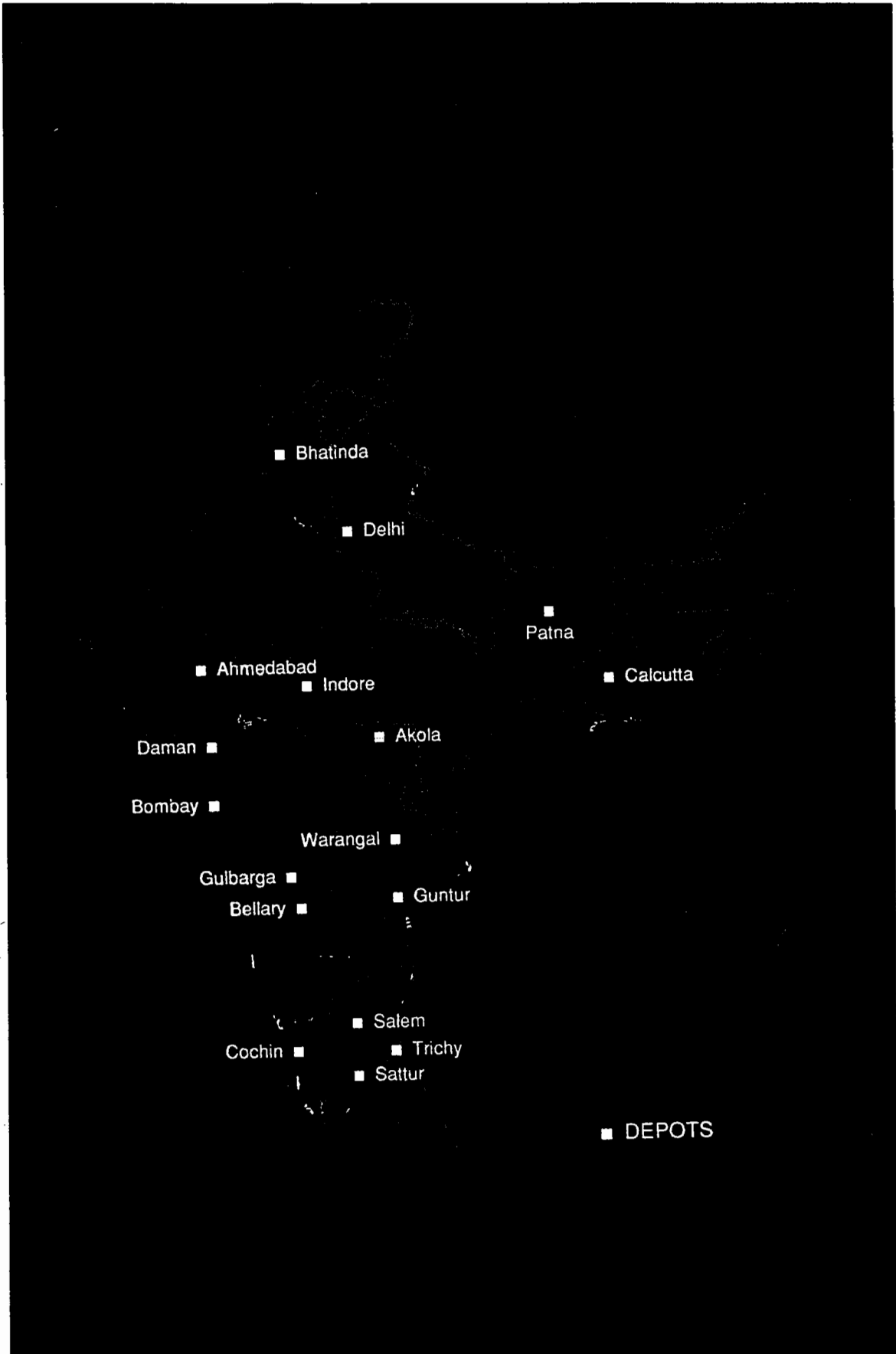
BANK OF BARODA
Merchant Banking Division
Stock Exchange Towers
16th Floor, Datal Street
Bombay 400 023



**J.M.FINANCIAL & INVESTMENT
CONSULTANCY SERVICES LIMITED**
141, Maker Chambers III,
Nariman Point,
Bombay 400 021

REGISTRARS TO THE ISSUE

COMPUTRADE SERVICES LIMITED
916-808 Tulsiani Chambers
Nariman Point, Bombay 400 021



CO- MANAGERS TO THE ISSUE



INDBANK
(Merchant Banking Services Ltd.)
17th Floor, Maker Towers 'F'
Cuffe Parade



DENA BANK
Merchant Banking Div.
9th Floor, Maker Tower E
Cuffe Parade Bombay 400 005



20TH CENTURY LEASING LIMITED
25/26 Naker Chambers III'
Nariman Point
Bombay 400 021



UNION BANK OF INDIA
Merchant Banking Division
1st Floor, Union Bank Bhavan
239 Vidhan Bhavan Marg
Bombay 400 021



FORTUNE FINANCIAL SERVICES
(India) Private Limited
K.K. Chambers (Navsari Chambers)
2nd Floor, Sir. P.T. Marg
Fort, Bombay 400 001

TRUSTEES OF DEBENTURE HOLDERS



THE INDUSTRIAL CREDIT AND INVESTMENT
Corporation of India Limited
163, Backbay Reclamation
Bombay 400 020

IMPORTANT

- Please read this Letter of Offer and the instructions contained herein carefully. The instructions contained in the accompanying Composite Application Form (hereinafter referred to as "the CAF") are an integral part of this Letter of Offer and must be carefully followed. Applications not conforming to the instructions are liable to be rejected.
- All enquiries/communication in connection with this Letter of Offer or the accompanying CAF should be addressed to the Registrars to the Issue viz. Computrade Services Limited, 916-808 Tulsiani Chambers, Nariman Point, Bombay 400 021 at the address mentioned above quoting the name of the sole/first shareholder and the folio number as mentioned in the CAF.
- If the company does not receive minimum subscription amount of 90% of the issue including devolvement of underwriters where issue is underwritten within 120 days from the date of opening of the issue, the company shall refund entire subscription amount within 128 days, with interest for delay beyond 78 days from the date of closure of the issue as per Section 73 of the Companies Act, 1956.
- It is specifically to be noted that the Issue of Partly Convertible Debentures is subject to Risk Factors appearing on page 1 of this Letter of Offer.
- Subscription received against Rights Issue will be kept in a specific bank account and the company would not have access to such funds unless it has received an approval for allotment from the Stock Exchange at Ahmedabad and also the listing approvals from the Stock Exchange at Ahmedabad and Bombay.
- The Rights Issue will not be kept open for more than 60 (Sixty) days.
- The company has applied to Reserve Bank of India for its permission to issue and allot Partly Convertible Debentures to Non -Resident shareholders on Rights basis.

CREDIT RATING

CRISIL has assigned a "AA" rating to the Debenture Issue indicating high safety with regard to timely payment of Interest and Principal. They differ in safety from "AAA" issues only marginally.

Dear Shareholder(s)/ Employee(s)

I GENERAL INFORMATION

NAMÉ AND ADDRESS OF REGISTERED OFFICE
United Phosphorus Limited
11 G.I.D.C. Vapi 396195 Gujarat

II DETAILS OF ISSUE

- Issue of 35,50,000 17% Secured Redeemable Partly Convertible Debentures of Rs. 200 each for cash at par aggregating to Rs. 71,00,00,000 to the Equity Shareholders of the Company on Rights Basis/
- Issue of 1,77,500 17% Secured Redeemable Partly Convertible Debentures of Rs. 200 each for cash at par aggregating to Rs. 3,55,00,000 to the Employees (including Indian Working Director(s) /Workers of the Company (hereinafter referred to as "Employees") on an equitable basis.
- Issue of 1,77,500 17% Secured Redeemable Partly Convertible Debentures of Rs. 200 each for cash at par aggregating to Rs. 3,55,00,000/- to overseas corporate bodies on private placement basis.

TERMS OF THE PRESENT ISSUE

It is to be distinctly understood that the vetting of draft offer documents by SEBI should not in any way be deemed/construed as approval from SEBI for the proposed issue. SEBI does not take any responsibility for the financial soundness of any scheme or project or for the pricing of the issue or for the correctness of any of the statements made or opinions expressed in the offer document. SEBI merely ensures, on the basis of information furnished to it, that adequate disclosures have been made in the offer document to enable the investors to take informed investment decisions.

II CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL	NOMINAL VALUE (Rupees)
A. AUTHORISED 2,50,00,000 Equity shares of Rs.10/- each	25,00,00,000
B. Issued/subscribed and Paid-Up Capital 71,00,000 Equity shares of Rs.10/- each	25,00,00,000 7,10,00,000
C. PRESENT ISSUE	

39,05,000 Debenture of Rs. 200 each for cash at par 78,10,00,000

D. COMPRISING OF

i) 35,50,000	Debentures of Rs. 200 each at par to the Equity Share holders of the Company on Rights Basis.	71,00,00,000
ii) 1,77,500	Debentures of Rs. 200 each for cash at par reserved for allotment on an equitable basis to the Employees	3,55,00,000
iii) 1,77,500	Debentures of Rs. 200 each for cash at par reserved for overseas corporate bodies, details of which are given under Section 5 under the same heading, the allotment made pursuant to board resolution passed at the board meeting held on 27th November, 1992.	3,55,00,000

The paid-up Equity Share Capital (After the present issue of the Company), on the conversion of the convertible part of the Debentures into Equity Shares shall stand increased to Rs. 11,00,50,000 comprising of 1,10,05,000 equity shares of the face value of Rs. 10 each.

