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42nd Annual Report
2002 - 2003

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ULTRAMARINE & PIGMENTS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	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	360	360	360	360	180	180	180	180	180	90	60	60	30	15	15
Reserves & Surplus	**3361**	3271*	3532	3451	3075	2702	2365	2014	1695	1540	1298	1162	1079	315	169	70	61	27	0.02
Networth	**3726**	3636*	3897	3816	3435	3062	2725	2374	1875	1720	1478	1342	1259	405	229	130	91	42	15.02
Fixed Assets (Net)	**2408**	2639	2568	2660	2490	2600	2388	2045	828	685	690	729	722	170	144	151	37	33	6
Sales / Other Income	**6116**	9109	10002	10864	9312	7462	6587	6152	3926	2577	2429	1887	1697	604	495	149	99	58	0.19
Gross Profit before Interest & Depreciation	**842**	1106	899	1178	1193	1046	937	817	535	716	487	384	403	131	114	27	37.08	27.33	0.12
Interest / Finance Charges	**142**	235	289	189	230	224	197	91	79	101	88	86	48	5	7	12	0.08	0.33	0.07
Depreciation	**301**	280	259	255	252	221	179	119	87	80	76	70	39	22	9	11	4	3	0.01
Current Tax	**147**	141	137	184	160	99	73	—	100	190	108	74	75	39	51	—	20	12	0.02
Deferred Tax	**(67)**	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net Profit	**297**	419	201	523	553	486	490	606	245	333	208	155	245	65	47	4	13	12	0.02
Dividend (Incl. Dividend Tax)	**206**	183	120	243	180	158	139	108	90	90	72	72	72	19	12	5	5	2	—
Earnings per share (Rs.)	**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. U. M. Patel
Shri. M. C. Choksi
Dr. G. G. Nair
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 :

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. : 25923837
Fax : 25672693
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

42ND ANNUAL GENERAL MEETING

DATE :

Monday, August 25, 2003
at 4.00 p.m.

VENUE :

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

DIVIDEND :

50%

DIVIDEND ELIGIBILITY :

For : Regd. Member
Physical Shares : As on August 25, 2003
Demat Shares : As per the list of beneficial ownership furnished by the Depositories

BOOK CLOSURE :

August 12, 2003 to August 25, 2003

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NOTICE

NOTICE is hereby given that the **FORTY SECOND 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, August 25, 2003 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, 2003 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 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 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 Ms.Indira Sundararajan as Vice President- Business Development and payment of salary to Ms.Indira Sundararajan, 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 July ,2003 as under:

Basic Salary	:	Rs.30,000 per month.(with annual increments of Rs.3,000).
HRA	:	@25% of Basic salary per month.
LTA	:	@8.33% of Basic per annum.
Medical Reimbursement	:	@8.33% of Basic per annum.

   In addition to the above, Ms. Indira Sundararajan will be entitled to Provident Fund and Superannuation Contributions and also to Gratuity as per the Rules of the Company,."

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

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

June 25, 2003.

K.SEKHAR
SECRETARY

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, August 12, 2003 to Monday, August 25, 2003 (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 on the basis of particulars of beneficial ownership 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: 25923837, Fax No. 25672693, 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.25923837, Fax No.25672693, 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) (1) 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.

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(2) 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. 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:

Mr.U.M.Patel and Mr. M.C.Choksi, Directors of the Company , retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr.U.M.Patel and Mr.M.C.Choksi, are both very 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
U.M..Patel -B.Sc(Hons) MBA	74	Since Inception	Shri Dinesh Mills Ltd (MD) Elecon Engineering Co. Ltd Gujarat JHM Hotels Ltd Co-operative Bank of Baroda Ltd. Gujarat Sheep and Wool Development Corporation Ltd	1
M.C.Choksi -Chemical Engineer	63	5/11/84	Asian Paints (India) Ltd. Resins and Plastics Ltd Pragati Chemicals Ltd.(Chairman)	5

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

ITEM. No.6

Under the prevailing 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.

Ms.Indira Sundararajan, 55 years, BSc (Chem), BSc (Tech) Pharma, is a technologist with extensive experience. She has worked as a Software Consultant and Trainer, as a Business Process and Management Consultant, and during last 8 years since September 1995, she has been working as Head of New Business Development in a group Company. Ms.Indira is the sister of Mr.R.Sampath, the Chairman and Managing Director of the Company .

The details of remuneration to be drawn by Ms.Indira is given in the resolution. The Board of Directors recommend the special resolution at item No.6 for your approval.

