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43rd Annual Report
2003 - 2004

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ULTRAMARINE & PIGMENTS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97	95-96	94-95	93-94	92-93	91-92	90-91	85-86	80-81	75-76	1971	1966	60-61
Share Capital	**365**	365	365	365	365	360	360	360	360	180	180	180	180	180	90	60	60	30	15	15
Reserves & Surplus	**3882**	3361	3271*	3532	3451	3075	2702	2365	2014	1695	1540	1298	1162	1079	315	169	70	61	27	0.02
Networth	**4247**	3726	36	3897	3816	3435	3062	2725	2374	1875	1720	1478	1342	1259	405	229	130	91	42	15.02
Fixed As	**2322**	2408	2			2490	2600	2388	2045	828		690		722	170	144	151	37	33	6
Sales / C me		6116	9			9312	7462	6587	6	3926	2	2429	1	1697	604	495	149	99	58	0.19
Gross Pr Interest & Dep ation		842	1	899	1	1193	1046	937		535		487		403	131	114	27	37.08	27.33	0.12
Interest / Fina Charges	71	142	235	289		230	224	197	91	79	101	88	86	48	5	7	12	0.08	0.33	0.07
Depreciation	**307**	301	280	259		252	221	179	119	87	80	76	70	39	22	9	11	4	3	0.01
Current Tax	**254**	147	141	137		160	99	73	—	100	190	108	74	75	39	51	—	20	12	0.02
Deferred Tax	**(24)**	(67)	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net Profit	**932**	297	419	201	523	553	486	490	606	245	333	208	155	245	65	47	4	13	12	0.02
Dividend (Incl. Dividend Tax)	**412**	206	183	120	243	180	158	139	108	90	90	72	72	72	19	12	5	5	2	—
Earnings per share (Rs.)	**25.54**	8.12	11.48	5.51	14.33	15.36	13.50	13.61	16.83	13.61	18.50	11.56	8.61	13.61	7.22	7.83	0.67	4.33	8.00	0.01

* Rs. 498 lacs reduced and appears as Deferred Tax Liability

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BOARD OF DIRECTORS :

Shri. R. Sampath (Chairman & Managing Director)
Shri. S. Santhanam (Vice Chairman & Managing Director)
Shri. R. Krishnaswamy (Managing Director)
Shri. Nimish Patel
Shri. M. C. Choksi
Shri. U. M. Patel (till 28/10/2003)
Dr. G. G. Nair
Smt. K. R. Javeri
Shri. S. Sridhar

COMPANY SECRETARY & FINANCE MANAGER :

Shri K. Sekhar

BANKERS :

Bank of India
Indian Bank
Indian Overseas Bank
State Bank of India

AUDITORS :

CONTRACTOR, NAYAK & KISHNADWALA
Chartered Accountants
1B, 1st Floor, Pushpam, K. D. Road,
Vile Parle, Mumbai - 400 056.

REGISTRAR & SHARE TRANSFER AGENTS :

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel. : 55555454
Fax : 55555353
E-mail : isrl@intimespectrum.com

REGISTERED OFFICE :

Baldota Bhavan,
117, Maharshi Karve Road,
Mumbai - 400 020.
Tel. : 2203 0445/2208 7790
Fax : 2205 1145
E-mail : ultrapl@vsnl.com

ADMINISTRATIVE OFFICE :

Thirumalai House, Road No.29,
Near Sion Hill Fort, Sion (E), Mumbai - 400 022.
Tel. : 2401 7841, 7834, 7853, 7861
Fax : 2401 1699
E-mail : thirumalai@thiruchem.com

FACTORY :

556, Vanagaram Road, Ambattur, Chennai - 600 053.
Tel. : 2625 8251 / 2625 7929 / 2625 7964
Fax : 2625 7611
E-mail : ultramarine@eth.net

25-B, SIPCOT Industrial Complex, Ranipet - 632 403. Tamilnadu.
Tel. : 04172-244441/244442
Fax : 04172-244918
E-mail : upl.syndet@vsnl.net

Lapiz Digital Services (IT Enabled Services Division)
94/95, RR2 Buildings, 1st Floor,
R. R. Chambers, VI Block,
Tiru-vi-ka Industrial Estate, Guindy,
Chennai - 600 032
Tel. : 044 - 22323504/05/95
Fax : 044 - 22323683
E-mail : info@lapizdigital.com

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

GENERAL INFORMATION

(a) Company's Shares Listed at Mumbai Stock Exchange.

