



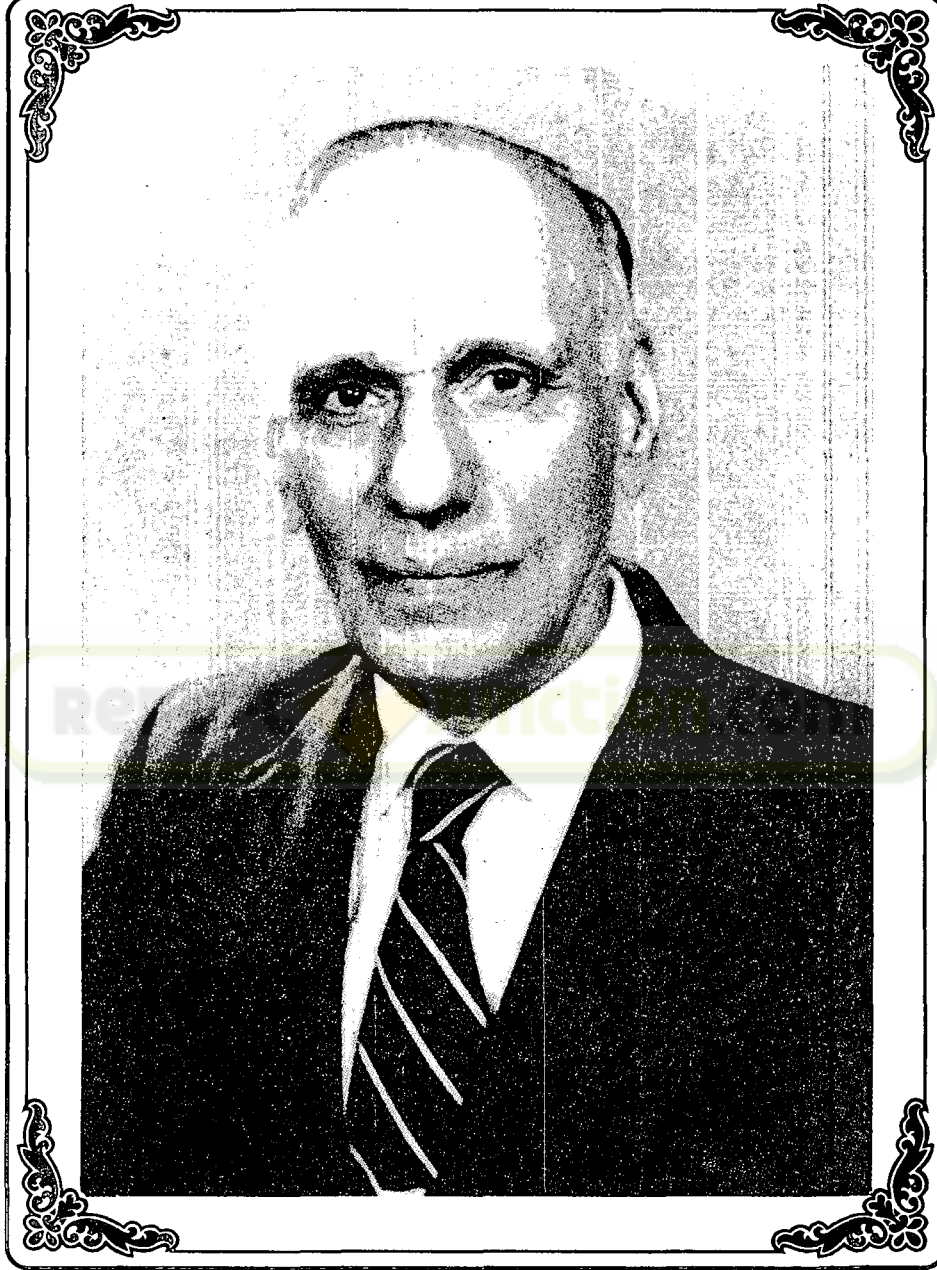
ULTRAMARINE & PIGMENTS LTD.

