



**ULTRAMARINE &
PIGMENTS LTD.**

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38th
ANNUAL REPORT
1998-99



Ultramarine & Pigments Ltd.

10 YEAR HIGHLIGHTS

(Rs. Lakhs)

Particulars	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99
Share Capital	180	180	180	180	180	180	360	360	360	360
Reserves & Surplus	906	1079	1162	1298	1540	1695	2014	2365	2702	3075
Networth	1086	1259	1342	1478	1720	1875	2374	2725	3063	3436
Fixed Assets (Net)	442	722	729	690	685	828	2045	2388	2600	2490
Sales/Other Income	1504	1679	1887	2429	2577	3926	6152	6587	7462	9312
Gross Profit before Interest & Depreciation	446	403	384	487	716	535	817	937	1046	1193
Interest	22	48	86	88	101	79	91	197	224	230
Depreciation	31	39	70	76	80	87	119	179	221	252
Taxation	131	75	74	108	190	100	--	73	99	160
Net Profit after tax	262	241	154	215	345	269	606	490	502	551
Dividend Distributed	72	72	72	72	90	90	108	126	144	162
Earnings per share (Rs.)	14.57	13.40	8.59	11.95	19.18	14.96	16.85	13.60	13.94	15.36


**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. SRIDHAR

COMPANY SECRETARY :

SHRI K. SEKHAR

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
 Fax : 204 2162
 E-mail : bbyoffi.thiru@axcess.net.in

FACTORIES :

556, Vanagaram Road, Ambattur, Chennai - 600 053.
 Tel. : 6252767 / 6258251.
 Fax : 6257611
 25-B, SIPCOT Industrial Complex, Ranipet - 632 403. Tamilnadu.
 Tel. : 04172-44441 / 44442
 Fax : 04172 - 44918

**38TH ANNUAL
GENERAL MEETING**
DATE :

Monday, July 26, 1999
 at 3.00 p.m.

VENUE :

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

DIVIDEND :

45%

DIVIDEND ELIGIBILITY :

FOR	REGD. MEMBER
Physical Shares	As on July 12, 1999
Demat Shares	At closing working hours on July 12, 1999.

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

Book Closure : (Physical Segment)
 July 13, 1999 to July 26, 1999

NOTICE

NOTICE is hereby given that the THIRTY EIGHTH ANNUAL GENERAL MEETING OF ULTRAMARINE & PIGMENTS LIMITED will be held at Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400 020 on Monday, July 26, 1999 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 March 31, 1999 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.U.M.Patel, 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 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.S.Santhanam at the Annual General Meeting held on September 11,1995, the Company hereby accords its approval to the reappointment of Mr.S.Santhanam as Vice Chairman and Managing Director of the Company for a fresh period of five years from August 1,1999 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. S.Santhanam may be paid the following remuneration:

- i) Salary per month Rs.45000/- in the scale of Rs.45000-3000-60000.
- 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. S.Santhanam shall be entitled to perquisites like unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance 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 in accordance with the rules of the Company 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.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr.S.Santhanam 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."

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 September 11,1995, 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 1,1999 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.45000/- in the scale of Rs.45000-3000-60000.
- 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 unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance 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 in accordance with the rules of the Company 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.


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N O T I C E

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 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.Krishnaswamy at the Annual General Meeting held on September 11,1995, the Company hereby accords its approval to the reappointment of Mr.R.Krishnaswamy as Managing Director of the Company for a fresh period of five years from August 1,1999 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.Krishnaswamy may be paid the following remuneration:

- i) Salary per month Rs.45000/- in the scale of Rs.45000-3000-60000.
- 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.Krishnaswamy shall be entitled to perquisites like unfurnished/ furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance 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 in accordance with the rules of the Company 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.

RESOLVED further that in the event of absence or inadequacy of profits in any financial year, the Company do pay to Mr.R. Krishnaswamy 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."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows:

- a) After sub-clause with marginal notes 'Financial Year' of Article 2, the following sub-clauses shall be inserted with marginal note as 'Depository'.

The word 'beneficial owner' shall mean the beneficial owner as defined in clause(a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.

The word 'Depositories Act, 1996 ' shall include any statutory modification or re-enactment thereof.

The word ' Depository ' shall mean a Depository as defined under clause (e) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.

- b) The following paras to be added to the existing Article 21.

"Provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996."

"Provided further that the provision relating to progressive numbering shall not apply to the shares/ debentures of the Company which have been dematerialised."

- c) To insert the following after the existing Article32.

"Notwithstanding anything contained in the Articles of Association, the company shall be entitled to dematerialise its shares, Debentures and other securities pursuant to the Depositories Act,1996, and to offer its Shares,Debentures and other securities for subscription in a dematerialised form."

- d) The following para to be added to the existing Article 31.

"Further the Company shall also be entitled to treat the person as the holder of any shares whose name appears as the Beneficial Owner of the Shares in the Records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person , whether or not it shall have express or implied notice thereof."

- e) The following para to be added to the existing Article 33.

"No Share certificates shall be issued for Shares held in a Depository."

- f) The following shall be added to the existing Article 215 (4).

"The Company shall further be entitled to maintain a Register of Members and Debentureholders with details of Members and Debentureholders holding Shares and Debentures, both in material and dematerialised form in any media as permitted by law including any form of electronic media."

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- g) To insert the following after the existing Article 38.
 "Notwithstanding anything contained herein, in the case of transfer of Shares/ Debentures or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply."

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

Date: May 26, 1999.