Notes

1. The following is the share holding of Promoters and Directors.

	No. of Equity Shares	Percentage of holdings
i. Promoter Directors	2,64,900	3.73
ii. Relatives of Directors	8,65,570	12.19
iii. Associate Companies	25,79,000	36.32
iv. Other Directors	39,840	0.56

Some of the associate companies had pledged 3,50,000 shares of the Company with Fairgrowth Financial Services Limited (FFSL) as security against the loan advance by them to these companies. These shares were repledged/transferred by FFSL in favour of other parties without the knowledge of these companies and these companies have filed a suit before the special court constituted under the Special Court (Trial of Offences relating to transaction in securities) Ordinance, 1992. The Special Court has granted stay on transfer of these shares in the name of any other party. Out of these shares, 2,50,000 shares were lodged by a third party with the company for transfer. However, the Board of Directors of the Company refused to transfer these shares. The Company Law Board has, since then, upheld that the Board of Directors of the Company has correctly formed an opinion to refuse the registration of transfer of these shares. All these shares therefore stand in the name of the associate companies.

The promoters and the Directors have expressed their intention to subscribe for the Rights Debentures to the maximum extent possible. However, some shares or

rights maybe sold/renounced to realise funds for subscribing for the rights and to meet tax liability that may arise out of such sale. The promoter director wish to retain post-isse holding of minimum 3% of the total capital of the company.

2. i) Total number of regular/permanent employees on the payroll of the company as on the date of issue of Letter of Offer is 1310.

ii) The Debentures offered on a preferential basis to the category in D(ii) above will be subject to the condition that the Debentures allotted shall not be sold/transferred/hypothecated till conversion. On conversion, the Equity Shares so converted shall not be trasferred for a minimum period of three years from the date of allotment of debentures.

3. The Debentures offered on a preferential basis to the regular and permanent Employee of the Company as stated in D(ii) above will be subject to the condition that the allotment of Equity Shares (accrual on conversion) shall not exceed 200 shares per individual.

4. The unsubscribed portion, if any, under D(ii) will be allowed to lapse and the unsubscribed portion, if any, under D(i) after allotment as specified in the paragraph "Basis of Allotment" will be offered to whomsoever the Board of Directors, in its absolute discretion, deem fit.

5. The debentures offered on a preferential basis to the category in D(iii) will be offered as follows :

Name of NRI Company	No. of Debentures
i. a. Clark Enwell Limited Mauritius	88,750
b. Naumorn Limited Mauritius	88,750

ii. The Debentures offered on a preferential basis in D(iii) will be subject to the condition that the Debentures allotted shall not be sold/transferred/hypothecated till conversion. On conversion, the Equity shares so converted shall not be transferred for a minimum period of three years from the date of allotment of Debentures.

AUTHORITY TO THE ISSUE

This issue of Debentures has been authorised by a Special Resolution passed under Section 81 (1A) of the Companies Act,1956 (hereinafter refered to as "the Act") at the Annual General Meeting of the Company held at Vapi on September 16,1992.

BASIS OF OFFER

In accordance with the Resolution passed at the meeting of the Board, the Debentures are being issued by way of Rights to the Equity Shareholders of the Company whose names appear on the Register of Members of the Company at the close of business hours on a date (herinafter referred to as the "Record Date") fixed in consultation with the Stock Exchange at Ahmedabad

in the ratio of one Debenture for every two Equity Shares held. The fractional entitlement will be rounded off to the nearest integer.

A shareholder whose Rights entitlement comes to Nil on this basis of offer or such shareholder whose fractional entitlement has been ignored, will be allotted minimum one debenture, subject to availability, only if such shareholder has applied for additional Debenture(s)

ENTITLEMENT

As your name appears in the Register of Members as an Equity Shareholder of the Company on the Record Date, you are offered the number of Debentures as shown in Block (4) of Part A of the enclosed CAF.

ACCEPTANCE OF THE OFFER

You may accept and apply for the Partly Convertible Debentures hereby offered to you wholly or in part by filling the Form A of the CAF and submitting the same alongwith application money to any of the designated bank branches mentioned in the CAF on or before the close of banking hours on 20th July, 1993.

APPLICATION FOR ADDITIONAL DEBENTURES

- a. You are eligible to apply for additional Debentures over and above the number of Debentures offered to you, provided you have applied for all the Debentures offered to you without renouncing them in whole or in part in favour of any other person. Application for additional Debentures shall be considered and allotment made at the sole discretion of the Board in consultation, with the Stock Exchange at Ahmedabad as far as possible, on an equitable basis with reference to the number of shares held by you on the Record Date.
- b. If you desire to apply for additional Debentures, you may fill in the number of additional Debentures in Block (7) in Part A of the CAF.
- c. Renouncees are also eligible to apply for additional Debentures.

RIGHT OF RENUNCIATION

a. You may renounce all or any of the Debentures you are entitled to in favour of any person(s). Such renouncee(s) can only be Indian nationals, minors through natural/legal guardians, Limited Companies or Statutory Corporations/Institutions and Trusts registered under the Societies Registration Act, 1860 or other applicable laws or any other legal entity constituted by written instruments and authorised under its constitution to hold Debentures and/or shares in a Company and CAN NOT be foreign nationals, partnership firms or HUFs.

b. Any renunciation from Resident Indian Shareholders to Non-Resident Indian(s) or from Non-Resident Indian Shareholders to Resident Indians or from Non-Resident Indian Shareholders to other Non-Resident Indian(s) is

subject to the Renouncee(s) / Renouncer(s) obtaining the necessary approval of the RBI and the said permission should be attached to the CAF.

A request for allotment of Debentures by the renouncee(s) in whose favour you renounce your Rights to the Debenture(s) offered to you shall be subject to the condition that the Board shall have absolute discretion to reject any such request for allotment without assigning any reason therefor.

c. Renunciation in whole

If you wish to renounce this offer in whole please complete and sign Part B of the CAF and deliver the same to the renouncee(s). In the case of joint holdings, all joint holders must sign.

The person(s) in whose favour your offer has been renounced should complete and sign Part C of the CAF. In the case of joint renouncees, all joint renouncees must sign. Further, the right of renunciation can be exercised only once. The renouncee(s) cannot further renounce.

d. Renunciation in Part

If you wish to either accept this offer in part or renounce the balance or renounce this offer in favour of two or more renouncees (or sets of renouncees) the CAF must first be split by applying to the Registrars to the issue. Please indicate your requirements of Split Forms in the space provided for this purpose in Part D of CAF and return the entire CAF to the Registrars to the issues so as to reach them latest by the close of business hours on 5th July, 1993. On receipt of the required number of Split Forms from the Registrars to the issue, the procedure as mentioned in (c) above shall have to be followed. Requests for Split Forms must be for 100 Debentures or in multiples thereof.

e. Change or/and introduction of additional name(s)

If you wish to apply for Debentures jointly with any person or persons who is/are not already joint holder/s with you, then it will amount to renunciation and the procedure set out above shall have to be followed. Your attention is drawn to the fact that the Company will not consider any application for allotment of any Debentures renounced in favour of :

- a. More than 3 (three) persons as joint holders; or
- b. Any Trust /Society (unless the Trust/ Society is registered under the Societies Registration Act, 1860 or any other law relating to the Trusts and is authorised under its Constitution to hold Shares in a Company), Partnership Firm, Minor or their Nominees; or
- c. Any person(s) not approved by the Board.

Please also note the following:

Part A of the CAF must not be used by any person(s) in whose favour this offer has been renounced. This

will render the application invalid. Only the person(s) to whom this Letter of Offer has been addressed and NOT a renouncee shall be entitled to obtain split forms.

UNSUBSCRIBED DEBENTURES

Any Debentures issued on rights basis remaining unsubscribed, after allotment on the basis mentioned later in this Letter of Offer, will be disposed off by the Board in such a manner as they deem fit, in their sole discretion.

MINIMUM SUBSCRIPTION

If the Company does not receive minimum subscription amount of 90% of the Issue including devolvement of underwriters whose issue is underwritten within 120 days from the date of opening of the Issue, the company shall refund entire subscription amount within 128 days with interest for delay beyond 78 days from the date of closure of the Issue as per Section 73 of the Companies Act, 1956.

Subscription received against Rights Issue will be kept in a specific bank account and the company would not have access to such funds unless it has received an approval for allotment from the Stock Exchange at Ahmedabad and also the listing approvals from the Stock Exchange at Ahmedabad and Bombay

TERMS OF ISSUE

The Debentures now offered, are subject to the provisions of the Act, the Memorandum and Articles of Association of the Company, for the time being prevalent and to be prevalent from time to time of the terms and conditions contained in the consent order issued by the SEBI, the Foreign Exchange Regulation Act 1973 and the terms of this Letter of Offer and the CAF. Debentures shall also be subject to such other terms and conditions as may be contained in the Debentures Trust Deed, Debenture Certificates, relevant documents/certificates and laws as applicable and the following principal terms.

a. VALUE

The Debentures will be of the face value of Rs. 200 (Rupees Two Hundred only) each and shall consist of two parts: Part A : Convertible portion of Rs. 100 and Part B: Non Convertible portion of Rs. 100.

b. TERMS OF PAYMENT

The amount of Rs. 110 is payable on application and the balance on allotment.

