

ULTRAMARINE
PIGMENTS LTD



© • O • B
BLUE

36th ANNUAL REPORT 1996 - 97



**Ultramarine &
Pigments Ltd.**

10 YEAR HIGHLIGHTS

(Rs. Lakhs)

Particulars	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97
Share Capital	180	180	180	180	180	180	180	180	360	360
Reserves & Surplus	510	716	906	1079	1162	1298	1540	1695	2014	2365
Networth	690	896	1086	1259	1342	1478	1720	1875	2374	2725
Fixed Assets (Net)	248	271	442	722	729	690	685	828	2045	2388
Sales/Other Income	836	1113	1504	1679	1887	2429	2577	3926	6152	6587
Gross Profit before Interest & Depreciation	292	392	446	403	384	487	716	535	817	937
Interest	3	4	22	48	86	88	101	79	91	197
Depreciation	31	35	31	39	70	76	80	87	119	179
Taxation	65	82	131	75	74	108	190	100	--	73
Net Profit after tax	193	271	262	241	154	215	345	269	606	490
Dividend Distributed	36	54	72	72	72	72	90	90	108	126
Earnings per share (Rs.)	10.74	15.04	14.57	13.40	8.59	11.95	19.18	14.96	16.85	13.60


**Ultramarine &
Pigments Ltd.**
BOARD OF DIRECTORS :

SHRI N. S. IYENGAR (Chairman)
 SHRI S. SANTHANAM (Vice Chairman & Managing Director)
 SHRI R. KRISHNASWAMY (Managing Director)
 SHRI R. SAMPATH (Managing Director)
 SHRI G.U. MEHTA
 SHRI U.M. PATEL
 SHRI M.C. CHOKSI
 SHRI S.B. GHIA
 DR. G.G. NAIR
 SHRI D.M. KOTHARI
 SHRI HIRO RAI
 SMT K.R. JAVERI (Nominee OF ICICI)

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
IE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

COMPANY SECRETARY :

SHRI N. SELVAM

BANKERS :

BANK OF INDIA
 INDIAN BANK
 INDIAN OVERSEAS BANK
 STATE BANK OF INDIA

AUDITORS :

R. B. PATEL & CO.
 Chartered Accountants
 Podar Chambers, Parsi Bazar Street,
 Mumbai 400 001.

REGISTERED OFFICE AND SHARE DEPARTMENT :

Baldota Bhavan,
 117, Maharshi Karve Road,
 Mumbai 400 020.
 Tel. : 203 0445 / 208 7790
 Fax : 205 1145

ADMINISTRATIVE OFFICE :

8th Floor, 'B' Wing, Mittal Towers,
 Nariman Point, Mumbai 400 021.
 Tel. : 204 2163 / 285 4047 / 282 3330 / 282 3979 / 2833476
 Telex : 118-3907 PAN IN
 Fax : 204 2162

FACTORIES :

556, Vanagaram Road, Ambattur, Chennai - 600 053.
 Tel. : 6252767 / 6258251.
 25-B, SIPCOT Industrial Complex, Ranipet - 632 403. Tamilnadu.
 Tel. : 04172-44441 / 44442
 Telex : 402 224 TCL IN / 402 201 PTAN IN
 Fax : 04172 - 44308

Members are requested to bring their copy of Annual Report with them to the Annual General Meeting.

**36TH ANNUAL
GENERAL MEETING**
DATE :

Monday, September 15, 1997
 at 3.00 p.m.

VENUE :

Waichand Hirachand Hall,
 Indian Merchant Chamber Marg,
 Churchgate, Mumbai 400 020.

DIVIDEND :

35%

36th Annual Report

NOTICE

NOTICE is hereby given that the **THIRTY SIXTH ANNUAL GENERAL MEETING OF ULTRAMARINE & PIGMENTS LIMITED** will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Monday, 15th September, 1997 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. N.S. Iyengar, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. M.C. Choksi, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. G.G. Nair, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors for the Current Year and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT consent of the Company be and is hereby accorded under section 293 [1] [d] and all other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company to borrow such sum or sums of monies in any manner from time to time as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company [apart from temporary loans obtained from Company's Bankers in the ordinary course of business] may exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, provided that total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 60,00,00,000/- [Rupees Sixty Crores]".