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

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

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

K. SEKHAR
SECRETARY

June 25, 2003.

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DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

The Members
Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their FORTY SECOND ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS of the company for the year ended 31st March, 2003.

FINANCIAL RESULTS	YEAR ENDED 31ST MARCH 2003 RUPEES	RUPEES	YEAR ENDED 31ST MARCH 2002 RUPEES	RUPEES
Gross Profit before Interest & Depreciation		84,158,039		110,564,220
Interest & Finance Charges	14,152,338		23,532,721	
Depreciation	30,149,998		28,004,902	
Provision for current taxation	14,663,000		14,068,000	
		58,965,336		65,605,623
Profit after current tax		25,192,703		44,958,597
Deferred Tax		(6,663,722)		3,418,431
Prior Year adjustment		2,202,894		(358,203)
Net profit after tax and adjustments		29,653,531		41,898,369
Balance in Profit & Loss a/c.		26,311,241		17,662,872
Profit available for appropriation		55,964,772		59,561,241
Appropriations:				
Dividend		18,250,000		18,250,000
Tax on Dividend		2,338,281		-
Transfer to General Reserve		15,000,000		15,000,000
Balance carried to Balance Sheet		20,376,491		26,311,241
		55,964,772		59,561,241

PRODUCTION, SALES, EXPORTS AND PROFITS

The figures for the year ended 31/3/2003 relating to production, sales, expenses, exports and profit have been shown at appropriate places in the Accounts, Notes forming part of Accounts and Director's Report along with the previous year's figures.

DIVIDEND

Your Directors recommend a Dividend payment @ 50% for the year ended 31/3/2003 (Previous year 50%). This dividend payment is tax free in the hands of the shareholders.

The total cash outflow on account of this dividend payment including tax on dividend will be Rs. 205.88 Lakhs. The dividend after approval by the share holders at the forthcoming AGM will be paid to the eligible shareholders around 29th August 2003.

BUSINESS SCENARIO

Economic conditions during the year 2002 - 2003 were not different from that of the previous year. Market conditions for almost all sectors of the economy remained tough. The market conditions were further worsened by an indifferent monsoon in several parts of the country and uncertainty in implementation of VAT in the country compounded the misery.

FINANCIAL AND OPERATING PERFORMANCE

The profit before Tax during the year ended 31/3/2003 was Rs.398.55 lakhs, which was lower by about 33% as compared to the previous year.

The fall in the turnover of the Company has been mainly due to the change in the demand profile of one of our main customers in the Detergent division. The Pigment division could achieve better realization during the year ended 31/3/2003 by concentrating on better product mix. Lapiz Digital services, the IT Enabled Services division of the Company suffered minor setbacks.

While there has been drop in income from Lapiz Digital services by about 20% during the year ended 31/3/2003 as compared to the previous year, the company has done well on the export front on the manufacturing side by registering a growth of over 20% in value during the year compared to the previous year. The company has made significant break through in some of the new export markets and expects to consolidate further in the years to come.

FUTURE OUTLOOK

The year began on a not too encouraging note mainly because of the transporters strike, SARS scare, War tensions, confusion over implementation of VAT etc. Expectedly, the manufacturing business of the Company was bound to be affected. With good monsoon expected during the year, and the problems faced at the beginning of the year having largely receded, your Company

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hopes to more than makeup in the coming months aided by some encouraging developments in Company's major product segments and some strategic initiatives.

Efforts are on to optimize the product mix in the pigment division for the best possible realizations. Your company has already initiated steps to venture into hitherto unexplored markets and resorting to deeper market penetration. Your company is also vigorously pursuing its endeavour to produce and market speciality pigments and thereby reducing, to a considerable extent, the dependence on the traditional pigment market.

The detergent and sulphonation divisions are also expected to do much better in the coming year due to the firming up of the customer requirements for the entire financial year. The contributions from these divisions to the bottomline of the company is also expected to be better with the Plants operating to its optimum capacity. The proximity to the Southern markets is also expected to result in higher volumes to your company.

Lapiz Digital services, the IT Enabled Services division of the Company, which was in consolidation stage until recently, is expected to do well in the coming year with the identification of new clients and areas. The business in the first quarter of the coming year is very encouraging.

Your company has embarked on a continuous mission to reduce operating and interest costs and expects the same to yield good results. The interest cost during the year was lower by about 40% when compared to the previous year. It would be the endeavour of your company to bring down the interest cost to "NIL" in the next few years.