This payment will be appropriated as follows:

	Part A convertible portion		Part B non-convertible portion	Total
	Towards Equity	Towards Premium		
On Application	1	9	100	110
On Allotment	9	.81	-	90
Total	10	90	100	200

Where any applicant is allotted lesser number of Debentures than applied for, the excess application money paid will be refunded by the Company in the manner herein stated.

c. CONVERSION

Part A of the fully paid-up Debenture will be automatically and compulsorily converted on the date of allotment of the Debenture into 1 fully paid-up equity share of the face value of Rs. 10 each at a premium of Rs. 90 per share.

There will be a constructive receipt of the corresponding amount by the Debentureholder and constructive payment of the same amount by the Debentureholder towards the price of the fully paid Equity Share issued on conversion.

Upon conversion of Part A of the Debenture as aforesaid, the face value of Part A of the Debenture shall stand reduced to NIL.

The Debentureholders shall be deemed by the terms of issue of these Debentures, to have given their acceptance to become Members of the Company and to have authorised the Company to enter their names in the Register of Members in respect of the Equity Shares allotted on conversion. The Equity Shares so allotted on conversion of the Debentures as aforesaid shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

The new Equity Shares to be issued on conversion shall rank pari passu in all respects with the existing Equity Shares of the Company save and except that they will not be entitled to any dividend which may be declared or paid by the Company in respect of any period prior to the date of conversion and that such shares will be entitled to dividend on a prorata basis, if declared, for the financial year in which they are so allotted on conversion.

d. INTEREST

The Debentures shall on allotment bear interest at the rate of 17% per annum (subject to deduction of Income Tax at source at the rates for the time being prescribed under the Income Tax Act 1961 and the Rules made thereunder or any statutory modification or re-enactment thereof for the time

being in force) and shall be payable to the Registered Debentureholders. Interest on the paid-up value of the Debentures allotted shall accrue from the date of allotment, and will also be paid at the aforesaid rate on Part B of the Debentures on the paid up value of Part B outstanding from time to time till the redemption of the same.

The first interest payment shall be made on 30th September 1993. Thereafter, the interest on part B of the Debenture will be payable half yearly on 30th September and 31st March of each year and on final redemption of the Debentures.

e. REDEMPTION

Part B (non convertible part) of Rs. 100 of each Debentures will be redeemed at par in four equal instalments on the expiry of the 6th, 7th, 8th and 9th year from the date of allotment. The instalments shall be payable to the persons who are registered as Debentureholders on the respective dates.

f. DEBENTURE REDEMPTION RESERVE

The Company shall create a Debenture Redemption Reserve to the extent and in the manner required under the Guidelines issued by the Government of India.

g. FORFEITURE

Failure to pay the amount due on allotment on or before the date(s) fixed for such payment after giving 30 days clear notice will render the allottee liable to pay interest at 20% per annum on the amount outstanding from the date following the date(s) so fixed, upto the date of actual realisation of such late payments and will also render the Debentures (including amount already paid in respect thereof) liable to forfeiture by resolution of the board to that effect. The provision regarding forfeiture of shares as contained in the Articles of Association of the Company shall apply mutatis mutandis to the Debentures. Debentures which are forfeited for non payment of allotment money shall be re-issued as Debentures as the Board may deem fit, if necessary, in consultation with the Regional Stock Exchange. No interest shall be payable on Debentures forfeited by the Company.

h. SECURITY

The amount outstanding on Debentures from time to time, together with the interest and other monies in respect thereof and all other costs, charges, expenses and fees (including the fees payable to Trustees under Debenture Trust Deed) will be secured by way of second charge on all or any of the immovable or movable assets of the Company, present and future, but specifically excluding the Company's current assets, book debts, specific equipment charged by the Company to Banks/

Institutions providing finance for working capital and/or acquisition of such equipment, in such manner as may be decided by the Board and if required, in consultation with Financial Institutions/Bank/ Trustees and such other authorities, if any and/or in such other manner as may be deemed fit by the with power to the Trustees under Debenture Trust Deed to substitute or release any property charged in their favour without reference to the debentureholders. The security will be created by the Company as aforesaid in favour of the Trustees within 6 months from the date of allotment of Debentures on such of the assets for which the Company obtains, after all due diligence and efforts, requisite consents and permission applicable under law or in accordance with conditions of holding of such assets to create the above mentioned mortgage/security. The implementation by the Company of this provision shall be sufficient compliance of the Company's obligation to create security. For the remaining assets, mortgage/security will be created within such extended period as may be agreed upon by the Trustees and pending such creation of mortgage/security the Company shall not, without the prior approval of the Trustees, create any further mortgage/security thereon. In case the Company is not able to create the security within 12 months from the date of issue of debentures, it would pay a penal interest of 2% to the debentureholders and in case the Company is not able to create the security even after 18 months, it would call a meeting of the debentureholders within 21 days explaining the reason therefor and the likely date of creation of security.

The Company has obtained the No Objection from Canara Bank, trustees for the existing debentureholders, for ceding a second charge in favour of the proposed Debenture Trustees. At the Annual General Meeting held on September 16, 1992 at Vapi, the members of the Company have passed an Ordinary Resolution under Section 293(1)(a) of the Act, authorising the Board for creating the aforesaid security.

i. RIGHTS OF DEBENTUREHOLDERS

- i. The Debentures shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as the Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of Shares of the Company contained in the Articles of Association of the Company shall apply, mutatis mutandis to the Debentures as well.
- ii. The Debentures shall not confer upon the holder(s) thereof the right to receive Notices or Annual Reports of the Company and to attend

and vote at any General Meeting of the Company. Debentureholders will not be entitled to any of the rights and/or benefits available to the Equity Shareholders of the Company.

- iii. Registers of Debentureholders (hereinafter referred to as "The Registers") will be maintained in accordance with Section 152 of the Act, and all interest and principal sums becoming due and payable on the Debentures will be paid to the registered holders thereof or in case of joint holders, to the person whose name appears first in the Register.
- iv. The registered holders of the Debentures or in case of joint holders, the one whose name stands first in the relevant Register shall be entitled to vote in respect of such Debentures either in person or by proxy at any meeting of the Debentureholders at which he/they is/ are entitled to vote. The quorum for such meetings shall be at least five Debentureholders personally present.
- v. Debentureholders will be entitled to Debentures free from equities and/or cross claims by the Company against the original or any intermediate holders.
- vi. The debentures, inter se, shall rank pari passu without any preference or priority of one over the other or others of the same class, as soon as they become fully paid.
- vii. The provisions contained in Annexure 'C' and/or 'D' to the Companies (Central Government's) General Rules and Forms, 1956, in force for the time being shall apply to meetings of Debentureholders.
- viii. The rights of Debentureholders may be modified or varied by a Special Resolution passed at the meeting of the holders of Debentures now offered and then outstanding, provided that nothing in such resolution shall be operative against the Company where such resolution modifies or varies the terms and conditions governing the Debentures if the same are not acceptable to the Company.
- ix. Apart from the terms mentioned hereinabove, the Debentures shall be subject to the terms and conditions as may be incorporated in the relevant Agreement/Debentures Trust Deed to be entered into with the Trustees and the Debenture Certificates that will be issued.
- x. It is specifically and expressly stipulated that in the event of the Central Government SEBI or any other appropriate authority varying or amending any Guidelines applicable to the present issue of debentures, such variations shall be binding only if the Board accepts the same. The Board shall not be required to obtain the consent of the applicants/debentureholders

for such purpose and the applicant/debentureholders will not be entitled to claim any refund or repayment or to withdraw their application(s).

j. AGENT AND TRUSTEES

The Industrial Credit and Investment Corporation of India Limited (ICICI) having its Registered Office at 163, Backbay Reclamation, Bombay 400 020-25 has agreed to act as the Agent and Trustees for and on behalf of the holders of Debentures offered through this Letter of Offer (hereinafter referred to as "The Trustees") The Debentureholders shall without further act or deed be deemed to have irrevocably given their consent to and authorised the Trustees or any of its agents or authorised officials to do, inter alia all acts, deeds, matters and things in respect of or relating to the security to be created for securing the Debentures being offered in terms of this Letter of Offer including right to substitute or release any property charged in its favour. All rights and remedies under the Debenture Trust Deed shall vest in and be exercised by the Trustees without being required to refer to the Debentureholders.

k. FURTHER ISSUE/BORROWINGS

The company will, in consultation with the said Trustees, be entitled to make further borrowings and raise any further loans and issue any further debentures by prospectus/private placement /rights basis or any other manner as to obtain any deferred payment credits/guarantee or to issue any commercial paper or such other instruments and to obtain any financial facilities of any nature, whatsoever and to secure the same in priority to or pari passu with or subsequent to the mortgages/charges to be created in favour of the said Trustees without requiring any prior approval or consent of the holders of the Debentures.

l. OFFER TO NON-RESIDENTS

The Debentures which are offered to Non-Residents/ Non-Resident Indians/persons of Indian origin resident abroad and allotment thereof shall be subject to the approval of the Reserve Bank of India (hereinafter referred to as the "RBI") under the Foreign Exchange Regulations Act, 1973. The consequent issue and allotment of Equity Shares of Rs. 10 each credited as fully paid-up upon conversion of Debentures as aforesaid shall also be subject to such approval.