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT consent of the company be and is hereby accorded under Section 293[1][a] and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for creation of security in such manner and form over the assets of one or more undertakings of the Company, both present and future to or in favour of the Financial Institutions, Banks, Trustees for the Debentureholders, and/or others, for an aggregate nominal value not exceeding Rs. 60 crores [Rupees Sixty Crores] to secure the present and future Term Loans, Debentures and all other types of loans and/or indebtedness together with interest, costs, charges, expenses and other monies including premium payable in the above connections in terms of the Agreement[s] entered into/to be entered into between the Company and the Financial Institutions, Banks and/or others, such security to rank pari passu with, or second or subservient to, the mortgages and/or charges already created or to be created by the Company or in such manner as may be agreed to between the concerned parties and the Board of Directors of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise relevant terms and conditions and execute the documents, papers and writings for creating the aforesaid mortgages and/or charges and to execute and perform all such acts, deeds and things as may be necessary or expedient for implementing this resolution".



**Ultramarine &
Pigments Ltd.**

NOTICE

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

"RESOLVED THAT in supersession of the resolution passed at the Thirty Third Annual General Meeting of the Company held on 26th September, 1994 and subject to the approval of the Central Government if necessary, consent of the Company be and is hereby granted to the Board of Directors of the Company:

- a) To make from time to time any loan or loans to any body or bodies corporate whether or not under the same management as the company in accordance with the limits prescribed under Section 370 of the Companies Act, 1956 [including any statutory modifications or re-enactment thereof for the time being in force] provided that the aggregate of all loans made and/or to be made to all the bodies corporate shall not at any one time exceed Rs.30 crores [Rupees Thirty Crores only] and
- b) To give from time to time any guarantee[s] and/or provide any security in connection with any loan[s] made by any other person to, or to any person[s] by, any body or bodies corporate whether or not under the same management as the company provided that the aggregate value of such guarantee/s given or securities provided and outstanding at any time shall not exceed Rs.30 crores [Rupees Thirty crores only].

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the total amount upto which loans can be made/granted or guarantee[s] can be given and to decide all or any other matter as may be required in this regard and to do such acts and things as may be necessary to implement this resolution".

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 4 crores [Four Crores] divided into 40,00,000 Equity Shares of Rs. 10/- each to Rs. 10 crores [Ten Crores only] by creating Sixty lakhs Unclassified Shares of Rs. 10/- each and that existing Clause V of the Memorandum of Association of the Company be substituted by the following:

- V. The share capital of the Company is Rs.10,00,00,000/- [Rupees Ten Crores] divided into 40,00,000 [Forty Lakhs] Equity Shares of Rs. 10/- [Rupees Ten] each and 60,00,000/- [Sixty lakhs] Unclassified Shares of Rs.10/- [Rupees Ten] each, to be classified by the Board in Shares of any one or more class[es] as may be permissible under the Companies Act, 1956, in such proportion and on such terms as they may decide".

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

"RESOLVED THAT the existing Article 5 of the Articles of Association of the Company be and is hereby substituted by a new Article 5 as under:

5. The Authorised Capital of the Company is Rs. 10,00,00,000 [Rupees Ten crores] divided into 40,00,000 [Forty Lakhs] Equity Shares of Rs. 10/- [Rupees Ten] each and 60,00,000 [Sixty Lakhs] Unclassified Shares of Rs. 10/- [Rupees ten] each".

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

"RESOLVED THAT pursuant to Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 [including any amendment to or re-enactment thereof], the relevant provisions of the Memorandum of Association and Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions and subject to such terms, conditions and alterations which the Board of Directors of the Company [hereinafter referred to as "Board"], be and is hereby authorised to accept, if it thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Preference Shares of the face value of Rs. 10/- each of any aggregate nominal value not exceeding Rs. 6 crores [Rupees Six crores], exclusive of such premium, if any, as

NOTICE

may be determined by the Board, in one or more private offerings including private placement, in Indian markets to Indian/foreign investors [whether institutions/banks and/or incorporated bodies including companies] and/or any other body corporate and/or trusts and/or mutual funds and/or local bodies and/or any other person[s] and/or any combination thereof and whether or not such investors are members of the Company, on such terms and conditions and in such tranches as may be decided by the Board in its absolute discretion.

