

# A n n u a l   R e p o r t   2 0 0 9 - 2 0 1 0

*Steady  
growth*

*Sustained  
values*

**50**  
*Years*  
1960-2010



**ULTRAMARINE &  
PIGMENTS LTD.**



## **ULTRAMARINE & PIGMENTS LTD.**

### **Factory Ambattur**

556, Vanagaram Road  
Ambattur, Chennai - 600 053  
Tel. : 91-44-2682 1195 / 1196/ 1197/1198/1199  
Fax : 91-44-2682 1201  
E-mail: [ultra\\_marine@bsnl.in](mailto:ultra_marine@bsnl.in)

### **Ranipet**

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

### **(IT Enabled Services Division) Lapiz Digital Services**

No. 1/51-1, Palwells Road  
Rajeswari Colony, St. Thomas Mount  
Chennai - 600 016  
Tel. : 044-22330263  
E-mail : [contact@lapizdigital.com](mailto:contact@lapizdigital.com)

### **Lapiz Online**

DLF IT Park  
2nd Floor, 5th Block, 1/24, Shivaji Garden  
Mount Poonamallee Road  
Chennai - 600 089  
Tel. : 044-42901300  
Fax : 044-42901310  
E-mail : [info@lapizonline.com](mailto:info@lapizonline.com)



# ULTRAMARINE & PIGMENTS LTD.

## Board of Directors

Mr. R. Sampath (Chairman & Managing Director)  
Ms. Indira Sundararajan (Wholetime Director)  
Mr. S. Santhanam  
Mr. Nimish Patel  
Mr. M. C. Choksi  
Dr. G. G. Nair  
Ms. K. R. Javeri  
Mr. S. Sridhar

## Company Secretary

Mr. N. Asokan

## Bankers

Bank of India  
HDFC Bank Limited  
State Bank of India

## Auditors

Contractor, Nayak & Kishnadwala  
Chartered Accountants  
1B, 1st Floor, Pushpan  
K.D.Road, Vile Parle  
Mumbai 400 056

## Registered Office

Thirumalai House, Road No.29  
Near Sion Hill Fort, Sion (E), Mumbai 400 022  
Tel. : 2401 7841, 7834, 7853, 7861  
Fax : 2401 1699 / 2401 4754  
E-mail: thirumalai@thiruchem.com  
Website : www.ultramarinepigments.net

## Registrar & Share Transfer Agents

Link Intime India Private Limited  
C-13, Pannlal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai 400 078  
Ph: : 022 2594 6970  
Fax : 022 2594 6969  
E-mail: rnt@helpdesk@linkintime.co.in  
Website : www.linkintime.com

## General Information

- (a) Company's Shares Listed at Bombay Stock Exchange.
- (b) Company's Shares are mandated for trading in demat mode.
- (c) ISIN allotted to company's share is INE405A01021

## 49<sup>th</sup> Annual General Meeting

### Date & Time

Monday, August 2, 2010 at 4.00 p.m.

### Venue

Mysore Association Auditorium  
Bhaudaji Road, Matunga  
Mumbai - 400 019

### Dividend declared

150 % (Rs.3.00 per share of Rs.2/- each)  
[Includes Re.1 per share for Golden Jubilee Year]

### Dividend eligibility

For : Registered Member  
Physical Shares : As on August 2, 2010  
Demat Shares : At the close of business hours on July 19, 2010 as per the list of beneficial ownership furnished by the Depository Participants

### Book closure

July 20, 2010 to August 2, 2010 (both days inclusive)

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

## **N O T I C E**

NOTICE is hereby given that the **FORTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ULTRAMARINE & PIGMENTS LIMITED** will be held at THE MYSORE ASSOCIATION AUDITORIUM, Mysore Association, 393 Bhaudaji Road, Matunga-C.Rly. Mumbai 400 019 on Monday, the 2nd day of August, 2010 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, 2010 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr.Nimish Patel, who retires by rotation and, being eligible, offers, himself for re-appointment.
4. To appoint a Director in place of Ms.K.R.Javeri, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint Auditors for the current Year and fix their remuneration.