The Company has obtained the in-principle approval of the RBI under Section 19(1)(d) of the Foreign Exchange Regulations Act, 1973 for the offer of the Debentures to the Non-Residents and therefore the individual Shareholders need not obtain separate approvals in this regard. Prior to allotment of

Debentures to Non-Residents, the Company will seek further permission of the RBI under the Foreign Exchange Regulation Act 1973 for allotment of the Debentures. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI.

m. REPURCHASE AND REISSUE OF DEBENTURES

Subject to the provisions of Section 121 of the Act, the Company shall have the right, exercisable at its sole discretion, to repurchase the non-convertible part of some or all of the Debentures at any time prior to the specified date(s) of redemption and reissue the same or may cancel them. Such repurchase shall be at a price equal to the face value of the NCD and interest accrued thereon. The Repurchase shall be on the basis of 'Spot Delivery Transaction'.

Upon reissue, the person(s) entitled to the NCD shall have and always be deemed to have had the same rights and priorities, as if the NCD had never been redeemed. Where the Company has redeemed any NCD comprising the present issue, then the Company shall have, and shall be deemed always to have had, the power to reissue such NCD either by reissuing the same NCD or by issuing other NCD in their place and that the price of re-issue of these debentures, shall not be less than face value and the interest accrued on the same.

n. LISTING

The Company's Equity Shares and Debentures are listed on the Stock Exchange at Ahmedabad and Bombay. Applications will be made within a period of six weeks from the last date fixed for acceptance of application forms to the Stock Exchanges at Ahmedabad and Bombay for permission to deal in and for official quotations for the Debentures offered in terms of this Letter of Offer and for the Equity Shares to be allotted on conversion of the Part A of these Debentures.

BASIS OF ALLOTMENT

The Board will proceed to allot Debentures in the following order of priority.

- a. Full allotment to the Shareholders who have applied for their rights either in full/or in part and also the renounee(s) who have applied for Debentures renounced in their favour either in full or in part (subject to other provisions contained under the earlier paragraph entitled "Right of Renunciation" in this Letter of Offer)
- b. To such shareholders whose entitlement is NIL, a minimum of one debenture, subject to availability only if such shareholder has applied for additional debentures.
- c. The remaining portion of Debentures if any shall be allotted at the sole discretion of the Board who may consider the applications of such Shareholders who,

having applied for all Debentures offered to them as Rights, have also applied for additional Debentures. In the event of oversubscription the additional Debentures will be allotted on an equitable basis with reference to number of Equity shares held on the Record Date and the basis of allotment will be finalised in consultation with the Stock Exchange at Ahmedabad.

- d. Additional Debentures to the renounees who have applied for all Debentures renounced in their favour and have also applied for additional Debentures provided there is surplus after making full allotment under (a) (b) and (c) above, on an equitable basis.
- e. To any other person(s) as the Board may in its absolute discretion deem fit provided there is a surplus after making full allotment under (a),(b),(c) and (d) above.

In the event of over subscription, allotment will be made only within the overall size of the Rights Issue excluding reservation for employees quota as stated in the Letter of Offer as retention of over subscription is not permissible and unsubscribed portion of employees quota is to be lapsed.

OFFER TO EMPLOYEES

The total number of regular/permanent employees on the payroll of the company as on the date of the issue of Letter of Offer is 1310.

The terms and conditions of offer of Debentures contained in this Letter of Offer shall, mutatis mutandis, apply to Debentures offered to the Employees of the Company. In addition, the following conditions shall apply to the offer to Employees.

The Debentures are offered to regular/permanent employees (including the Indian working Directors/ Workers of the Company) whose name appear in the Company's payrolls on the date of issue of Letter of Offer.

- i. The Debentures offered to the Employees shall not carry any right of renunciation.
- ii. The Debentures to be allotted to the Employees shall not be transferred/hypothecated/sold till conversion. On conversion, the Equity Shares so converted shall not be transferred /hypothecated/ sold for a minimum period of three years from the date of allotment of the Debentures.
- iii. The initial allotment of Debentures in the Employees quota shall not be more than 200 Debentures per Employee. Any Debentures remaining unsubscribed will lapse.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

- i. The Board reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any

reason therefor. In case an application is rejected in full the whole of the application money received will be refunded and where an application is rejected in part, the balance of application money, if any after adjusting any money due on Debentures allotted, will be refunded to the applicants within six weeks of the date of closing of the Subscription List in accordance with the provision of Section 73 of the Act, by registered post by cheques and will be payable at par at all the places where the applications are received:

- ii. Subscription received against Rights Issue will be kept in a specific bank account and the company would not have access to such funds unless it has received an approval for allotment from the Stock Exchange at Ahmedabad and also the listing approvals from the Stock Exchange at Ahmedabad and Bombay.
- iii. No receipt will be issued for Application money. However, the Bankers to the Issue receiving the forms will acknowledge receipt by stamping and returning the acknowledgement slip at the bottom of each form.

DELIVERY OF DEBENTURE CERTIFICATES

Debenture Certificate(s) will be delivered by Regd. Post within three months from the date of allotment in exchange of Allotment Letter(s) issued, if any, or within such further time as may be allowed by the Company Law Board as per the provisions of Section 113 and other relevant provisions of the Act. The Allottees should carefully preserve the Letter(s) of Allotment, if any, to be exchanged for the relevant Debenture Certificate(s)

Allotment of Debentures/Equity Shares on part conversion of Debenture(s) and Export of Letters of Allotment/ Debenture Certificates to NRIs, with or without repatriation benefits would be subject to the approval of the RBI under the Foreign Exchange Regulations Act, 1973. The Company will make requisite applications to the RBI in this regard at an appropriate time.

INSTRUCTIONS FOR SHAREHOLDERS

a. How to apply

The enclosed CAF should be completed in all respects in its entirety before submission to the Bankers to the Issue whose names appear in the CAF. CAF should not be detached under any circumstances.

b. Payments - Where to be made

After completion, the enclosed CAF should be forwarded together with the remittance to any of the nominated branches of the "Bankers to the Issue" mentioned therein. APPLICATION(S) WILL NOT BE ACCEPTED BY LEAD MANAGERS /CO-MANAGERS/REGISTRARS TO THE ISSUE AND BY THE COMPANY DIRECTLY AT ANY OF THEIR OFFICES. However, applicants residing at places where Bankers to issue have not nominated any

branch can send their applications by post to the Office of the Company at Readymoney Terrace, 167 Dr Annie Besant Road, Worli, Bombay 400 018.

c. Payments - How to be made.

BY RESIDENT SHAREHOLDERS

Payment must be made in cash or by cheques/ demand draft drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or a sub-member of the Banker's Clearing House located at the centres (indicated in the CAF) where the application is submitted. The payment can also be made by Stockinvest drawn on any bank (including a Co-operative Bank) which is a member or submember of the bankers clearing house located at the centres indicated in CAF. Separate cheque draft/stockinvest must accompany each CAF. Outstation cheques or bank drafts will not be accepted and applications accompanied by such cheques/drafts will be rejected. Money orders will not be accepted.

All cheques/drafts accompanying the CAF should be drawn in favour of any of the Bankers to the issue and marked United Phosphorus Limited issue and crossed "A/C Payee Only" e.g. (CITIBANK N.A. A/C UNITED PHOSPHORUS LIMITED RIGHTS ISSUE). All stockinvest accompanying the CAF should be drawn in favour of the company and marked UNITED PHOSPHORUS LIMITED RIGHTS ISSUE. No receipt will be issued for application money received. However, Bankers to the Issue receiving the application will stamp the acknowledgement slip at the bottom of the CAF and return the same.

Applicants residing at places other than the cities where the Bankers to the Issue have nominated branches will have to make payments by way of demand draft payable at Bombay favouring any of the Bankers to the issue and marked UNITED PHOSPHORUS LIMITED RIGHTS ISSUE, and stockinvest payable at Bombay and marked UNITED PHOSPHORUS LIMITED RIGHTS ISSUE, and send their applications to the Company's Office.

TERMS OF PAYMENT AND REFUND UNDER STOCK INVEST

The applicant can use the instrument called "STOCKINVEST" for payment of application money. STOCKINVEST instrument should be payable at par at all branches of the issuing bank. Service charges for issuing the STOCKINVEST must be borne by the applicant. All application forms along with the STOCKINVEST must be forwarded to the designated bank branches mentioned in the Composite Application Form and marked "A/c UNITED PHOSPHORUS LIMITED RIGHTS ISSUE" and crossed "A/c Payee Only".

The applicant has to fill in the number of debentures applied for and the amount payable on the debentures applied for. The instrument should thereafter be signed by the applicant. The applicant has to fill up the Folio Number and Form

Number given in the Composite Application Form on the reverse of the STOCKINVEST before submitting the same to the designated bank branches.

The applicant should not fill in the portion to be filled up by the Company. The company will fill up the right hand side of the STOCKINVEST indicating the debentures allotted to the applicant as mentioned hereunder and accordingly calculate the amount of application money :

- a. In case of full allotment, the number of debentures on the right hand side will be the same as the left hand side of the instrument.
- b. In case of partial allotment, the number filled up by the company (on the right hand side of the instrument the number will be less than the number filled up by the applicant on the left hand side).
- c. In case the allotment is nil, the number filled up by the company on the right hand side of the instrument will be nil.

No refund order will be issued to those applicant using STOCKINVEST for payment of application money.

Having regard to the provisions of Section 269SS of the IT Act, no payment should be effected in cash, if such application money, together with any deposit or loan with the Company, whether originally paid in cash or otherwise remaining unpaid, whether repayment has fallen due or, not aggregate to Rs. 20,000 or more.