PERSONNEL

Your company is fully committed to people's development and gives good attention to HUMAN RESOURCES. Your company strives to create a working environment that is challenging and motivates people to be performance oriented and customer - focused. Building, developing and upgrading employee competencies in line with business needs and strategies is now an institutionalized process in your company.

During the first Quarter of the Current Year all the plants are functioning satisfactorily and the relationship between Management and employees is cordial.

RESEARCH AND DEVELOPMENT

To upgrade the qualities of the Company's products and to meet the specific needs of various customers, your Company gives continuous attention and greater emphasis and focus to its research and development activities.

DIRECTORS

Mr.U.M.Patel and Mr.M.C.Choksi, Directors retire at the ensuing Annual General Meeting and are eligible for reappointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sec. 217 (2AA) of the Companies Act 1956, with respect to Director's Responsibility Statement, we hereby confirm that :

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or loss of the Company for that period.

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) that the Directors had prepared the annual accounts on a going concern basis.

FINANCE

Your company's Commercial Paper Programme continued to get P1+ Rating during the year from the rating agency reflecting highest safety on timely payment of Principal and Interest.

All taxes and statutory dues are being paid on time. Payment of interest and instalments to the Financial Institutions are being made as per schedule. The company is also very regular in meeting its commitments to its depositors. No unclaimed deposits or overdue deposits remain outstanding as on date.

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

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: June 25,2003

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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ANNEXURE 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.

I. CONSERVATION OF ENERGY

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

(b) Existing energy saving systems are properly utilized and further devices are added when necessary.

FUEL CONSUMPTION (POWER & FUEL)

	UNITS	YEAR ENDING 31.03.2003	YEAR ENDING 31.03.2002
1. ELECTRICITY			
(a) From EB-TN			
Purchased unit	KWHR	**31,45,736**	36,56,324
Total Amount paid	Rupees	**1,59,09,837**	1,58,44,847
Rate / Unit	Rupees	**5.05**	4.33
(b) Own Generation			
Through DG	KWHR	**7,44,700**	2,07,068
Unit / Litre of Diesel Oil	KWHR	**3.05**	2.90
Cost Per Unit	Rupees	**6.26**	5.74
2. COAL AND COKE			
Coal & Coke	Rupees	**93,47,091**	99,64,462
Coal & Coke	Tons	**1,837**	2,005
Average Rate Per Tonne	Rupees	**5,088**	4,970
3. FURNACE OIL / DIESEL ETC.			
Furnace Oil/Diesel etc.	KL	**649.677**	692
Total Amount	Rupees	**94,12,962**	86,76,925
Average Rate	(RS / KL)	**14,489**	12,539

(AMOUNT IN RUPEES)

RESEARCH AND DEVELOPMENT	YEAR ENDING 31.03.2003	YEAR ENDING 31.03.2002
EXPENDITURE ON R&D		
i. Capital	**2,76,589**	8,61,586
ii. Recurring	**1,38,295**	2,82,909
iii. Total	**4,14,884**	11,44,495
iv. Total R&D Expenditure as a percentage of total turnover	**0.08%**	0.14%

II. TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION

Efforts in brief, made towards technology absorption and 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. Development and launching of two high value added speciiality pigments are in progress.

III. FOREIGN EXCHANGE EARNINGS & OUTGO:

Even though the international markets have continued to be very competitive, the company has been aggressively 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 Export and Services are given in Notes forming part of Accounts.

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

MUMBAI
Date: 25th June, 2003

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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CORPORATE GOVERNANCE REPORT

(Forms Part of the Director's Report)

The Company believes that good Corporate Governance embraces business practices which result in enhancement of the value to the shareholders and simultaneously enable the company to fulfill its obligations to the other stakeholders such as customers, vendors, employees and to the society in general.

The company takes utmost care to make corporate governance to balance individual interest with corporate goals by operating within accepted norms of propriety, equity, fair play and a sense of justice and continues to remain committed to fairness, transparency, accountability and responsibility. In this report the company confirms its compliance with corporate governance as required by Clause 49 of the listing agreement with the Stock Exchange.

(a) Composition:

1. The Board of Directors of your Company comprise of an Executive Chairman & Managing Director, Vice-Chairman & Managing Director and another Managing Director with five Non-Executive Directors.
2. All Non-Executive Directors except Mr.S.Sridhar are independent Directors.