(b) Company's Shares are mandated for trading in demat mode.

(c) ISIN No. allotted to company's share is INE 405A01013

43RD ANNUAL GENERAL MEETING

DATE :

Monday, July 19, 2004
at 4.00 p.m.

VENUE :

Mysore Association Auditorium,
Bhaudaji Road, Matunga,
Mumbai - 400 019.

DIVIDEND :

100%

DIVIDEND ELIGIBILITY :

For	:	Regd. Member
Physical Shares	:	As on July 19, 2004
Demat Shares	:	At the close of business hours on July 5, 2004 as per the list of beneficial ownership furnished by the Depositories

BOOK CLOSURE :

July 6, 2004 to July 19, 2004

CONTENTS

	Page No.
Board of Directors	1
Notice	2
Directors' Report	6
Corporate Governance Report	9
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Notes To Accounts	23
Cash Flow Statement	31

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NOTICE

NOTICE is hereby given that the **FORTY THIRD ANNUAL GENERAL MEETING OF ULTRAMARINE & PIGMENTS LIMITED** will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393, Bhaudaji Road, Matunga-C.Rly, Mumbai- 400019 on Monday, July 19, 2004 at 4.00 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 March 31, 2004 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 Dr.G.G.Nair, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr.S.Sridhar, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors for the current Year and fix their remuneration.

SPECIAL BUSINESS.

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

   'RESOLVED THAT Mr.Nimish U Patel who was appointed as an Additional Director of the Company with effect from 28th October, 2003 and who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company.

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

   " RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if required, the Company hereby accords its approval to the appointment of Mr. S.Narayan as Executive in the Company and payment of salary to Mr. S.Narayan, a relative (within the meaning of Section 6 of The Companies Act, 1956) of Director of The Company, and holding an office or place of profit in the Company, with effect from 1st September,2003 as under:

   Basic Salary : Rs.14,000 per month.(with annual increments not exceeding Rs.2,000) along with other perquisites like HRA, Medical reimbursement, Mediclaim insurance, PF, Conveyance, Superannuation, Bonus, CCA, Education allowance, LTA, Gratuity etc as per the rules of the Company.

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

   "RESOLVED that pursuant to Sections 198,269,309,Schedule XIII and other applicable provisions, if any of the Companies Act,1956, and in supersession of the Resolution passed by the members relating to the appointment of and remuneration to Mr. R.Sampath at the Annual General Meeting held on July 26,1999, the Company hereby accords its approval to the reappointment of Mr R. Sampath as Chairman and Managing Director of the Company for a fresh period of five years from August 1,2004 on the terms and conditions as set out in the draft letter of appointment submitted to the meeting and for identification initialled by the Chairman of the Company and Mr. R.Sampath may be paid the following remuneration:

   i) Salary per month Rs.75,000/- in the scale of Rs.75,000-5000-1,00,000.

   ii) Commission of 1% of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

   RESOLVED FURTHER THAT :

   a) In addition to the above remuneration, Mr.R.Sampath shall be entitled to perquisites like HRA/unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, mediclaim insurance for self and family etc.; in accordance with the rules of the company, such perquisites being restricted to Rs.6 Lakhs per annum.

   b) Company's contribution to Provident fund and Superannuation Fund, Gratuity payment and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid and Mr.R.Sampath shall be entitled to the same.

   RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr.R.Sampath upto such amount as remuneration as may be permissible under Section II of Part II to Schedule XIII to the Companies Act,1956 as minimum remuneration.

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

   RESOLVED THAT pursuant to Sections 309 and other applicable provisions of the Companies Act,1956 Mr. S. Santhanam be and is hereby appointed as a Director of the Company with effect from 1st of August 2004 and be paid Commission, for a period of five years from 1st August 2004 (of the Financial year ending 2004-2005) till 31st July 2009 (of the Financial Year ending 2009-2010), of an amount equal to 1% of the net profits of the company computed under the applicable provisions of the Companies Act 1956, along with other benefits to which he is eligible as a Director.