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37th ANNUAL REPORT 1997-98

विहाय कामान् यः सर्वान् पुमांश्चरति निःस्पृहः ।
निर्ममो निरहङ्कारः स शान्तिमधिगच्छति ॥

(That man attains Peace who lives devoid of longing, freed
from all desires and without the feeling of "I" and "mine..")



Shri N.S. Iyengar
(1.2.1912 - 26.11.1997)

✧ **FOUNDER** ✧

ULTRAMARINE AND PIGMENTS LTD.
THIRUMALAI CHEMICALS LTD.
CHEMIDYE MANUFACTURING CO. PVT. LTD.
TCL INDUSTRIES (MALAYSIA) SDN BHD.
THIRUMALAI CHARITY TRUST.


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

SHRI R. SAMPATH (Chairman & Managing Director)
 SHRI S. SANTHANAM (Vice Chairman & Managing Director)
 SHRI R. KRISHNASWAMY (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
 SMT K.R. JAVERI (Nominee OF ICICI)
 SHRI S. SHRIDHAR

MD	✓	SRG	✓
CS	✓	BYE	✓
RO	✓	DIY	✓
TRA	HA	AC	✓
AGM	✓	SHI	✓
YE	✓		✓

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
 E-mail : bbyoffi.thiru@axcess.net.in

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

**37TH ANNUAL
GENERAL MEETING**
DATE :

Monday, September 14, 1998
 at 3.00 p.m.

VENUE :

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

DIVIDEND :

40%

Book Closure :

Sept. 1 to Sept. 14, 1998

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

37th Annual Report**N O T I C E**

NOTICE is hereby given that the **THIRTY SEVENTH ANNUAL GENERAL MEETING OF ULTRAMARINE & PIGMENTS LIMITED** will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Monday, 14th September, 1998 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, 1998 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. G.U. Mehta, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S.B. Ghia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. D.M. Kothari, 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 appoint a Director in place of Mr. S. Sridhar, who was appointed as a Additional Director and who holds office upto the date of the Annual General Meeting under Article 132 of Articles of the Association of the Company. Mr. S. Sridhar being eligible offers himself for appointment.

Notice in writing from a member proposing his candidature to the office of the Director along with deposit as required under section 257 of the Companies Act, 1956 has been received by the Company.

Registered Office :
Baldota Bhavan
117 Maharshi Karve Road
Mumbai 400 020

Date: July 27, 1998.

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

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR



**Ultramarine &
Pigments Ltd.**

N O T I C E

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, **1st September, 1998** to Monday, **14th September, 1998** [both days inclusive] for the purpose of payment of dividend for the Financial Year ended 31st March, 1998.
- d] The Dividend when declared, will be paid on or around 18th September, 1998 to those shareholders whose names appear in the Register of Members as on 14th September, 1998.
- 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 1994 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.

A N N E X U R E T O N O T I C E

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

ITEM NO. 7

Mr. S. Sridhar was appointed as Additional Director of the Company effective from 21st May, 1998 under Article 132 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

Mr. S. Sridhar holds office as a Director of the Company upto the date of the Annual General Meeting. The Company has received Notice in writing from member signifying intention to propose the appointment of Mr. S. Sridhar as a Director of the Company together with deposit in accordance with Section 257 of the Companies Act, 1956.

Mr. S. Sridhar is the Chairman and Managing Director of Thirumalai Chemicals Limited, a company promoted by Ultramarine & Pigments Limited. He is also the brother of Mr. S. Santhanam, Vice Chairman and Managing Director. He is a Science Graduate, a Chartered Accountant and an Industrialist with immense knowledge and experience on various matters. Your Board feels that his appointment would be in the best interests of the Company.

None of the other Directors of the Company, except Mr. S. Sridhar and S. Santhanam is in any way interested or concerned in the Resolution.

