

# 39<sup>th</sup> Annual Report 1999-2000

Report Junction



**ULTRAMARINE &  
PIGMENTS LTD.**



## Ultramarine & Pigments Ltd.

### 10 year Highlights

(Rs. Lakhs)

Particulars	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Share Capital	180	180	180	180	180	180	360	360	360	365
Reserves & Surplus	1079	1162	1298	1540	1695	2014	2365	2702	3075	3451
Networth	1259	1342	1478	1720	1875	2374	2725	3063	3436	3816
Fixed Assets (Net)	722	729	690	685	828	2045	2388	2600	2490	2660
Sales/Other Income	1679	1887	2429	2577	3926	6152	6587	7462	9312	10864
Gross Profit before Interest & Depreciation	403	384	487	716	535	817	937	1046	1193	1178
Interest	48	86	88	101	79	91	197	224	230	189
Depreciation	39	70	76	80	87	119	179	221	252	255
Taxation	75	74	108	190	100	--	73	99	160	184
Net Profit after tax	241	154	215	345	269	606	490	502	551	550
Dividend Distributed	72	72	72	90	90	108	126	144	162	219
Earnings per share (Rs.)	13.40	8.59	11.95	19.18	14.96	16.85	13.60	13.94	15.36	15.07

**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  
 DR. G.G. NAIR  
 SHRI D.M. KOTHARI  
 SMT K.R. JAVERI  
 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  
 E-mail : ultrapl@vsnl.com

**Administrative Office :**

Thirumalai House, Road No. 29,  
 Near Sion Hill Fort, Sion (E), Mumbai 400 022.  
 Tel. : 4017841, 7834, 7853, 7861  
 Fax : 4011699  
 E-mail : thirumalai@gnbom-tcl.global.net.in

**Factories :**

556, Vanagaram Road, Ambattur, Chennai - 600 053.  
 Tel. : 6252767 / 6258251.  
 Fax : 6257611  
 E-mail : ultramarine.blue@gems.vsnl.net.in

25-B, SIPCOT Industrial Complex, Ranipet - 632 403 Tamilnadu.  
 Tel. : 04172-44441 / 44442  
 Fax : 04172 - 44918

*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. Alloted to company's shares is INE 405A01013

**39th Annual General Meeting**

**Date :**  
 Monday, September 18, 2000  
 at 4.00 p.m.

**Venue :**  
 Mysore Association Auditorium,  
 Bhaudaji Road, Matunga,  
 Mumbai 400 019.

**Dividend :**  
 60% (Already Paid as Interim Dividend)

**Book Closure :** (Physical Segment)  
 Sept. 5, 2000 to Sept. 18, 2000



# ULTRAMARINE & PIGMENTS LTD.

## NOTICE

NOTICE is hereby given that the THIRTY NINTH ANNUAL GENERAL MEETING OF ULTRAMARINE & PIGMENTS LIMITED will be held at Mysore Association Auditorium, Mysore Association, 393, Bhaudaji Road, Matunga-C.Rly., Mumbai 400 019 on Monday, September 18, 2000 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, 2000 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To confirm the Interim Dividend paid for the year ended March 31, 2000 as Final 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.D.M.Kothari, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. S.Sridhar, 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 Ms.K.R.Javeri, who was appointed as an Additional Director and who holds office upto the date of the Annual General Meeting under the provisions of the Articles of Association of the Company. Ms. K.R.Javeri being eligible offers herself for reappointment.

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

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

**R. Sampath**  
CHAIRMAN & MANAGING DIRECTOR

### Registered Office :

Baldota Bhavan  
117 Maharshi Karve Road  
Mumbai 400 020

Date: 28th July, 2000.

### 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, September 5, 2000 to Monday, September 18, 2000 for the purpose of the Annual General Meeting.
- d) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
- e) 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.
- f) 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.
- g) 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 INE405A01013.
- h) An explanatory statement in respect of Special Business to be transacted at the Meeting is appended hereto.

## ANNEXURE TO NOTICE

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

### ITEM No. 7.

Ms.K.R.Javeri was appointed as Additional Director of the Company effective April 26, 2000 under the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Ms.Javeri 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 Ms.Javeri as a Director of the Company together with deposit in accordance with Section 257 of the Companies Act, 1956.

Ms.Javeri was earlier the nominee of ICICI Ltd and as all rupee term loans were prepaid by your Company, ICICI withdrew their nominee from the Company's Board. Thereafter, the Company's invitation to Ms. Javeri to act as a Director was accepted. Ms.Javeri is a practicing Advocate with immense knowledge and experience on various matters. The Company values the contribution of Ms.Javeri. The Company feels that the appointment of Ms.Javeri as Director would be in the best interest of the Company.