By Order of the Board of Directors

**N. Asokan**  
Company Secretary

May 28, 2010

### **Registered Office:**

Thirumalai House, Road No.29,  
Sion (East)  
Mumbai 400 022

### **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 20, 2010 to Monday, August 2, 2010 (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 19 ,2010 as beneficial owners as per list furnished by the Depository Participants for the purpose.
- d) Members are requested to notify immediately any change in their addresses and/or Bank Mandate details to the Company's Registrar and Share Transfer Agents for shares held in physical form and to their respective Depository Participants (DP) for shares held in Electronic form.
- e) 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.
- f) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all dividends from the Final dividend for the financial year ended 31/03/1996, 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 of 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 account gets transferred to the Investor Education and Protection Fund.

- g) The Equity shares of the Company are mandated for trading in the compulsory dematerialized Mode. The ISIN No. allotted for the Company's shares in INE405A01021.
- h) 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's Registrars.
- i) Re-appointment of retiring Directors:

Mr.Nimish Patel and Ms.K.R. Javeri, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.Nimish Patel, 44 years, has done his B.B.A and M.B.A (Finance) from New York, USA.He has 14 years of experience with the industry in the field of Electro Plating, Textile and Pharma Industries. He is an Executive Director of Shri Dinesh Mills Ltd. since 1995 and is also the Managing Director of Dinesh Remedies Ltd., a subsidiary of Shri Dinesh Mills Ltd, since 2005. He is also the Managing Trustee of Shri Maganbhai B. Patel's Charity Trust and Trustee of Shri Dinesh Foundation. He has recently joined the Board of Transpek Industry Ltd.

He holds 52,589 shares in the Company representing 0.18% of the Company's Paid-up Equity Share Capital. Ms.K.R.Javeri, 75 years, is a practicing Advocate and is well known for her expertise in Corporate & Legal matters. Ms.Javeri was earlier the Nominee Director of ICICI on the Company's Board and had kindly consented to continue as a Director after her nomination was withdrawn. Ms.Javeri's contribution has been immense and valued by all the Board Matters. She does not hold any shares of the Company.

The Board of Directors of the Company commends their respective re-appointments.

- j) Members are requested to bring the attendance-Slip along with their copy of Annual Report to the Meeting.

By Order of the Board of Directors

**N.Asokan**

Company Secretary

May 28, 2010

**Registered Office :**

Thirumalai House, Road No.29,  
Sion (East)  
Mumbai 400 022

## DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

**The Members**

**Ultramarine & Pigments Ltd.**

Your Directors have pleasure in presenting their **FORTY NINTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31, 2010.** (Rs. in Lakhs)

<b>Financial Results</b>	<b>Year ending 2009-2010</b>	<b>Year ending 2008-2009</b>
Gross Profit Before Interest, Finance Charges and Depreciation	<b>2120</b>	2277
Interest and Finance Charges	<b>90</b>	74
<b>Profit before Depreciation and Tax</b>	<b>2030</b>	2203
Depreciation	<b>430</b>	346
<b>Profit before Tax</b>	<b>1600</b>	1857
Provision for Current Tax	<b>670</b>	(156)
<b>Profit after Current Tax</b>	<b>930</b>	1701
Provision for Deferred Tax	<b>148</b>	(278)
Short provision for earlier years	<b>Nil</b>	(31)
<b>Profit after Tax</b>	<b>1078</b>	1392
Balance in Profit & Loss Account	<b>3160</b>	2601
<b>Profit available for appropriation</b>	<b>4238</b>	3993
<b>Appropriations</b>		
Dividend	<b>876</b>	584
Tax on Dividends	<b>146</b>	99
General Reserve	<b>143</b>	150
Balance Carried Forward	<b>3073</b>	3160
	<b>4238</b>	3993

### Dividend

Your Directors have recommended a Dividend of Rs 2/- per share for the year ended March 31, 2010. In addition, your Directors have also recommended Re.1 per share towards the Golden Jubilee Year, which makes the total payment of Dividend of Rs.3/- per share of the nominal value of Rs.2/-each for the year ended March 31, 2010 [previous year Rs 2/-Per Share of nominal value Rs.2/-per share].

The payment of dividend together with the tax thereon absorbed a sum of Rs 1021/-Lakhs. The Dividend, if approved by the members at the forthcoming Annual General Meeting will be paid to all the eligible members by 5<sup>th</sup> August, 2010.