37th Annual Report

DIRECTORS' REPORT

To
The Members,
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **THIRTY SEVENTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS	Year Ended 31st March, 1998		Year Ended 31st March, 1997	
	Rupees	Rupees	Rupees	Rupees
Gross Profit before Interest and Depreciation		104,563,362		93,892,685
Interest	22,415,206		19,666,830	
Depreciation	22,065,111		17,953,323	
Provision for taxation	9,900,000		7,300,000	
		54,380,317		44,920,153
Profit after tax		50,183,045		48,972,532
Earlier Years Adjustment		1,565,598		—
Profit available for appropriation		48,617,447		48,972,532
Appropriations :				
Proposed Dividend		14,400,000		12,600,000
Tax on distributed profits		1,440,000		1,260,000
Transfer to General Reserve		32,777,447		35,112,532
		48,617,447		48,972,532

DIVIDEND

Your Directors recommend a Dividend of Rs. 4/- per Share [i.e. 40% free of tax to the members] against 35% in the previous year. The Dividend and the tax thereon will absorb Rs. 158.40 lakhs and the balance of Rs. 327.77 lakhs has been transferred to General Reserves.

PRODUCTION, SALES AND PROFIT.

Production and Sales of Ultramarine Blue have been maintained despite labour unrest in Ambattur Unit. Steps have been taken to increase production and sales at Ambattur/Ranipet Factories. Production and Sales of detergent have been higher during the year. On a sales turnover of Rs. 7336 lakhs [Rs. 6423 lakhs] and other income of Rs. 126 lakhs [Rs. 164 lakhs] Gross Profit before interest and depreciation amounted to Rs. 1046 lakhs [Rs. 939 lakhs]. After payment of interest of Rs. 224 lakhs [Rs. 197 lakhs] and provision for depreciation Rs. 221 lakhs [Rs. 179 lakhs] and Rs. 99 lakhs [Rs. 73 lakhs] for taxation, net profit amounted to Rs. 486 lakhs against Rs. 490 lakhs during the previous year.

The profit at the nett level would have been much higher but for higher provision for taxation, higher interest charges and higher depreciation as a result of substantial expansion for the manufacture of Ultramarine Blue and Detergent Plant at Ranipet.

EXPANSION AND DIVERSIFICATION

The Company's Wind Mills set up at Coimbatore District in Tamil Nadu generated 1,205,727 Units of electricity during the year against 1,333,741 Units generated during the previous year.

Linear Alkyl Benzene Sulphonic Acid [LABSA] plant, which was commissioned during the previous year, manufactured 4720 Tons of LABSA.

The expansion of the Ultramarine Blue Plant at Ranipet was fully completed during March 1998 and the benefits of the expansion will accrue during the current year.



**Ultramarine &
Pigments Ltd.**

DIRECTORS' REPORT

EXPORTS

Calculated on F.O.B. basis, the Company exported during the year goods worth of Rs. 800 lakhs in free foreign exchange against exports of Rs. 651 lakhs in the previous year. The Company also exported LABSA manufactured by the new plant and we expect considerable increase in exports of Blue, LABSA and Detergents during the current year.

CURRENT YEAR

During the first quarter of current year, all the plants are working satisfactorily. A new agreement with the Labour Unions has been entered into at Ambattur valid upto July 2000.

RESEARCH & DEVELOPMENT

Continuous research is being done to formulate various industrial qualities of Ultramarine Blue to match the customer's specification. Furthermore, efforts are being made to develop and design newer equipments to mechanise, wherever possible, the manufacture of Ultramarine Blue, to cut costs and to increase productivity.

FINANCE

The financial position of the Company continues to be satisfactory. The statutory dues are being paid in time. Unclaimed dividend upto the year ending 31.3.1994 has been transferred to the Central Government. There has been no deposits due for payment before 31st March, 1998 which has remained unpaid or unclaimed as on 31st March, 1998.