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

    "RESOLVED that pursuant to Sections 198,269,309,Schedule XIII and other applicable provisions, if any of the Companies Act,1956, and in supersession of the Resolution passed by the members relating to the appointment of and remuneration to Ms. Indira Sundararajan at the Annual General Meeting held on August 25, 2003, the Company hereby accords its approval to the appointment of Ms. Indira Sundararajan (presently holding position as Vice-President, Business Development) as Wholetime Director of the Company, designated as 'Executive Director' for a period of five years from August 1, 2004 on the terms and conditions as set out in the draft letter of appointment submitted to the meeting and for identification initialled by the Chairman of the Company and Ms.Indira Sundararajan may be paid the following remuneration:

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i) Salary per month Rs.45,000/- in the scale of Rs.45,000-5000-70,000.

ii) Commission of 0.50 % of net profits of the Company as computed under Section 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT :

a) In addition to the above remuneration, Ms.Indira Sundararajan shall be entitled to perquisites like HRA/unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, mediclaim insurance for self and family,club fees, personal accident insurance etc.; in accordance with the rules of the company, such perquisites being restricted to Rs.4 Lakhs per annum.

b) Company's contribution to Provident fund and Superannuation Fund, Gratuity payment and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid and Ms. Indira Sundararajan shall be entitled to the same.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Ms.Indira Sundararajan upto such amount as remuneration as may be permissible under Section II of Part II to Schedule XIII to the Companies Act,1956 as minimum remuneration.

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

May 20, 2004.

By the Order of the Board
for **ULTRAMARINE AND PIGMENTS LIMITED**

K. SEKHAR
COMPANY SECRETARY&
FINANCE MANAGER

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 form 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, July 6, 2004 to Monday, July 19, 2004(both days inclusive) for determining the names of members eligible for dividend, if approved. In respect of shares held in Electronic form, the dividend will be paid to those shareholders whose names appear at the close of business hours on Monday, July 5, 2004 as beneficial owners as per list furnished by the depositories for the purpose.

d) The Company wishes to offer the Facility of Electronic credit of Dividend directly to the respective bank accounts of our Shareholders. This facility called ECS, is presently available at select RBI locations like, Ahmedabad, Bangalore, Chennai, Hyderabad, Jaipur, Kanpur, Kolkatta, Mumbai, Nagpur, New Delhi etc. Shareholders in locations where ECS facility is available are requested to send the ECS mandate form appearing on the last page of this Report, duly filled and signed, and return immediately to the Depository Participant [in case of shares in Demat segment] and to the Company's Registrar, viz. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai - 400 078 -Tel. No: 55555454, Fax No.,55555353 E-mail: isrl@intimespectrum.com in case of shares in physical segment.}

e) Members/ Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.

f) Members are requested to notify their Depository Participant(DP) / Company's Registrars viz: Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai-400 078. (Tel.Nos.55555454, Fax No.55555353, Email-isrl@intimespectrum.com) immediately about change of address, if any, and also write to them immediately about corrections, if any, in name, address and pincode.

g) Members desiring any clarification on accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.

h) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all dividends from the dividend for the financial year ended 31/3/1996, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Accordingly, amounts have been transferred to the Investor Education and Protection fund from time to time. All persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Persons who have not encashed their dividend warrants are requested to approach the Company for obtaining the duplicate warrants before the balance in the respective account gets transferred to the Investor Education and Protection Fund.

i) The Equity shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. allotted for the Company's shares is INE 405A01013.

j) Member(s) wanting to nominate a person on whom the Shares will vest in the event of death of the holder(s) are requested to use the prescribed Form-2B and forward to the Company' Registrars.

k) Shareholders are requested to bring their copy of Annual Report to the meeting.

l) An explanatory statement in respect of Special Business to be transacted at the meeting is appended hereto.

m) Reappointment of retiring Directors:

Dr.G.G.Nair and Mr. S.Sridhar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer

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themselves for reappointment. Dr.G.G.Nair and Mr. S.Sridhar, are both reputed businessman and leading industrialists with vast experience and knowledge.