None of the Directors of the Company, except Ms.Javeri is in any way interested or concerned in the resolution.

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

**R. Sampath**  
CHAIRMAN & MANAGING DIRECTOR





## DIRECTORS' REPORT

To  
The Members,  
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **THIRTY NINTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS	Year Ended 31st March, 2000		Year Ended 31st March, 1999	
	Rupees	Rupees	Rupees	Rupees
Gross Profit before Interest & Depreciation		117,889,845		119,340,947
Interest & Finance Charges	18,910,456		23,056,361	
Depreciation	25,589,419		25,162,647	
Provision for taxation	18,400,000		16,000,000	
		62,899,875		64,219,008
<b>Profit after tax</b>		54,989,970		55,121,939
Earlier years adjustment		(2,667,315)		190,901
Profit available for appropriation		52,322,655		55,312,840
<b>Appropriations :</b>				
Interim Dividend		21,900,000		—
Proposed Final Dividend				16,200,000
Tax on distributed profits		2,409,000		1,782,000
Transfer to General Reserve		13,414,089		37,330,840
Balance carried to Balance Sheet		14,599,566		—
		52,322,655		55,312,840

### DIVIDEND

Your Directors had already recommended and paid an interim Dividend of Rs. 5/- per share (i.e., 50% free of tax to the members) and a millennium dividend of Rs. 1/- per share (i.e., 10% free of tax to the members) amounting to a total of 60% for the year ended 31st March 2000. This is against 45% dividend in the previous year. The interim dividend already declared shall be treated as final dividend. You are requested to approve the same.

### PRODUCTION, SALES AND PROFIT

In spite of an overall recession that prevails in the country, your company's performance in respect of production and sales are quite satisfactory. There has been a good improvement in the overall sales as compared to the previous year. The company is constantly taking action to increase the sales and production while keeping in mind the highest quality standard required by the trade. Particulars in respect of goods manufactured, stocks and

sales have been incorporated in Notes forming part of accounts.

Our sales and processing charges for the year is Rs.106.64 Crores against previous years Rs. 90.88 Crores, reflecting an increase in sales of 17% over the previous year.

The Company's Wind Mills set up at Coimbatore District in Tamil Nadu generated 15,94,288 Units of electricity during the year against 13,68,784 Units during the previous year.

In spite of higher production, margins have been under pressure due to considerable increase in the prices of fuel such as Furnace Oil and Diesel.

### EXPORTS

Calculated on F.O.B. basis the company exported during the year goods worth of Rs. 615.17 Lakhs in free foreign exchange against exports of Rs. 824 lacs in the previous year. The decline in exports has been due to disruption of markets both in South East Asia and West Africa.


**ULTRAMARINE & PIGMENTS LTD.**

## DIRECTORS' REPORT

### CURRENT YEAR

During the first quarter of the current year all the plants are working satisfactorily. The labour relationship is maintained cordially. Safety and environment protection at all our plants continue to be given high priority.

### RESEARCH & DEVELOPMENT

The company as per its traditions continuously works on its research programme to formulate and upgrade the industrial grades of Ultramarine Blue for all applications. New grades of Acid Resistant Ultramarine Blue have been developed, which will be released to the market soon. Bismuth Vanadate, an environmental friendly pigment has also been developed and is being sampled out to actual users.

Energy Management has been given priority and consistent efforts are made to reduce the consumption of energy per unit of production.

### AMALGAMATION

The Hon'ble High Court of Mumbai has passed the amalgamation Order on 6th March, 2000 and there by amalgamating Sri Narasimha Plastic Industries Pvt. Ltd. with our company. The amalgamation will enable the Company to carry out the combined HDPE business more economically and advantageously which will also lead to substantial reduction in costs and other benefits in view of the synergy of operations. The certified copy of the order has been filed with the Registrar of Companies, Maharashtra on April, 12, 2000 and the scheme has become effective from April 1, 1999.

As the appointed date under the scheme has been fixed as April 1, 1999 the Audited Accounts and Balance sheet accompanying this report reflect the financial results of the Company after the consolidation of the accounts of Sri Narasimha Plastic Industries Pvt. Ltd. also for the year ended 31st March, 2000.

### LAPIZ DIGITAL SERVICES

The **IT Enabled Services Division of the Company** under the above name and style has already started functioning. A office space has been taken on lease at Chennai and a Chief Executive has been appointed, under whose direction the new Division is functioning. Continuous marketing efforts are being made to obtain businesses in Data Management, Medical Billing and Call Centre Establishments. The necessary infrastructure is being created on a continuous basis and recruitment of suitable personnel have taken place. We expect this division to grow substantially in future years to contribute effectively to the profits of the Company.