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

R. SAMPATH
 CHAIRMAN & MANAGING DIRECTOR

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 for shares in the Physical segment will remain closed from Tuesday, July 13, 1999 to Monday, July 26, 1999 for the purpose of the Annual General Meeting and payment of Dividend.
- d) The Dividend when declared, will be paid on or around July, 30, 1999 to those shareholders (in the physical segment) whose names appear in the Company's Register of Members as on July 12, 1999 and also to all the Beneficial Owners (under the Depository segment) at the close of Business hours on July, 12, 1999.
- 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) All unclaimed Dividends upto the Dividend for the Year ended March, 31, 1995 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 Nos. 7, 8 and 9.

Mr. S. Santhanam, Mr. R. Sampath and Mr. R. Krishnaswamy were appointed as Managing Directors of the Company for a period of 5 Years effective August 1, 1995 as per the terms and conditions approved by the Shareholders at the Annual General Meeting held on September 11, 1995. as briefly stated hereunder;

REMUNERATION

- I Salary- Rs.30,000 per month in the scale of Rs.30000-2000-40000.
- 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. 5 Lakhs per annum.(Company's contribution to Provident Fund and Superannuation Fund not Exceeding 25% of the salary, 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. S. Santhanam, Mr. R. Krishnaswamy and Mr. R. Sampath have been associated with the Company for about 25 Years. Mr. R. Sampath, the present Chairman & Managing Director is B.Sc., BS(Chemical Engineering) USA and is responsible for all Technical as also techno-commercial matters of the Company and with his involvement and participation, and also under his stewardship, the Company has successfully commissioned several new/ expansion projects. Mr. S. Santhanam, the present Vice-Chairman and Managing Director, is a Printing Technologist and he is responsible for the Sales of the Company's products not only in India as well as abroad. Mr. R. Krishnaswamy, B.Com., LLB., CAIIB., AICWA is responsible for Banking, Finance, Office Administration and Accounts of the Company.

The Company has made significant progress and undertaken several projects under the Managing Directorships of Mr. R. Sampath, S. Santhanam and Mr. R. Krishnaswamy. The Managing Directors shall report to the Board of Directors and shall devote whole time and attention to the business of the Company. They shall perform such of the functions as may from time to time be entrusted to them by the Board of Directors. All their 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, of Mr. S. Santhanam as Vice-Chairman & Managing Director and of Mr. R. Krishnaswamy as Managing Director for a fresh period of 5 years effective August 1, 1999 and the payment of remuneration as stated in the resolution would be in the interest of the Company. The draft letters of appointment referred in the resolution are 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.

Mr. S. Santhanam is a relative of Mr. S. Sridhar, Director of the Company, who may be deemed to be interested in the resolution relating to the reappointment of Mr. S. Santhanam as Vice-Chairman & Managing Director. None of the other Directors of the Company except Mr. S. Santhanam, Mr. R. Sampath and Mr. R. Krishnaswamy are in any way concerned or interested in the resolutions.

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 Resolutions at items 7, 8 and 9 of the Notice for acceptance by the members.

Item No.10.

Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository system, some of the provisions in the Articles of Association of the Company have to be amended so as to facilitate the Depository system. Also, the Company has entered into an agreement with the National Securities Depository Limited for facilitating holding and settlement of trades in Company's shares in the electronic form. Accordingly, the Articles of Association of the Company need to be amended as proposed in the resolution to be in line with the provisions of the Depositories Act, 1996.

The Board of Directors accordingly recommend the Resolutions for approval of the Members. Any amendment to the Articles of Association requires approval of the Shareholders and hence, the proposed special resolution.

A copy of the Memorandum and articles of Association of the Company is available for inspection by shareholders at the Registered office of the Company between 10.00 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.

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

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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DIRECTORS' REPORT

To
The Members,
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **THIRTY EIGHTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS	Year Ended 31st March, 1999		Year Ended 31st March, 1998	
	Rupees	Rupees	Rupees	Rupees
Gross Profit before Interest and Depreciation		11,93,40,947		105,286,290
Interest and Finance Charges	2,30,56,361		23,138,134	
Depreciation	2,51,62,647		22,065,111	
Provision for taxation	1,60,00,000		9,900,000	
		64,219,008		55,103,245
Profit after tax		55,121,939		50,183,045
Earlier Years Adjustment		190,901		(1,565,598)
Profit available for appropriation		55,312,840		48,617,447
Appropriations :				
Proposed Dividend		16,200,000		14,400,000
Tax on distributed profits		1,782,000		1,440,000
Transfer to General Reserve		37,330,840		32,777,447
		55,312,840		48,617,447

DIVIDEND

Your Directors recommend a Dividend of Rs.4.50/- per share (ie.45 % free of tax to the members) against 40% in the previous year. The Dividend and the tax thereon will absorb Rs.179.82 lakhs and the balance of Rs.373.31 lakhs has been transferred to General Reserves.

PRODUCTION, SALES AND PROFIT.

In spite of the industrial sickness that prevails in the country, your Company's performance in respect of production and sales is quite satisfactory. The Company is constantly taking action plan to improve its sales and production keeping in tact its quality policy. Particulars in respect of goods manufactured, stocks and sales have been incorporated in Notes forming part of accounts.

The Company's Wind Mills set up at Coimbatore District in Tamil Nadu generated 13,68,784 units of Electricity during the year against 12,05,727 Units during the previous year.

Higher provision for taxation and higher depreciation are the constraints for much higher profit for the period under review.

EXPORTS

Calculated on F. O. B. basis the Company exported during the year goods worth of Rs. 824 lacs in free foreign exchange against exports of Rs.800 lacs in the previous year. The export includes Blue, LABSA and Detergents and the Management expects the improvement during the current year.

CURRENT YEAR

During the first quarter of current year, all the plants are working satisfactorily. The labour relationship is maintained cordially. Safety and environment protection continued to be accorded high priority by the Company.