(b) Board Committees:

i. Audit Committee:

Dr.G.G. Nair (Chairman)

Ms.K.R. Javeri (Member)

Mr.S.Sridhar (Member)

During the year, the Audit Committee met three times on 20/6/2002, 23/10/2002 and 22/1/2003. All the members of the Audit Committee as well as the concerned partner of the Statutory Auditor remained present at the meetings. The audited results for the year ended 31/3/2002 and the half yearly results for the period ended 30/9/2002 were reviewed by the Audit committee. The Audit Committee also examined the Internal Auditors Report on the workings of different departments and the action taken on observations of the auditors as well as the Statutory Compliance report.

ii. Share Transfer / Investors Grievance Committee

The Share Transfer / Investors Grievance Committee constitutes of the following members:

1. Dr.G.G.Nair
2. Ms.K.R.Javeri
3. Mr.S.Sridhar

One meeting of the above committee was held during the year 2002 - 2003 with requisite quorum. Mr.K.Sekhar, Company Secretary is the Compliance Officer. All complaints whenever received from any investor were timely attended for redressal.

(c) Board Meetings:

Number of Board Meetings held during the year 2002 - 2003

Five Meetings of the Board of Directors were held on the following dates

27/6/2002, 29/7/2002, 26/8/2002, 28/10/2002 and 27/1/2003.

The Board of Ultramarine & Pigments Ltd. is routinely presented with all information under the heads "Operations" and "Statutory Requirement" wherever applicable and materially significant. These are submitted as part of the agenda papers well in advance of the Board Meetings and the Company Secretary, in consultation with the Chairman & Managing Director, drafts the agenda of the meetings.

(d) Directors attendance record and directorships held:

Name of Directors	ATTENDANCE AT Board Meetings	ATTENDANCE AT Last AGM	No. of Directorships of public companies	No. of Memberships of Board Sub-committees
Shri.R.Sampath	5	Yes	1	—
Shri.S.Santhanam	5	Yes	2	2
Shri.R.Krishnaswamy	5	Yes	—	—
Shri.U.M.Patel	2	Yes	5	1
Shri.M.C.Choksi	5	Yes	3	5
Dr.G.G.Nair	4	Yes	3	3
Smt.K.R.Javeri	5	Yes	—	2
Shri.S.Sridhar	5	Yes	3	4

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(e) Remuneration of Directors

Remuneration paid or payable to Managing Directors during the year ended 31.03.2003.

(Amount in Rupees)

Name & Designation	Commission *on profits*	Salary	PF	Others	Total
1. Mr.R.Sampath-CMD	4,32,976	6,36,000	76,320	1,59,591	13,04,887
2. Mr.S.Santhanam-VC&MD	4,32,976	6,36,000	76,320	1,73,265	13,18,561
3. Mr.R.Krishnaswamy-M.D.	4,32,976	6,36,000	76,320	1,29,746	12,75,042

Notes: Managerial Remuneration is within the ceiling as per the resolution approved by the shareholders. The caption "others" on the above table includes LTA, Medical and Superannuation.

Sitting fee is payable to the Non-executive Directors for attending the Board/Committee meetings. The sitting fees paid to the non-executive Directors is as under:

Name	Amt. (Rs)
Mr.U.M.Patel	4,000
Mr.M.C.Choksi	10,000
Dr.G.G.Nair	28,000
Ms.K.R.Javeri	30,000
Mr.S.Sridhar	25,000

(f) Brief details of General Body Meetings:

The Forty Second Annual General Meeting of the company for the financial year 2002 - 2003 would be held on Monday , 25th August 2003 at 4.00 p.m. at Mysore Association Auditorium, 393, Bhaudaji Road, Matunga- C.Rly, Mumbai- 400 019.

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2001 - 2002	26.08.2002	4.00 P.M.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai - 400 019.
2000 - 2001	24.09.2001	4.00 P.M.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai - 400 019.
1999 - 2000	18.09.2000	4.00 P.M.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai - 400 019.

Disclosures:

(i) Internal Audit Functions and Statutory Compliance:

Internal Audit functions of the company have been carried out by a firm of Chartered Accountants. The Reports of the Internal Auditors on the operations and financial transactions and the action taken thereon by the management in the form of report are duly submitted to the Audit Committee and the Board of Directors. The Statutory Auditors are provided with the reports of the internal auditors for consideration and report.

For every quarter, the Company Secretary makes report of Statutory compliances which are placed before the Audit Committee and the Board Meeting.

(ii) Directors with materially significant related party transactions, pecuniary or business relationship with the company:

There were no materially significant transactions with the Directors or the management or their subsidiaries or relatives that have any potential conflict with the interest of the Company.

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