BY NON RESIDENT SHAREHOLDERS (NRs) INCLUDING NON-RESIDENT INDIANS AND PERSONS OF INDIAN ORIGIN (NRIs) AND OVERSEAS BODY CORPORATES (OBCs)

As regards application by NRs AND NRIs, the following conditions shall apply.

APPLICATION BY NON-RESIDENT INDIANS

The application in the prescribed form together with remittances from abroad towards the amount payable on application, through approved banking channels or out of funds held in Non-Residents (External) accounts along with documentary evidence in that behalf must be delivered before the closure of subscription list to the bank mentioned below

CITIBANK N.A.
ISSUE SERVICES DEPARTMENT
293, DR DADABHAI NAOROJI ROAD
FORT, BOMBAY 400 001

Payment by NRs/NRIs must be made by Rupee cheques/drafts drawn in favour of Citibank N.A. payable at Bombay only, and marked UNITED PHOSPHORUS LIMITED RIGHTS ISSUE e.g. Citibank N.A. A/C United Phosphorus Limited Rights Issue in any of the following ways:

Application with Repatriation benefits.

- i. By Rupee Draft Purchased from abroad
OR
- ii. By cheques drawn on Non-Resident External Account

(NRE Account) Foreign Currency Non Resident Account (FCNR Account) maintained in India.

OR

- iii. By Rupee Drafts purchased by debit to NRE/FCNR Accounts maintained in India.

NRI Applicant(s) who have purchased Rupee Draft by debit to their NRE/FCNR Account(s) maintained in India must enclose the necessary certificates from the Bank, to the effect that the drafts have been purchased from NRE/FCNR Account on repatriation basis, alongwith the CAF, otherwise such application will be considered incomplete and will be liable to be rejected.

The Application Forms duly completed in the aforesaid manner by NRs/NRIs should be sent to Citibank N.A., Issue Service Department, 293, Dr. D.N. Road, Bombay 400 001.

NOTE :

- * REPATRIATION means repatriation outside India of interest/dividend/sale proceeds derived from the investment subject to tax as applicable according to the IT Act.

REFUND/ALLOTMENT

Application with cash/cheque/drafts

Excess application money paid will be first adjusted against allotment money payable, if any, in respect of debentures allotted to the applicant and the balance remaining thereafter will be refunded to the applicant. In case of those applicants, who opt for the scheme of buy-back of non-convertible portion of debentures (mentioned later in this letter) will be refunded the entire excess application money paid.

In accordance with Section 73 of the Act, refunds will be made by the cheque or by pay order drawn on any of the Bankers and will be despatched by Registered Post to the applicants address at the applicant's risk. Such cheques or payorders will be payable at par at all centres where the applications are received or such places as may be approved by Stock Exchange at Ahmedabad. In cases of joint applications, refund orders, if any, will be addressed to the person whose name appears first on the CAF.

Applications with Stockinvest

The Registrars to the Issue, in cases of full or partial allotment, will intimate the successful applicants as mentioned herein. In the case of unsuccessful applicants, the Registrars to the issue will return the stockinvest instrument, duly cancelled to the controlling bank branch mentioned on the accompanying CAF, who will in turn advise the concerned issuing bank branch of the stockinvest, to lift the lien from such investors deposits. The issuing bank branch will advise the applicant of the lifting of the lien or of payment from the account.

Letter of Allotment or Letter of Regret together with refund cheque or pay orders, if any, will be despatched by Regd.Post at the applicant's sole risk within six weeks of the closing of the Subscription List or such extended period as may be permitted by the Ahmedabad Stock Exchange. As regards Allotment/Refund to NRIs the following further conditions shall apply.

Adequate funds for the purpose of ensuring despatch of refund orders, allotment letters/certificates by registered post will be made available to the Registrars to the Issue.

The Registrar to the Issue have been authorised by the Company by a Resolution of the Board of Directors passed on 30th January, 1993 to sign on behalf of the Company for realising the proceeds of the Stockinvest of the successful/partially successful allottees or to affix non-allotment advice on the instrument or to cancel the Stockinvest of the non-allottees or partial/successful allottees for more than one stockinvest. The cancelled instrument will be sent by the Registrars directly to the investors.

In case of NRI(s) who remit their application money from funds held in NRE/FCNR Account refund, payment of interest and another disbursements, if any, shall be credited to such account, details of which should be furnished in the column provided for that purpose in the CAF. In case of NRIs who remit their application money through Indian Rupees Drafts purchased from abroad refunds, payment of interest and other disbursement, if any, will be made in US Dollars at the rates of exchange prevailing at such time subject to the permission of the RBI. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Rupee amount into US Dollars.

Letters of Allotment/Debentures Certificates will be despatched by Registered Post at the risk of the NRI applicants.

LAST DATE FOR SUBMISSION OF COMPOSITE APPLICATION FORM

The last date of receipt of CAF by the Bankers to the issue together with the amount payable on application is 20th July, 1993. The Board will have the right to extend the same for such period as it may determine from time to time, but not exceeding 60 days from the opening of the Issue. If the CAF together with the amount payable hereunder is not received by the Bankers to the issue on or before the close of banking hours on the aforesaid last date or such dates as may be extended by the Board, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Debentures hereby offered as provided under the para 'Basis of Allotment'.

GENERAL

a. All applications should be made on the printed CAF provided by the Company and should be complete

in all respects. Incomplete applications and those which are not accompanied by the proper amount as aforesaid are liable to be rejected and application money paid in respect thereof will be refunded without interest.

- b. The application form together with the cheque /draft/stockinvest should be sent to any of the branches of the Bankers to the Issue mentioned at the back of the CAF and must NOT be sent to the Lead Managers/Co-Manager/Registrars to the Issue/ the Company at any of their Offices except for the cases stated elsewhere in the Letter of Offer.
- c. Signature(s) in languages other than English, Marathi, Gujrathi and Hindi or thumb impression(s) must be attested by a Magistrate/or a Notary Public or a Special Executive Magistrate under his/her official seal.
- d. Debentures cannot be allotted in the name of minors(unless the application is made through guardian), H.U.Fs, partnership firms or trusts (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable Trust Laws and is authorised under its constitution to hold Shares or Debentures of a Company).
- e. In case of joint holders, all joint holders must sign the relevant parts of Application Form in the same order and as per the specimen signature recorded with the Company. Further in the case of joint holders number of applicants should not exceed three.
- f. In the case of joint application, reference, if any, will be made to the first applicant. All communications will be addressed to the first applicant.
- g. CAF MUST BE FILLED IN ENGLISH AND THE NAME OF THE APPLICANT, DETAILS OF OCCUPATION, ADDRESS AND FATHER'S/ HUSBAND'S NAME MUST BE FILLED IN BLOCK LETTERS.
- h. In case of applications made under a power of Attorney or by a limited company or by bodies corporate or societies, the relevant power of Attorney or a relevant resolution or authority to make an application, as the case may be together with the certified true copy thereof (original will be returned after verification) alongwith a copy of Memorandum and Articles of Association and/or bye-laws must be attached to the application form or lodged separately with the registered office of the Company, if not already registered with the Company.
- i. The CAF should be presented to the Bankers to the issue in its entirety. If any of the parts A,B,C,D and E of the CAF is/are detached or seperated, such application will forthwith be rejected.
- j. Split forms cannot be resplit. Only the persons to whom this Letter of Offer has been addressed and not the renounee shall be entitled to obtain Split Forms.

STANDBY ARRANGEMENTS

The Company has not made any standby underwriting arrangements so far. It is trying to tieup underwriting arrangements with Unit Trust of India.

TAX BENEFITS

Tax Consultants of the company are M/s Jawahar M. Thacker and Co. Chartered Accountants, Bombay.

A. To the Company

1. As the Company is a Company in which the public are substantially interested as defined under Section 2(18) of the Income Tax Act, 1961 (hereinafter referred to as the IT Act) the tax rate applicable on the profits of the Company is lower.
2. Under Section 80 M of the IT Act, the Company will be entitled to a deduction of so much of the income by way of dividends received by it from another domestic Company and distributed to its shareholders on or before the due date of filing the Return of Income following the end of the respective previous year.
3. In accordance with and subject to the conditions specified in Section 80HHC of the IT Act, the Company shall be entitled to 100% deduction of the profits derived from the export of goods or merchandise out of India.
4. In accordance with and subject to the conditions specified in Section 80 I of the IT Act, the Company shall be entitled to 25% deduction of profits and gains derived from new industrial undertakings.

B. To the Debentureholders/Members of the Company (Indian Residents)

1. Members of the Company who are individuals or Hindu Undivided Families or such association of persons referred to in Section 80L of the IT Act, will be entitled to deduction from the total income upto a maximum of Rs. 7,000 in the aggregate per year in respect of any income of the nature specified in the said section including dividends received from the Company.
2. No Income Tax will be deducted at source in the case of debentureholder/member being an individual who is resident in India, from interest/dividend received from a Company in which public are substantially interested (a) If the aggregate of the amount of such interest/dividend distributed or paid during the financial year by the Company to the debentureholder/shareholder does not exceed Rs. 2,500 or (b) if the debentureholder/member furnishes to the Company a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that his estimated total income of the previous year in which such interest/dividend income is to be included in computing his total income will be less than the minimum amount liable to income tax as computed under the provisions of the IT Act.