"RESOLVED FURTHER that without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the said Preference Shares are to be issued, the type or types of the Preference Shares to be issued, the types and classes of investors to whom the Preference Shares are to be offered, the number and value of the Preference Shares to be issued in each tranche, the terms or combination of terms subject to which the Preference Share to be issued [including combination of terms for Preference Shares issued at various points of time], including but not limited to terms relating to rate of dividend, period of redemption, manner of redemption [including by conversion to equity, if permissible in law], premium on redemption or premature or early redemption at the option of the Company and/or the investor, terms for cumulation or other-wise of dividends and all such terms as are provided in offerings of the like nature.

RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees, commission and incur expenses in relation thereto.

RESOLVED FURTHER that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer, allotment or redemption of the Preference Shares and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent and that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Directors of the Company to give effect to the aforesaid Resolution".

Registered Office :

Baldota Bhavan
117 Maharshi Karve Road
Mumbai 400 020

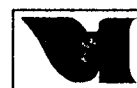
By Order of the Board
For **ULTRAMARINE & PIGMENTS LIMITED**

S. SANTHANAM
VICE CHAIRMAN & MANAGING DIRECTOR

Date: July 30, 1997.

NOTES :

- a] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b] The proxy from duly completed and signed should be deposited at the Registered Office of the company at least 48 hours before the commencement of the meeting.
- c] The Register of members and Share Transfer books of the Company will remain closed from Tuesday, **26th August, 1997** to Monday, **15th September, 1997** [both days inclusive] for the purpose of payment of dividend for the Financial Year ended 31st March, 1997.
- d] The Dividend when declared, will be paid on or around 23rd September, 1997 to those shareholders whose names appear in the Register of Members as on 15th September, 1997.
- e] Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- f] Members are requested to notify the Company immediately change of address, if any, and also write to the Company immediately about corrections, if any, in name, address and pincode.
- g] Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Financial Year ended 31st March 1993 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.
- h] Members are requested to furnish their Bank Account Number, Name of the Bank and Branch, which will be printed on the Dividend Warrant to prevent fraudulent encashment of dividend warrants.
- i] An explanatory statement in respect of Special Business to be transacted at the meeting is appended hereto.


**Ultramarine &
Pigments Ltd.**

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173[2] OF THE COMPANIES ACT, 1956.

ITEM NO. 7

Under Section 293 [1] [d] of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the shareholders, borrow in excess of the aggregate of the paid-up share capital and free reserves of the Company. Presently the Board of Directors is authorised to borrow upto Rs. 35 crores vide shareholder's Resolution passed in the A.G.M. held on 26th September, 1994. Keeping in view the present and future needs of the Company for finance and to provide for the additional funds as and when required, and having regard to the likely increase in the Company's business, it is proposed to increase the present limit to Rs. 60 crores.

The Resolution is commended for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 8

Your Company proposes to augment production capacities and accordingly your Company will be availing itself of term loans/ECBs from Financial Institutions, Banks and others. The credit facilities may be required to be secured by mortgage/charge on the assets of one or more of the undertaking[s] of the Company with power in favour of the said creditors and/or agents and trustees for securing the borrowings.

Since mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions, Banks, Trustees and/or other may be regarded as disposal of one or more of the whole or substantially the whole of the Company's undertaking[s], it is necessary for the members to pass a Resolution under Section 293 [1] [a] of the Companies Act, 1956 for the creation of the said mortgages/charges in line with the Borrowing Powers envisaged for a sum of upto Rs. 60 crores.

The Resolution is commended for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 9

In the course of business, the Company generates surplus funds from time to time. Further, in the course of Company's Business the Company may also be required to give Corporate Guarantees on behalf of other bodies corporate, firms, organisations and other business associates to secure certain payments or performances.

Under Section 370, the Board of Directors cannot except with the consent of the Company in General Meeting by special resolution and the approval of the Central Government, where so required, make any loan to any body corporate or bodies corporate in excess of certain limits specified in Section 370 of the Companies Act, 1956. The Board should have necessary authority to take decision in time as and when need may arise. Also, the proposed special resolution seeks authorisation of the Members to enable the Board of Directors to give guarantees or provide security, as and when necessary, upto a limit of Rs. 30 crores on such terms and conditions as the Board may deem fit. This resolution is therefore, commended for your acceptance.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent they may happen to be Directors and/or shareholders in the Companies to whom loans/deposits may be given/on whose behalf guarantee/securities may be given.