The details about the retiring Directors is given below :

Name & Qualification	Age (Yrs)	Appointed on	Directorships held in other Public companies	No. of Memberships of Board Subcommittees
Dr.G.G.Nair M.Sc., Ph.d., Diploma in Management, PG Diploma in Patents Law and Practice.	62	25/5/90	BDH Industries Ltd	3
Mr.S.Sridhar-B.Sc., ACA.	53	21/5/98	Thirumalai Chemicals Ltd. TCL Industries (Malaysia) Sdn Bhd Resins & Plastics Ltd.	4

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

ITEM. No.6

Mr.Nimish U Patel was appointed as Additional Director of the Company effective from 28th October, 2003 under the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act,1956.

Mr.Nimish U Patel holds office as an Additional Director upto the date of Annual General Meeting. The Company has received notice in writing from a member signifying his intention to propose the appointment of Mr.Nimish U Patel as Director of the Company together with deposit in accordance with Section 257 of the Companies Act, 1956.

Mr.Nimish U Patel, 38 years, is an MBA from New York and is the Executive Director of Shri Dinesh Mills Ltd and Managing Director of Dinesh Platechem Ltd. The Directors commend the resolution set out at item.no.6 of the accompanying notice for your approval.

None of the Directors of the Company except Mr.Nimish U Patel is concerned or interested in the resolution.

ITEM NO 7.

Mr.S.Narayan, 26 years, BSc (Chem), MBA is an Executive working with the Company since 1/9/1999. He has earlier worked with VVF Limited, Airtel and Thyrocare. Mr. S.Narayan is the son of Mr.S.Santhanam, the Vice-Chairman and Managing Director of the Company

Under the provisions of Section 314 of the Companies Act,1956, approval of the shareholders by way of special resolution is required for appointment of relative of Director to an office or place of profit carrying monthly remuneration in excess of Rs.10,000.

The details of remuneration to be drawn by Mr.S.Narayan is given in the resolution. The Board of Directors recommend the special resolution at item No.7 for your approval.

None of the Directors of the Company except Mr.S.Santhanam is concerned or interested in the resolution.

ITEM NO 8.

Mr. R.Sampath was appointed as Chairman & Managing Director of the Company for a period of 5 Years effective August 1, 1999 as per the terms and conditions approved by the Shareholders at the Annual General Meeting held on July 26,1999 as briefly stated hereunder;

Remuneration.

I Salary- Rs.45,000 per month in the scale of Rs.45,000-3,000-60000.

II Commission- 1% of the net profits of the Company as computed under Section 309 of the Companies Act, 1956.

III Perquisites- Restricted to Rs. 6 Lakhs per annum.(Company's contribution to Provident Fund and Superannuation Fund, gratuity payment in accordance with the rules of the Company and encashment of leave at the end of the tenure was not to be included in the computation of limits for remuneration or perquisites aforesaid.)

Mr. R. Sampath has been associated with the Company for about 30 Years. Mr. R. Sampath, the present Chairman & Managing Director is B.Sc., BS(Chemical Engineering) USA. Apart from his overall responsibility, he is also responsible for all Technical as also techno-commercial matters of the Company and under his stewardship, the Company has successfully commissioned several new/ expansion projects. The Company has achieved higher profitability over the years.

The Company has made significant progress and undertaken several projects under the Managing Directorship of Mr. R. Sampath. The Chairman & Managing Director shall report to the Board of Directors and shall devote whole time and attention to the business of the Company. He shall perform such of the functions as may from time to time be entrusted to him by the Board of Directors. All his acts shall be subject to the supervision and control of the Board of Directors.

The Board is of the opinion that the reappointment of Mr. R.Sampath as Chairman & Managing Director for a fresh period of 5 years effective August 1,2004 and the payment of remuneration as stated in the resolution would be in the interest of the Company. The draft letter of appointment referred in the resolution is open for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day until the day of Annual General Meeting or any adjournment thereof.

None of the Directors of the Company except Mr. R.Sampath is in any way concerned or interested in the resolution.

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This explanatory statement together with the accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board commends the Resolution at items 8 of the Notice for acceptance by the members.