3. Under Section 80M of the IT Act, where the gross total income of the member being a domestic company, includes any income by way of dividends from another domestic company, there shall be allowed a deduction of an amount equal to (i) in the case of a Scheduled Bank or a Public Financial Institution or a State Financial Corporation or a State Industrial Investment Corporation or a company registered under Section 25 of the Companies Act, 1956 60% of the income by way of dividends from another domestic company (ii) in the case of any other domestic company, so much of the amount of income by way of dividends from another domestic company does not exceed the amount of dividend distributed by the first mentioned domestic company on or before the due date for furnishing its return of income.
4. Under Section 112 and other relevant provisions of the IT Act, Capital gains arising on transfer of the shares in the company held for a period of atleast 12 months shall be concessionaly taxed at the flat rate of 20% in case of individuals and H.U.Fs, 40% in case of companies and 30% in the case of firms etc. plus surcharge where applicable apart from introducing a concept of inflation indexation in determining the cost of acquisition of such shares.
5. All productive assets including shares/debentures are totally free from Wealth Tax.

C. To Non Resident Indians

1. All productive assets including shares/debentures are totally free from Wealth Tax.
2. A member of the Company being citizen of India or a person of Indian Origin, who is not a resident in India will be entitled to exemption under Section 5(1)(ii)(d) of the Gift Tax Act, 1958 in respect of gifts made to any of his relatives in India in the form of equity shares/debentures of the Company, if such shares/debentures have been acquired by him out of convertible foreign exchange.
3. Under Sections 115E, 115F and 115I of the IT Act an Indian Citizen or any person of Indian origin who is a non resident and who has investment income including dividend /interest or income by way of long term capital gains or both on shares/debentures of the Company shall be charged to income tax at a flat rate of 20% if he so opts. The investment income and long term capital gains accruing on the sale of shares/debentures would constitute a separate block of income chargeable to tax as above and will not be added to any other taxable income of the non-resident person. The long term capital gains referred above shall be exempt from income tax entirely/proportionately if he invests all or a portion of the net consideration in specified assets within six months of the date of transfer. The amounts so exempted shall be chargeable to tax if the new assets are transferred within three years.

4. Under Section 115G of the IT Act, it shall not be necessary for a non resident Indian to furnish his Return of Income if his total income consists only of "Investment Income" or income by way of long term capital gains or both provided tax at source has been deducted from such income.

COMPANY AND MANAGEMENT

OBJECTS OF THE ISSUE

The objects of the present issue are to provide finance for:

1. Expansion of capacities of the existing product lines.
2. Implementation of new projects.
3. Meeting normal capital expenditure.
4. Meeting long term working capital requirements.

COST OF THE PROJECT

The cost of the project as appraised by the company is as follows:

Sr. No.	Products	Location	Existing MT/KL	Expanded Capacity MT/KL	Total MT/KL	(Rs. In Crores)				Margin for Working Capital Rs.	TOTAL Rs.
						Land Rs.	Bldg Rs.	Plant/Mach. Rs.	Total Rs.		
1.	Phosphorus and its Compounds	Vapi & Ankleshwar	14950	12650	27600	—	1.65	7.35	9.00	6.00	
2.	Pesticide Intermediates	Vapi & Ankleshwar	5150	5550	10700	—	4.00	3.40	17.40	3.50	
3.	Pesticides	Vapi & Ankleshwar	1850	3700	5550	—	5.25	19.05	24.30	9.60	
4.	Pesticides Formulations	Ankleshwar	9000*	16000	25000	—	0.80	2.50	3.30	2.50	
5.	Others	Vapi & Ankleshwar	—	—	—	—	2.50	—	2.50	—	
							<u>14.20</u>	<u>42.30</u>	<u>56.50</u>	<u>21.60</u>	<u>78.10</u>

*The current existing capacity is at Company's Vapi unit only. The expansion will not be taking place at Vapi unit but at Ankleshwar.

MEANS OF FINANCE

(Rs.in Crores)

Issue of 39,05,000, 17% secured Redeemable	78.10
Partly Convertible Debentures of Rs. 200 each	<u>78.10</u>

COMPANY, MANAGEMENT AND PROJECT

BRIEF HISTORY, MAIN OBJECTS AND PRESENT ACTIVITIES OF THE COMPANY

The company was established on 29th May, 1969 under the name and style United Phosphorus Pvt. Limited and was subsequently converted into a Limited Com-

pany on 3rd February, 1986 by issuing shares to the public. The name of the Company was changed to Uniphos Limited from November 25, 1992. Subsequently, the name of the company has been changed to United Phosphorus Limited from March 30, 1993. United Phosphorus Limited started with the manufacturing of Red Phosphorus in 1969 which was an import substitute product and after establishing the facility for manufacture of Red Phosphorus the Company expanded its activities in the manufacture of several speciality chemicals like phosphorus and its compounds, pesticides dyes and dye intermediates, drug intermediates, plasticizers and mercury products.

It has been a pioneer in producing number of new chemicals and it is at present manufacturing a number of phosphorus based chemicals like Phosphorus Trichloride, Thiophosphoryl Chloride, Phosphorus Pentachloride, Phosphorus Oxychloride, Phosphorus Pentasulphide, Phosphoric Acid and Organo Phosphorus compounds. It is one of the biggest producer

and exporter of organic and inorganic mercury compounds in India. It is also a leader in manufacture of pesticides and fumigants like Aluminium Phosphide, Zinc Phosphide, Organo Mercury Fungicide and Bromide Fumigants like Ethylene di-Bromide.

In 1984, the Company introduced the latest and most effective 4th generation Synthetic Pyrethroid pesticide FENVALERATE followed by another Synthetic Pyrethroid 'CYPERMETHRIN' in 1986. The synthetic pyrethroid has revolutionised the Pesticides Market in India. It is not only less toxic to human beings other than insecticides but also more effective and therefore less costly to the farmers. United Phosphorus is the first Indian Company to manufacture both these most important Synthetic Pyrethroids i.e Fenvalerate and Cypermethrin and it has planned to manufacture the

intermediates required for Synthetic Pyrethroids.

In the financial year 1989-90 the Company successfully completed the implementation of the Tri- Methyl Phosphite project and presently caters to the entire domestic demand and is able to export to various countries. In the last financial year 1991-92 the Company implemented the project for the manufacture of Monocrotophos Technical which went into commercial production in March 1992. United Phosphorus is serving some vital sectors of chemical, pharmaceutical and agricultural industry.

Main Objects of the Company

The main objects of the Company as stated in the Memorandum of Association are as under:

1. To carry on business to manufacture, formulate, process, refine, finish, recover, extract import, export, buy, sell, distribute or otherwise deal in Red Phosphorus, Yellow or White Phosphorus, Phosphates, Phosphites, Phosphides, Insecticides, Pesticides, Fungicides, Fumigants, Rodenticides and their formulations and/or other agricultural chemicals and fertilizers of all types.
2. To manufacture, formulate, process, refine, finish, recover, extract, buy, sell, distribute and/or deal in all organic and/or inorganic chemicals, pharmaceutical, medicals and medicinal products, pharmaceuticals, cosmetics, dyes, intermediate paints, plastic raisins and /or plasitics.
3. To manufacture, buy, sell, distribute, import, export, or deal in metals, alloys or amalgams.
4. To carry on the business as manufacturers, dealers, importers, or exporter of the formulation for the manufacture of matches, fire, and/or other explosives and pyrothechnic chemicals.
5. To carry on the business of manufacturer, importers, exporters, and/or dealers of chemical plants, equipment and/or accessories.

PROMOTERS AND THEIR BACKGROUND, MANAGEMENT AND QUALIFICATION.

The company is promoted by Mr R.D. Shroff, Chairman and Managing Director. Mr R.D. Shroff is a science graduate from University of Bombay. Prior to joining this company he was working in Excel Industries Limited who are pioneers in India for the manufacture of Phosphorus based chemicals and pesticides. He has gone abroad and worked on the various plants and he got hands on experience about all the aspects of running of plants for the manufacture of phosphorus based chemicals. He has varied experience of over 30 years in the various aspects of business. The day to day affairs of the company are managed by Mr R.D. Shroff under the overall guidance, superintendence and control of the Board of Directors comprising of:

NAME	OCCUPATION	DESIGNATION
Shri Rajju D. Shroff	Industrialist	Chairman & Managing Director

Smt. Sandra R. Shroff	Industrialist	Jt. Managing Director
Shri Mohanbhai I. Patel	Industrialist	Director
Shri Bhagvatprasad R. Patel	Industrialist	Director
Dr. Mahesh Haribhai Mehta	Research	Director
Shri Dahyalal A. Anandpura	Industrialist	Director
Shri Kalyan A.M. Banerjee	Engineer	Whole Time Director
Dr. Nayan R. Desai (GIC Nominee)	Service	Director
Shri A.C. Ashar	Chartered Accountant	Director

VENTURES PROMOTED BY THE PROMOTERS

1. There are no Companies as defined under Section 370 under same management.
2. There are no other listed companies promoted by the promoters. There are however, some private closely held companies promoted by promoters and there are no material litigation cases against any of these companies.

GROWTH

The company's turnover has been steadily increasing since it started commercial production and the company has been having an exponential growth rate in terms of its sales and profits. Sales have grown from Rs. 38 Crores in 1989 -90 to Rs. 101 Crores in 1991-92. The Company has made significant strides in export business and the exports turnover for the year ended 31st March 1992 has been of the order of Rs. 25.56 Crores out of which Rs. 25.16 Crores has been to hard currency areas like US Dollars. The company has Export House status.