ITEM NO. 10 & 11

The present Authorised Capital of the Company is Rs.4,00,00,000 divided into 40,00,000 Equity Shares of Rs. 10/- each.

In certain circumstances it may be more advantageous to issue Preference Shares instead of Debentures or other forms of borrowings by the Company.

There is no provision for issue of Preference Shares in the existing Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company for issue of Preference Shares. Hence the Resolution, to enable the Board to issue Preference Shares if need may arise.

Resolution at Item 11 is consequential to Resolution at item No.10.

The Resolutions are commended for your approval.

A copy of the Memorandum of Association and Articles of Association of the Company is available for inspection by Shareholders at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM NO. 12

With a view to augmenting the Company's resources for its ongoing business, in case it may be expedient and more economical to raise funds through an offer of Preference Shares, the Board may take appropriate decision for issue of Preference Shares worth upto Rs. 6 crores [excluding premium, if any], on such terms and conditions as it may deem fit and proper, depending on the prevailing capital market conditions.

The resolution is commended for your approval.

All the Directors may be deemed to be interested in the said Resolution to the extent the Preference Shares may be offered and allotted to them, if any. Save as aforesaid, none of the Directors is, in any way, concerned or interested in the Said Resolution.

36th Annual Report

DIRECTORS' REPORT

To
The Members,
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **THIRTY SIXTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS	Year Ended 31st March, 1997		Year Ended 31st March, 1996	
	Rupees	Rupees	Rupees	Rupees
Gross Profit before Interest and Depreciation		93,892,685		81,713,112
Interest	19,666,830		9,109,381	
Depreciation	17,953,323		11,959,667	
Provision for taxation	7,300,000		—	
		44,920,153		21,069,048
Profit after tax		48,972,532		60,644,064
Earlier Years Adjustment		—		[2,500]
Profit available for appropriation		48,972,532		60,641,564
Appropriations :				
Proposed Dividend		12,600,000		10,800,000
Tax on distributed profits		1,260,000		—
Transfer to General Reserve		35,112,532		49,841,564
		48,972,532		60,641,564

DIVIDEND

Your Directors recommend a dividend a Dividend of Rs. 3.50 per Share [i.e. 35% free of tax to the members] against 30% in the previous year. The Dividend and the tax thereon will absorb Rs. 138.60 lakhs and the balance of Rs. 351.13 lakhs has been transferred to General Reserves.

PRODUCTION, SALES AND PROFIT.

Production and Sales of Ultramarine Blue did not come upto expectation due to heavy rain during a long period, adversely affecting transport. Steps are being taken to increase them. On a sales turnover of Rs. 6423 lakhs [Rs. 5983 lakhs] and other income of Rs. 164 lakhs [Rs. 170 lakhs], Gross Profit before interest and depreciation amounted to Rs. 939 lakhs [Rs. 817 lakhs]. After payment of interest of Rs. 197 lakhs [Rs. 91 lakhs] and provision for depreciation Rs. 179 lakhs [Rs. 120 lakhs] and Rs. 73 lakhs [Rs. Nil] for taxation, net profit amounted to Rs. 490 lakhs against Rs. 606 lakhs during the previous year.

The fall in profit at the nett level was due to provision for taxation and higher interest charges and provision for depreciation as a result of setting up a new plant for the manufacture of Linear Alkyl Benzene Sulphonic Acid at a cost of about Rs. 910 lakhs.

EXPANSION AND DIVERSIFICATION

Members will be pleased to know that the Company's Wind Mills set up at Coimbatore District in Tamil Nadu generated 1,333,741 Units of electricity during the year. During the first quarter of the current year the Wind Mills have generated 409,688 Units.

Linear Alkyl Benzene Sulphonic Acid [LABSA] plant with a capacity of 16,000 MTs per annum was commissioned during the year. Being new, the capacity utilisation was rather low, and efforts are being made to improve it.