DIRECTORS

Shri N.S. Iyengar, the Founder and Chairman of the company passed away on 26th November 1997. He was closely associated with the company since its inception. He was a source of strength, inspiration and guidance. His pragmatic policies and continuous guidance have enabled the company to be in good stead and have resulted in the company growing from strength to strength. With profound grief, the Directors put on record the invaluable services rendered by late Shri N.S. Iyengar during his tenure as Chairman and Director of the Company.

Mr. R. Sampath, Managing Director was elected as the Chairman of the Company. Under his Chairmanship the Company will assiduously follow the policies laid down by late Shri N.S. Iyengar and realise his dreams.

During the year Mr. S. Sridhar was appointed as Additional Director and the Board commends his appointment at the ensuing meeting.

Mr. Hiro Rai, Director, who was advising the company on tax matters resigned as Director. He however continues to be available to the Company as an adviser.

In accordance with the Companies Act 1956 and the Company's Articles of Association, Mr. G.U. Mehta, Mr. S.B. Ghia & Mr. Dr. M. Kothari retire by rotation at the Annual General Meeting. Being eligible they offer themselves for reappointment.

AUDITORS

Members are requested to appoint Auditors for the current year and fix their remuneration.

PARTICULARS OF EMPLOYEES

The particulars of Employees under section 217 [2A] of the Companies Act, 1956 is given in Annexure-1.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

The particulars required to be included in terms of section 217 [1] [e] of the Companies Act, 1956 with regard to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure - 2.

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

MUMBAI
Dated 27th July, 1998.

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

37th Annual Report

ANNEXURE "1" TO DIRECTORS' REPORT

Particulars of Employees pursuant to Section 217[2A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules 1975 as amended by the Companies Amendment Act, 1988 and forming part of the Directors Report for the year ended 31st March, 1998.

Sr. No.	Name of Employee	Age [Years]	Qualification and Experience	Designation	Remuneration (Rs.)	Date of Commencement	Last Employment held
1.	R. Sampath	53	B.Sc, BS [Chem. Engg] [U.S.A.] 28 Years.	Chairman and Managing Director	10,59,113	01/03/1970	Engineer- Hercules Inc. USA
2.	S. Santhanam	58	Printing Technologist 36 years	Vice Chairman cum-Managing Director	10,75,421	01/09/1993	Managing Director Chemidye Mfg. Company Pvt. Ltd.
2.	R. Krishnaswamy	60	B.Com, LLB AICWA, CAIIB 41 Years	Managing Director	10,82,853	07/05/1964	Costing Department Permanent Magnets Limited

NOTES :

- 1] Remuneration includes Company's contribution to Provident Fund, Superannuation Fund, Medical Benefits and Leave Travel Allowance.
- 2] Nature of employment is contractual.
- 3] Mr. S. Santhanam is a relative of a Director.

ANNEXURE "2" TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217[1][e] READ WITH THE COMPANIES [DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS] RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

1. CONSERVATION OF ENERGY

- [a] The energy saving device have been commissioned during the current year.
- [b] Further energy saving systems are being incorporated in Kiln firing systems.

[A] POWER & FUEL CONSUMPTION

	Units	Year Ending 31st March, 1998	Year Ending 31st March, 1997
1. ELECTRICITY			
[a] PURCHASED UNIT	[KWHR]	2773463	3086888
TOTAL AMOUNT PAID	[RS]	10338045	9593134
RATE/UNIT	[RS]	3.73	3.11
[b] Own Generation			
Through DG	[KWHR]	1532329	566859
Unit/Litre of Diesel Oil	[KWHR]	3.05	3.07
Cost per Unit	[Rs.]	3.16	2.82
2. COAL & COKE			
Coal and Coke	[Rs.]	16316725	15203743
Coal and Coke	Tons	2795	4061
Average Rate per Ton	[Rs.]	5838	3744
3. Furnace Oil			
Furnace/Diesel Oil	[KL]	1525	1387
Total Amount	[Rs.]	12304798	9405974
Average Rate	[Rs./KL]	8069	6782