The Company's net profits have grown from Rs. 0.65 Crores in 1989-90 to Rs. 14.21 Crores in 1991-92.

PROJECT DETAILS - LOCATION, FINANCING, TECHNOLOGY, COLLABORATION, PRODUCT, MARKET, PROSPECTS ETC.

1) Location and Land

The project will be located at the existing sites available with the company at the Industrial Areas of GIDC Vapi & GIDC Ankleshwar in the State of Gujarat.

The factory land occupied by the company is as given below:

	Sq. Meters
1. At GIDC Vapi	75,800
2. At GIDC Ankleshwar	2,16,148

The land is taken on lease for a period of 99 years from Gujarat Industrial Development Corporation.

2) Building and Civil Works

The expenditure on building includes the cost of factory buildings and godowns for the main plant and equipment and residential premises for the

staff. The total area proposed to be constructed will be approximately 15,000 sq mts. All the plant building will be of 'B' class construction, consisting of structural columns, platforms and A/c roofing. Residential premises will be of 'A' class construction in R.C.C.

3) Plant and Machinery

Some of the major items of plant and machinery consist of electric arc furnace, glass lined reaction vessels, reaction pots, ball mill, tableting machines, distillation columns, boiler, nitrogen plant, chlorine vapouriser, heat exchangers, chilling plant, etc. Most of the plant and machinery is available indigenously and would be procured from reputed manufacturers like ACR Engineering Services, Gujarat Machinery Manufacturers, Larsen and Toubro etc and some of them would be fabricated in the Company's own fabrication shop.

4) Technology:

No foreign technical collaboration has been envisaged. All the products, (except Trimethyl Phosphite), have been manufactured by the company based on process developed by the company itself in its inhouse Research & Development Centre. The products manufactured by the company has been very well accepted in the local as well as in the International markets. For Trimethyl Phosphite, the basic technology was provided to the company by M/s Stauffer Chemicals, USA. The company has further improved this technology and the product is very well accepted in the domestic as well as in the International market.

5) Process

The company is manufacturing phosphorus compounds, pesticide intermediates and pesticides. White Phosphorus is manufactured at Ankleshwar plant. Rock Phosphate, Coke and Silica are charged into electric arc furnace and at appropriate temperature, these materials forms phosphorus pentoxide, which is reduced by carbon and phosphorus is recovered and then treated and purified.

White Phosphorus so produced is used captively for manufacture of Phosphorus Trichloride, Phosphorus Pentasulfide, Aluminium Phosphide and Zinc Phosphide, by reacting it with chlorine or sulphur or aluminium or zinc. White Phosphorus is further treated at a high temperature to manufacture Red Phosphorus.

Phosphorus Trichloride, Methanol and Ammonia are reacted at suitable temperature alongwith catalysts to produce Trimethyl Phosphite.

Monocrotophos is prepared by chemical reaction between monomethyl acetoacetamide and trimethyl phosphite in presence of solvent. Similarly,

Phosphomidon is an organo phosphorus pesticide which is prepared by diethylacetoacetamide and trimethyl phosphite in presence of solvent.

Metaphenoxy Benzaldehyde is a pesticide intermediate. Aromatic Aldehyde is reacted with bromine in presence of Phenol and solvent to produce Metaphenoxy Benzaldehyde.

Cypermethrin and Fenvalerate are produced basically by reacting D.V. Acid/Chloride with Metaphenoxy Benzaldehyde in presence of desired reaction medium. These are then formulated for use into the farms.

Orthophenylene diamine is reacted with halogenated acetic acid to prepare hydroxy quinoxaline, which is then reacted with alkyl dithio phosphoral chloride to produce Quinalphos.

Solid and liquid pesticide formulations are carried out by blending the pesticide with several additives and carrier materials to produce solid powder. This could be in the wettable powder or in the dust form. The liquid pesticides are blended to several additives with or without solvent, which are mixed with water and spread into the farms.

6) Environmental Clearance

The company is having effluent treatment plant for the products manufactured at Vapi and Ankleshwar. The company has received the necessary consent from Gujarat Water and Air Pollution Control Board for its Vapi and Ankleshwar sites.

7) Raw Materials

The major raw materials for the project are Rock Phosphate, Methanol, Aluminium Powder, Chlorosanthemic Acid, Methaphenoxy Benzyldehyde etc. Most of them are available in adequate quantities in India. Some of the items like DVA Ester, Mercury etc are imported from abroad and they are also available in ample quantity.

8) Water Supply

The company is having sufficient water connection from Gujarat Industrial Development Corporation at Vapi and Ankleshwar sites.

9) Power Supply :

The power supply position for the company is as under:

1. Present requirement of Power : 17 MVA
2. Future requirement of Power : 2 MVA
3. Total consumption and total future requirement of Power : 19 MVA
4. Current sanction : 17 MVA
5. Gap in the sanctioned Power : 2 MVA

The company has already applied to Gujarat Electricity Board for increase in sanction power. It

has also got power generating sets with the installed capacity of 2.5 MVA. The Company does not envisage any difficulty in getting the sanction for the increased power requirement.

10) Schedule of implementation

The Company has taken steps to start the projects. Most of the long delivery equipments have been ordered and the work is going on smoothly.

The expected schedule of implementation is as under:

- i. Land acquisition : Already acquired
- ii. Execution of civil works : December, 1993
- iii. Installation of Plant and machinery : June, 1994
- iv. Trail production : August, 1994
- v. Commercial production : September, 1994

Barring any unforeseen circumstances, the various projects will go on stream by September, 1994.

11) Products

The company manufactures various phosphorus and phosphorus based compounds and pesticides. The company is manufacturing white phosphorus, red phosphorus, phosphorus trichloride, phosphorus pentasulphide, phosphorus pentachloride and phosphorus oxychloride. White phosphorus is the basic raw material for all phosphorus based chemicals. Red phosphorus is used in match industry, defense and other pesticides. The other phosphorus based chemicals are used as pesticide intermediates for manufacture of various pesticides. Phosphorus pentachloride is used in pharmaceutical industry as a chlorinating agent.

The company also manufactures various pesticides such as aluminium phosphide, zinc phosphide, quinalphos etc. They are mainly used for storage of foodgrains and rodenticides.

The company manufactures technical pesticides, viz fenvalerate and cypermethrin. The formulations made out of these pesticides are used as agro chemicals and are mainly used by farmers and other agriculturists.

The company also manufactures meta phenoxy benzyldehyde, para chloro benzyl cyanide and tri methyl phosphite. These are all pesticide intermediates and used for the manufacture of various pesticides and agro chemicals.

12) Marketing and Selling Arrangements

The company enjoys a good share of market for its various products. It has a network of 21 branches and depots throughout the country. The company's administrative office situated in Bombay houses the marketing staff. This office is very well equipped with telephones / telex and fax facilities. This is very useful for export of company's products.

The company has a depot at Sattar in Southern India to cater to the requirements of Red phosphorus of various match factories. Other pesticides like aluminium phosphide and zinc phosphide are mainly sold to government agencies, Food Corporation of India etc. For various other phosphorus compounds and pesticide intermediates, sale is made to the parties from Bombay office. The formulations are marketed throughout the country through the network of company's depots and distributors. It has about 150 field staff which ensures timely delivery of company's products at all the demand centres.

EXPORTS

United Phosphorus takes extreme care in meeting the world's high standards and has built up international reputation for itself. On this front the company has made excellent progress. The exports have gone up from Rs. 5 Crores in 1989-90 to Rs. 26 Crores in 1991-92. This has been possible because of the company's excellent quality of products, the inherent pool of expertise and world wide contacts it has developed over the past several years.

Its exports have been growing in all 5 continents including United States, Europe, South East Asia and Latin America. It exports to over 70 countries across the globe.

The company's products have been of excellent quality and is offered at most competitive rates. The company has created an image in international market for its products, for its quality, reliability and reasonable prices.

PROFITABILITY OF THE COMPANY,

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE LAST FIVE YEARS

Year ended 31st March	Rs. in Crores				
	1987	1989	1990	1991	1992
	31st Dec. 15 Months				
PROFIT AND LOSS DATA					
Total Income	26.78	34.59	41.34	57.70	105.23
Gross Profit	3.05	2.22	3.94	10.51	22.77
Depreciation	0.91	0.67	0.71	0.93	1.34
Interest	1.94	2.27	2.48	2.71	3.20
Profit Before Tax	0.19	(- 0.72)	0.72	6.84	18.20
Profit After Tax	0.16	(- 0.72)	0.65	5.74	14.21
Dividend Amount	-	0.33	0.35	0.89	1.77
%	-	10%	10%	25%	50%
BALANCE SHEET DATA					
Equity Capital	2.80	3.55	3.55	3.55	3.55
Reserves & Surplus (Excl. Revaluation Res)	2.70	2.73	3.07	8.00	20.39
Net Worth	5.50	6.28	6.62	11.55	23.94
Loan Funds	11.73	12.58	21.30	15.08	27.29
Gross Block	8.44	10.46	15.54	17.10	34.98
Net Block	3.60	5.88	10.25	11.13	27.68
Face Value Per Share (Rs)	10	10	10	10	10
Net Asset Value per Share	19.65	17.70	18.65	32.50	67.45
Earnings Per Share (Rs)	0.45	—	1.83	16.17	40.00

**CONTINGENT LIABILITIES
NOT PROVIDED FOR**

Dispute Excise Duty Liabilities	0.73	0.63	2.23	4.60	6.58
Bills/Cheques Purchased/ Discounted with Banks and remaining unpaid as at the date of Balance Sheet.	1.12	0.52	1.12	1.72	7.67

MATERIAL NOTES

In the accounting year ending 31st March 1989 the Company changed the method of providing depreciation on additions to plant and machinery of Vapi unit of the Company from 1st January, 1983 onwards from written down value basis to straight line basis. Further depreciation for the previous year ended 31st December, 1987, in respect of addition to fixed assets during the period 2nd April, 1987 to 31st December 1987 on straight line basis as specified in Schedule XIV to the Companies Act, 1956. In view of the above, the resultant excess provision for depreciation relating to earlier years amounting to Rs. 93,49,116 has been written back to the profit and loss account. On account of provision for depreciation at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956, and change in method of providing depreciation as aforesaid, the charge on account of depreciation for the above mentioned period is lower by Rs. 45,94,664.