ITEM. NO.9.

Mr.S. Santhanam has expressed his desire to relinquish the post of Vice-Charman & Managing Director after the end of his present term which expires on 31st July 2004.

Mr.S.Santhanam joined the Board as Additional Director of the Company on 25th February,1993. Earlier to that, Mr.S.Santhanam was the working partner of Chemdyes Trading Company, the Company's sole selling agents and organized sales of Blue and Detergents all over India. With effect from 1st September, 2003,, Mr.S.Santhanam was appointed as Vice-Chairman & Managing Director of the Company. Mr.S. Santhanam's present contract with the Company as Vice- Chairman & Managing Director expires on 31st July, 2004. Mr.S.Santhanam has had a distinguished career in the Company. His tenure in the Company extends to Sales and Marketing, Customer Relationship management, imports and exports, liasoning with government officials, materials procurement etc. He enjoys very high reputation in the industry for the past several decades. The Company has made rapid strides due to Mr.S.Santhanam's efforts and involvement. Mr.S.Santhanam has been instrumental in increasing sales of the Company's products not just in India but also overseas.

The continued advice of Mr.S.Santhanam and his vast knowledge and experience to the Board would enrich the deliberations of the Board and benefit the Company. It is therefore proposed to appoint him as Director of the Company with effect from 1st August 2004, liable to retire by rotation, and remunerate him for a period of 5 (five) years on the terms mentioned in the resolution. In addition to the commission payable to him he will also be eligible to receive sitting fees for attending Board /Committee meetings attended by him and any other benefits which he is eligible as a Director.

Considering Mr.S.Santhanam's contribution to the Company, your Directors commend his appointment and payment as proposed in the resolution. Excepting Mr.S.Santhanam and Mr.S.Sridhar, brother of Mr.S.Santhanam, none of the other Directors are concerned or interested in the resolution.

ITEM NO 10

Mrs Indira Sundararajan is presently holding the position of Vice President-Business Development duly appointed at the last AGM held on August 25,2003. Ms.Indira Sundararajan is the Head of Lapiz Digital Services, the IT enabled services division of the Company and also responsible for other Business initiatives of the Company.

Ms.Indira Sundararajan, 56 Years, BSc (Chem), B.Tech (Pharma) is a Technologist with extensive experience. She earlier worked as a Software Consultant and Trainer, as a Business Process and Management Consultant and for about 8 years since 1995, was working as Head of New Business Development in a group Company. Mrs Indira Sundararajan possesses wide experience in Business and Trade and she has made valuable contributions to the IT enabled services division of the Company

The Company has made significant progress in the IT related activities of the Company. The Company is also pursuing new initiatives. It is therefore proposed to appoint Ms.Indira Sundararajan as Wholetime Director by designating her as Executive Director and remunerate her as proposed in the resolution. Ms.Indira Sundararajan shall report to the Chairman & Managing Director and the Board of Directors and shall devote whole time and attention to the business of the Company. She shall perform such of the functions as may from time to time be entrusted to her by the Board of Directors/ Chairman & Managing Director. All her acts shall be subject to the supervision and control of the Board of Directors.

The Board is of the opinion that the appointment of Ms. Indira Sundararajan as Wholetime Director, designated as Executive Director, for a period of 5 years effective August 1,2004 and the payment of remuneration to her as stated in the resolution would be in the interest of the Company. The draft letter of appointment referred in the resolution is open for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day until the day of Annual General Meeting or any adjournment thereof.

Ms.Indira Sundararajan is a relative of Mr.R.Sampath, the Chairman & Managing Director of the Company and therefore he is concerned or interested in the resolution. None of the other Directors of the Company except Mr. R.Sampath is in any way concerned or interested in the resolution.

This explanatory statement together with the accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board commends the Resolution at items 10 of the Notice for acceptance by the members.

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

May 20, 2004.

By the Order of the Board
for **ULTRAMARINE AND PIGMENTS LIMITED**

K. SEKHAR
COMPANY SECRETARY&
FINANCE MANAGER

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DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS.

To
The Members,
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **FORTY THIRD ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended March 31,2004.