### ISO 9002

During the current year the Ultramarine Blue Unit and Detergent Unit at Ranipet have been awarded **ISO 9002 Certificate**. Your company is putting into action a programme for implementing **ISO 14000** requirements at Ranipet.

### FINANCE

The Company's financial position has been satisfactory. The statutory dues are being paid in time. Payment of interest and instalments to the financial institutions / banks are being made as per schedule. Neither any unclaimed nor any unpaid deposits remain outstanding as on 31st March 2000.

During the period under review the Company has again been accorded **PI+rating by CRISIL** for its Commercial Paper Programme.

### CORPORATE GOVERNANCE

The Company believes in following principles and practices of good corporate governance. Your Company is pleased to furnish the following information with a view to introduce transparency in the Management of the Company.

1. The Board of Directors consist of an Executive Chairman and Managing Director, Vice Chairman and Managing Director and another Managing Director, i.e. 3 Executive Directors and 7 Non-Executive Directors.
2. Seven Meetings of the Board of Directors were held during the year 1999-2000 and all operational and statutorily required information was placed before the Board. All pertinent information concerning the operation of the plants of the Company was placed before the Board.
3. The Company's Internal Audit is done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operational and financial transactions are placed before the Statutory Auditors.
4. The General Manager at our factories and the Company Secretary and the Accountants make a report of Statutory Compliance every quarter, which are placed before the Board. At such Meeting the Managing Directors also confirm to the Board of Statutory Compliance.

### DIRECTORS

During the year, Mr. S.B. Ghia resigned as Director of the Company. Your Board places on record its appreciation of the services rendered by Mr. Ghia during his tenure as Director of your Company.

**DIRECTORS' REPORT**

Also, ICICI Ltd. withdrew the nomination of Ms. K.R. Javeri as Director of your Company as all the Rupee term loans were prepaid. However, Ms. Javeri kindly consented to act as Director of your Company in her individual capacity. The Board commends her appointment at the ensuing meeting.

In accordance with the Companies Act, 1956, Mr. G.U. Mehta, Mr. D.M. Kothari and Mr. S. Sridhar retire by rotation and being eligible 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 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-2.

**ACKNOWLEDGEMENT**

The Board acknowledges the support given by employees at all levels, Shareholders, Bankers and Financial Institutions and look forward for their continued support.

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

MUMBAI

Dated 28.7.2000.

**R. Sampath**

CHAIRMAN & MANAGING DIRECTOR

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# ULTRAMARINE & PIGMENTS LTD.

## 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 31<sup>st</sup> March, 2000.

Sr. No.	Name of Employee	Age [Years]	Qualification and Experience	Designation	Remuneration (Rs.)	Date of Commencement	Last Employment held
1.	Mr. R. Sampath	55	B.Sc., B.S. [Chem. Engg] U.S.A. 30 Years.	Chairman & Mg. Director	13,64,083/-	01/03/1970	Engineer, Hercules Inc., USA
2.	Mr. S. Santhanam	60	Printing Technologist 38 Years	Vice Chairman & Mg. Director	13,07,055/-	01/09/1993	Managing Director Chemidye Mfg. Company Pvt. Ltd.
3.	Mr. R. Krishnaswamy	62	B.Com, LLB AICWA, CAIIB 43 Years	Managing Director	13,54,555/-	07/05/1964	Costing Department Permanent Magnets Ltd.,
4.	Mr. S. Rajagopalan	53	B.E. [Mech] 30 Years	Chief Executive Officer	3,29,118/-	20/10/1999	Chairman & Mg. Director, AKG Acoustic [India] Ltd.

### 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] Further energy saving devices have been commissioned and added to the existing items.
- [b] Energy saving systems are incorporated and improved wherever necessary. Higher cost in some cases is due to enhancement of price by the Government.
- [c] Consumption

#### [A] POWER & FUEL

	Units	Year Ending 31st March, 2000	Year Ending 31st March, 1999
<b>1. ELECTRICITY</b>			
[a] PURCHASED UNIT	[KWHR]	5699264	4023977
TOTAL AMOUNT PAID	[RS]	23439693	15987053
RATE/UNIT	[RS]	4.11	3.97
[b] Own Generation			
Through DG	[KWHR]	436905	1391464
Unit/Litre of Diesel Oil	[KWHR]	2.61	2.92
Cost per Unit	[Rs.]	4.72	3.60
<b>2. COAL &amp; COKE</b>			
Coal and Coke	[Rs.]	9796925	13902138
Coal and Coke	Tons	2361	3007
Average Rate per Ton	[Rs.]	4149	4623