FUTURE PROSPECTS

The Management perceives that the Company would continue to grow further in its present business activities. It perceives good market for its products to be manufactured.

The financial projections of the Company for the next three financial years, as estimated by the Company are indicated below:

	Rs. in Crores		
For the year ending March, 31	1993	1994	1995
Total Income	170	250	350
Profit before Interest, Dep. & Tax	42	80	100
Depreciation	4	7	8
Profit Before Tax	31	55	80
Profit After Tax	25	39	52
Equity Capital	7.1	11	11
Reserves and Surplus	81.9	116	160
Net Worth	89	127	171

Based on the above Projections, the NAV & EPS have been computed as below:

NAV (Net Asset Value) In Rs.	128	115	155
Earnings per Share (Rs)	35	35	47

ASSUMPTIONS RELATING TO THE PROJECTIONS

1. The capacity utilisation assumed is as follows:

Product Category	1992-93	1993-94	1994-95
1. Phosphorus and its compounds	100%	75%	90%
2. Pesticides intermediates	90%	65%	85%
3. Pesticides	95%	70%	90%
4. Formulation	80%	60%	80%

NOTE:

1. The capacity utilisation for the year 1992-93 is based on the existing capacities and from the year 1993-94 onwards it is based on the expanded capacities.
2. Consumption norms are based on the present norms being achieved by the Company.
3. Exports and imports have been accounted at the present exchange rates and norms.
4. Provision for taxation has been calculated based on the present tax rules and guidelines.
5. The cost and selling prices for the Company's existing product lines are on the basis of current cost and market prices.

NOTE : As a matter of abundant caution, the attention of the investors is drawn to the fact that the figures mentioned in the statements above are only indicative and are subject to change depending on actual capacity utilisation and other factors which are likely to have a bearing on the profitability of the Company.

OTHER MATERIAL INFORMATION

Exports of Tri Methyl Phosphite

One consignment containing Tri Methyl Phosphite was returned to India from Syria on account of the restrictions imposed by Government of India in the intervening period. Now the same stands sorted out and the company does not envisage any problems in the matter in future.

Take over bid of Amar Dye Chem

The company has bid to take over Amar Dye-Chem Limited. Some other company has also bid for the take over. This take over may or maynot materialise and the company undertakes not to utilise the proceeds of this issue for the said takeover.

JUSTIFICATION FOR PREMIUM

The premium has been fixed in consultation with the Lead Managers, after taking into account the following factors:

1. Past performance of the Company as reflected by EPS and Book Value for the past five years:

	1987	88-89	89-90	90-91	91-92	**91-92
EPS	0.45	-	1.83	16.17	40.00	20.00
Book Value (*)	19.40	20.70	21.68	35.62	70.57	35.28
Book Value (o)	19.40	17.27	18.25	32.19	67.13	33.56

* : With revaluation reserves

** : After considering the expanded capital on account of allotment of bonus shares.

o : Without revaluation reserves.

ii) Future projections in terms of EPS and Book Value for the next three years.

	92-93	93-94	94-95
EPS	35.00	35.00	47.00
Book Value	128.00	115.00	155.00

iii) The stock market data giving high low for the last 2 years and month high low for the immediate last 6 months as mentioned under the heading "Stock Market Data".

iv) The company's track record over the last two decades.

v) The business prospects for the pesticide industry.

vi) The company's track record of efficient profitable and growth oriented operations.

vii) Good technology, clear demand, supply gap and economic capital costs due to indigenisation efforts.

viii) The track record of rising dividends and bonus issue in the ratio of 1:1.

Notes:

1. The estimated fair market value as per CCI calculation is as follows (based on March 1992 results).

NAV : Rs. 19.02

PECV (Capitalised at 8% and including contribution of fresh capital to profits) : Rs. 80.11

Fair Value : Rs. 49.57

2. Projections are not based on an appraisal note of a bank/financial institution and have been made in-house by the company itself.

Apart from the reasons mentioned above the company and the Lead Managers to the issue, in consultation with whom the premium has been decided are of the opinion that the premium is reasonable and justified.

BONUS ISSUE OF THE COMPANY

The company has made a bonus issue in the ratio of 1:1 on 30th January 1993. The equity capital now stands at Rs. 710 lakhs.

MANAGEMENT PERCEPTION OF RISK FACTORS

As a measure of abundant caution to the shareholders, the Management perceives the following risks:

- Any major setback in the Indian monsoons would effect the company's domestic business to a marginal extent.
- Any adverse change in government policies pertaining to pesticides and agrochemical industry can have an unfavourable impact on the Company's financial performance.
- The Company may face competition from the entry of additional parties in future. However, the risks gets reduced since the company is in this line of business for over two decades and has already established a world wide reputation for standards of quality, reliability and price.
- One of the critical inputs of the company is power, thus any shortfall in the supply from Gujarat Electricity Board from the sanctioned load would have a effect on the production of White Phosphorus. The company has not yet received sanction from the Gujarat Electricity Board for the additional power required by the Company.
- Price realisation of the products is subject to domestic and international market conditions/competition.
- As some of the raw materials are imported by the company, the fluctuations in foreign exchange rate will have a bearing in the cost of production.
- The requirements of funds and future projections have not been appraised by any financial institution/bank and are based on company's own inhouse estimates.
- In the absence of stake of any financial institution/bank there shall be no monitoring of the funds raised through this issue by them and deployment of the funds raised through this issue shall be left entirely at the sole discretion of the company management.
- Contingent liability of Rs. 657.69 lacs in respect of disputed excise duty has not been provided for.

PENDING LITIGATIONS

The company has disputed excise liability of Rs. 6.58 crores in respect of duties proposed to be levied on pesticide intermediates and other inputs.

Apart from the above the company does not have any outstanding litigations/disputes that will materially affect the operations and finances of the company. No criminal prosecutions are launched against the company and its Directors for any offences under the enactments specified in para I of part I of schedule XIII of the Companies Act 1956. The company has not defaulted in respect of payments of any of its statutory dues, dues in financial institutions or holders of debentures, fixed deposits and interest on the same.

FINANCIAL AND OTHER GENERAL INFORMATION

Information as required to be given vide Ministry of Finance Circular No. F-2/5/SE/76 dated February 5, 1977 read with amendment of even number dated March 8, 1977 is given below:

A. Unaudited Results of the Company for the twelve months ended 31st March, 1993.

	(Rs. in Lacs)
Income from Operations (Net)	16871.75
Other Income	687.71
Profit Before Depreciation & Tax	3539.98
Provision for Depreciation	322.10
Provision for Taxation	550.00
Net Profit	2667.88

B. There are no material changes and commitments affecting the financial position of the company since the last accounting year.

C. There have been no Public Issue made by any of the group company. All interest and principal money in respect of fixed deposit and debentures etc are paid by group companies and no amount are outstanding.

QUOTATION OF THE COMPANY'S SHARES AT THE BOMBAY STOCK EXCHANGE

a) High and Low for the last three years.

Equity Shares of Rs.10 each

	High (Rs)	Low (Rs)
1992	1625	490
	(Cum Bonus)	(Cum Bonus)
	715	575
	(Ex Bonus)	(Ex Bonus)
1991	375	45
1990	117.50	45

b) Month High and Low for the last six months

	HIGH (Rs)	LOW (Rs)
December 1992	715	640
January 1993	695	650
February 1993	850	675
March 1993	790	635
April 1993	650	425
May 1993	600	500
	(Cum Right)	(Cum Right)
	525	365
	(Ex Right)	(Ex Right)

c. Weekend price of the Equity shares of the company for the last four weeks on the Stock Exchange at Bombay.

Weekending on	Closing price Rs. (Ex-Right)
07.05.93	365
14.05.93	470
21.05.93	500
28.05.93	500

d. Current market price of Equity shares of the company on the Stock Exchange at Bombay traded as on 31st May, 1993 was Rs. 500/505.

Although not applicable in the case of any Issue of Debentures, your attention is drawn by way of abundant caution to the provisions of sub-section (1) of Section 68-A of the Companies Act, 1956, which is reproduced below:

"Any person who

- a. **Makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or**
- b. **Otherwise induces a company to allot, or register any transfer of, shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years".**

Yours faithfully,

UNITED PHOSPHORUS LIMITED



R.D. SHROFF

**CHAIRMAN & MANAGING
DIRECTOR**

Place : BOMBAY

Dated: 31ST MAY, 1993