FINANCIAL RESULTS	**Year ended 31/3/2004**	Year ended 31/3/2003
	(Rupees in Lakhs)	
Gross Profit before Interest and Finance Charges and Depreciation	**1524**	842
Interest and Finance charges	**71**	142
Profit before Depreciation and Tax	**1453**	700
Depreciation	**307**	301
Profit before Tax	**1146**	399
Provision for Current Tax	**254**	147
Profit after Current Tax	**892**	252
Provision for Deferred Tax	**(24)**	(67)
Prior Year Adjustment	**16**	(22)
Profit after Tax	**932**	297
Balance in Profit & Loss Account	**204**	263
Profit available for appropriation	**1136**	560
Appropriations:		
Dividend	**365**	183
Tax on Dividend	**47**	23
General Reserve	**200**	150
Balance carried forward	**524**	204
	1136	560

DIVIDEND:

Your Directors are pleased to recommend the payment of Dividend of Rs.10/- per share (100%) for the year ended March 31, 2004 subject to the approval of members {(previous year Rs.5/- Per Share (50%)}. The proposed dividend together with the tax thereon will absorb a sum of Rs. 412 Lakhs. The dividend after approval by the members at the forthcoming AGM will be paid to the eligible members by July 24, 2004.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS:

OPERATIONS AND FINANCIAL PERFORMANCE:

During the year under view, the company turned in excellent performance due to the good showing by all its divisions.

The Pigment Division has improved its contribution to the bottomline of the company.

The Surfactants Division has achieved better capacity utilization and has contributed substantially to the improved performance of the company.

The IT Enabled Services Division has more than doubled its revenue and the operating profit of the division was Rs.403 Lakhs (Previous Year loss of Rs.63 Lakhs).

The company has disposed off some of its idle assets and has posted a profit of Rs.96 Lakhs on their disposal.

The Packaging Products Division has also put up a creditable performance during the year posting a growth of 43% in turnover over the previous year.

Inspite of the net turnover for the year excluding excise duty recovered on sales decreasing by 18% to Rs.3650 Lakhs, operating profit (PBDIT) for the year was Rs.1524 Lakhs compared to Rs.842 Lakhs in the previous year registering an increase of 81% over the previous year.

Other income for the year was Rs.255 Lakhs compared to Rs.108 Lakhs for the previous year.

Interest expenses for the year stands reduced by about 50% to Rs. 71 Lakhs primarily due to reduction in outstanding debt.

Cash profits increased to Rs.1255 Lakhs compared to Rs.576 Lakhs for the previous year, registering a growth of 118%.

Earnings Per Share (EPS) were Rs.25.54 and Cash Earnings Per Share (CEPS) were Rs.33.94

EXPORTS:

The Company's exports during the year calculated on FOB basis amounted to Rs. 686 Lakhs (Rs. 552 Lakhs). Your Company's increased focus on exports is expected to lead to higher exports year after year. Your Company also earned Foreign Exchange by way of Income from IT Enabled services division of Rs. 1006 Lakhs (Rs.450 Lakhs)

INTERNAL CONTROL SYSTEMS:

Your company has strong internal control systems to ensure that its assets and interests are protected. Well documented processes have been implemented to ensure that the company's policies are adhered to. There are clear demarcation of roles and responsibilities at various levels of operations. The company's effective internal control system is further strengthened by continuous periodical internal audit system and Audit Committee Review at the Board level. The internal audit is conducted at regular intervals at various locations of the company and covers all key areas. All audit observations and follow up actions are discussed with the Management and the audit committee regularly.

RESEARCH AND DEVELOPMENT:

New products are in various stages of development and testing as a part of continuous search for fresh and profitable business opportunities.

PERSONNEL:

During the year, the company planned and implemented a restructuring initiative to ensure a lean and fit production site at Ambattur, wherein 29 employees opted for voluntary retirement from the services of the company during the year under review and another 49 employees have opted for early retirement during the current year.

Employee relations during the year were cordial.

The directors appreciate the contributions and initiatives taken by all employees towards achieving improved overall business performance of the company.

OPPORTUNITIES AND THREATS:

Demand for the company's products is indeed on the increase in the domestic and international market. But in the domestic markets there are many competitors competing with each other which ultimately leads to price cutting and price wars.

RISKS AND CONCERNS:

1. Trend of increased consumer spends on consumer durables resulting in lower spending on FMCG products.
2. Rising prices of Raw materials, Fuels and other inputs resulting in lower margins.
3. Inadequate monsoon in some parts of the country creating drought conditions leading to chronic shortage of water resulting in lower consumption of some of company's products.
4. Declining sales trend in the retail segment of one of the major products of the company.
5. Unfair and uneven competition in the domestic market for the company's products from the unorganised sector.
6. Lower realization on the export front due to continued strengthening of the rupee against US Dollar.

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OUTLOOK:

The company hopes to consolidate the gains made by the pigments and surfactants divisions in the years to come by focusing on speciality pigments and sulphonates.

The IT Enabled Services Division is also expected to fare well with the foray into newer avenues and a better geographical spread.

CAUTIONARY STATEMENT:

The statements made in the report describes the company's objectives, projections, estimates, expectations and predictions which may be "forward looking statements" within the meaning of the applicable securities laws and regulations. The annual results can differ materially from those expressed or implied, depending on the economic conditions, Government Policies and other incidental factors and developments.

DIRECTORS:

Mr. U.M. Patel, who has been a Director of the Company since its inception, resigned from the Board with effect from October 28, 2003. The Board wishes to place on record their sincere appreciation of his immense contribution to the growth and prosperity of the company and for the guidance and valuable advice received from Mr. Patel in the deliberations of the Board during his tenure as a Director.

Mr. Nimish U. Patel was appointed as a Additional Director of the company with effect from October 28, 2003. Mr.Nimish U. Patel is a B.B.A. Graduate from the college of Staten Island, University of New York and a MBA from Wagner College, New York. He is the Executive Director of Shri Dinesh Mills Ltd. and Managing Director of Dinesh Platechem Ltd. and is associated with Gujarat Mills and Industries, Vadodara.

Dr. G.G. Nair and Mr. S. Sridhar, Directors retire at the ensuing AGM and are eligible for re-appointment.

MANAGING DIRECTORS:

The present term of office of all the three Managing Directors comes to an end on July 31, 2004.

Mr. R. Sampath has given his consent to be reappointed as Chairman and Managing Director for a further period of five years from August 1, 2004. It is proposed to reappoint him for a further period of five years from August 1, 2004 on such terms and conditions enumerated elsewhere in the report and as approved by the shareholders at the ensuing AGM.

Mr. S. Santhanam, Vice-Chairman and Managing Director has expressed his desire to lay down his office at the expiry of his current term, but however has consented to continue as a member of the Board. It is proposed to appoint him as a director and remunerate him for a period of five years and necessary resolution to this effect is proposed for this purpose.

Mr. R. Krishnaswamy, Managing Director has expressed his desire to lay down his office at the expiry of his current term and has also expressed his unwillingness to continue in the Board due to indifferent health. He has been associated with the company since its inception and his contribution to the growth and prosperity of the company cannot be described in a few sentences. He has been deeply involved in the affairs of the company both at the Macro level and at the Micro level. His contribution in solving the day to-day problems are numerous and invaluable. On his laying down office, the company and its employees will be remembering him with great affection and respect for a man, who has dedicated his entire life to the company and its interest.

APPOINTMENT OF WHOLETIME DIRECTOR:

It is proposed to appoint Ms. Indira Sundararajan, presently Vice-President Business Development, as Whole time Director of the company, designated as Executive Director for a period of five years period from August 1, 2004 and necessary resolution is proposed for this purpose. Ms. Indira Sundararajan is presently the head of IT Enabled Services Division of the Company and is responsible for pursuing new business initiatives, where substantial progress has already been made.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Sec. 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

i] in the preparation of the annual account for the year ended March 31, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii] appropriate accounting policies have been selected and applied and such judgements and estimates have been made that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2004 and of the profit of the company for the year ended that date.

iii] proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and

iv] the annual accounts have been prepared on a going concern basis.

FINANCE:

All taxes and statutory dues are being paid on time. The company continues to be regular in making timely repayment of the loans and interest to Banks and Financial Institutions.

The company has repaid in full the loans obtained from Financial Institutions together with interest on time.

The company has also repaid the Fixed Deposits in full and there are no outstanding fixed deposits as at the closing of the accounting period.

The Company's Commercial Paper (CP) Programme continues to be rated "P1+" by the rating agency reflecting highest safety on timely payment of principal and interest.

STATEMENT PURSUANT TO LISTING AGREEMENT:

The Company's shares are listed with Mumbai Stock Exchange. Your Company has paid the respective annual listing fees up-to-date and there are no arrears.

REPORT ON CORPORATE GOVERNANCE:

A report on Corporate Governance is annexed herewith. Auditor's Report on the same is also annexed.

AUDITORS:

M/s. Contractor, Nayak and Kishnadwala, Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing AGM. The notice convening the AGM is self-explanatory. They are eligible for reappointment.

COST AUDIT:

As per the requirement of the Central Government and pursuant to Section 233 B of the Companies Act 1956, the company carries out an audit of cost accounts relating to its Soaps and Detergent Division every year.

PARTICULARS OF EMPLOYEES:

The particulars regarding Directors' remuneration is given in Notes forming part of the accounts. Also, details of the remuneration of the Managing Directors is appearing in notes to the accounts as also in the corporate governance report. There has been no Employees drawing remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:

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.

ACKNOWLEDGEMENT:

The Board acknowledges the support given by the employees for their collective contribution, Bankers, Financial Institutions and the shareholders for their continued support.

By Order of the Board
for **ULTRAMARINE & PIGMENTS LTD.,**

MUMBAI
Date: 20/05/2004

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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ANNEXURE TO DIRECTOR'S REPORT

Information as per Section 217 (1) (e) read with the Companies (Disclosures of particulars in the report of the Board of Directors) Rules,1988 and forming part of the Director's Report.

I CONSERVATION OF ENERGY

(a) Energy saving systems are incorporated whereever necessary.Energy savings are attempted continuously.

(b) Existing energy saving systems are properly utilised and further devices are added whenever necessary.

FUEL CONSUMPTION (POWER & FUEL)

		UNITS	YEAR ENDING 31.03.2004	YEAR ENDING 31.03.2003
1	**ELECTRICITY**			
	a) *From EB-TN*			
	Purchased Unit	KWHR	**5114372**	3145736
	Total amount paid	Rupees	**23987590**	15909837
	Rate/Unit	Rupees	**4.70**	5.05
	b) Own Generation			
	Through DG	KWHR	**221141**	744700
	Unit/ Litre of Diesel Oil	KWHR	**2.67**	3.05
	Cost per Unit	Rupees	**8.35**	6.26
2	**COAL AND COKE**			
	Coal & Coke	Rupees	**9649522**	9347091
	Coal & Coke	Tons	**1521**	1837
	Rate/Ton	Rupees	**6347**	5088
3	**FURNACE OIL / DIESEL ETC**			
	Furnace Oil/ Diesel Etc.,	KL	**729.87**	649.677
	Total Amount	Rupees	**9458595**	9412962
	Rate / ton	Rupees	**12960**	14489
4	**RESEARCH & DEVELOPMENT**			
	EXPENDITURE ON R & D			
	I) Capital		**650800**	276589
	ii) Recurring		**171054**	138295
	iii) Total		**821854**	414884
	iv) Total R & D Expenditure as a percentage of total turnover		**0.22%**	0.08%

II TECHNOLOGY ABSORPTION,ADAPTATION,INNOVATION

Continuous efforts are going on for further developing,improving and upgrading all types of products and services.

Constant measures are exercised to derive benefits in respect of cost reduction,product development and product improvement etc.,

III FOREIGN EXCHANGE EARNINGS & OUTGO

Even though the stiff competition is prevailing in the international market, your Company is always pursuing new markets to boost up the Export of its Products and increase its revenue from its IT Enabled Services Division.

Earnings in Foreign Exchange from Exports and services are given in Notes forming part of Accounts.

By Order Of the Board
for **ULTRAMARINE AND PIGMENTS LTD**

MUMBAI
DATE 20th MAY 2004

R.SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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