**MANAGEMENT'S DISCUSSIONS AND ANALYSIS****Operations and Financial Performance**

The performance of various business segments of the company were a mixed one with Pigments showing an improved performance, whereas other divisions including IT enabled services experienced a dip in volume & profitability. The division-wise business review of the company for the financial year 2009 - 2010 is given below.

**Pigment Division**

The Company achieved gross sales of Rs.4511 lakhs (4236 MT) during the financial year ended 31-3-2010 as against Rs.3978 lakhs (3658 MT) in the previous financial year. The volume grew by 16% and value by 13% and this coupled with reduction in prices of key raw materials during the year under review helped post better profit.

The company is well positioned to tap domestic industrial segment & export market with initiatives taken both on technical front & marketing set up. The key growth drivers are product innovation & entering untapped market segments.

**Surfactants Division**

The Company achieved gross sales (includes processing) of Rs.5459 lakhs during the financial year ended 31.3.2010 as against Rs.5903 lakhs in the previous financial year. The Company has re-vamped its marketing force to penetrate in to the rural as well as the urban market which is dominated by huge market players. To enhance the brand image and capabilities, new promotional packages are in the offing to make the consumers aware of our brand. The growth prospects are dependent on the capitalization and exploitation of the market since low cost market segment is predominant in this FMCG Category.

**Packaging Division**

The operation of Packaging Division was closed in August 2009 due to technological obsolescence of the plant.

**Windmill Power Generation**

The power generated from the wind turbines of 44.84 lakh units valuing Rs 156.92 lakhs which was partly adjusted against consumption for the factories at Ambattur and Ranipet and partly sold to Tamil Nadu Electricity Board.

**IT & ITES Division**

The performance of the division has not shown any significant growth due to the persistent slow down prevailing in the U.S.A. The prospects of growth in this segment is dependent on the recovery of economy in U.S which is rather very slow based on the prevailing trends.

Revenue from the ITES division was Rs 1420/-Lakhs as compared to Rs. 1668/- Lakhs for the previous financial year. The decline in revenue was mainly on account of economic recession prevailing in U.S. and European markets.

Comparing the overall financials of the company during the year under report with the previous financial year, the total

income of the company for the year was Rs. 11244/- Lakhs as against Rs. 11385/- lakhs in the previous year and the Profit after tax (PAT) for the year was Rs. 1078/- Lakhs as compared to Rs. 1392/- Lakhs in the previous year.

**Earnings Per Share**

Earnings Per Share (EPS) was at Rs 3.69 per share and Cash Earnings Per Share (CEPS) were Rs 5.17 on the paid value of Rs 2/-per share.

**Lapiz Online Private Limited**

The Wholly Owned Subsidiary of the Company viz. Lapiz Online Private Limited which was incorporated in October 2008 was disposed off during the year since no additional benefits could be derived from this company.

**Exports**

The exports of the Company's products during the year amounted to Rs. 2293/- Lakhs (Previous year Rs. 2022/-Lakhs).

**Internal Control Systems**

Your company has evolved a system of strong and adequate internal controls to ensure that its assets and interests are protected. Transactions are authorized, recorded and correctly reported. There are clear demarcation of roles and responsibilities at various levels of operations. The company's internal control system is further strengthened by continuous periodical Internal Audit System and Audit Committee Review at the Board level. The adequacy of the internal control systems is being periodically reviewed by the Audit Committee. 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 Statutory Auditors as well and the Audit committee regularly reviews them.

The scope of internal audit covers a wide variety of operational matters and as a minimum ensures compliance with specific standards with regard to the availability and suitability of policies and procedures and the extent of adherence. It further evaluates the adequacy of segregation of duties, reliability of Management Information Systems including its controls in the area of authorization procedures and safeguarding of assets. It is to be understood that the overall internal control system is never static but dynamic, reflecting the current requirements at all times. The Board, however, believes that appropriate procedures and controls are operating and monitoring practices are in place.

**Personnel**

Industrial Relations were quite harmonious throughout the year under review.

The directors earnestly appreciate the contributions and initiatives taken by the employees at all levels for the Company's improved performance year after year.

**Opportunities and Threats**

The Company being one of the major producers of pigments with technological capabilities, the scope for exploiting the

market is very wide since there are only a few competitors in this segment. The untapped segments both geographically and technologically have been vigorously exploited to attain higher market share. The economy, after the onslaught of the global depression has been recovering, thereby creating tremendous opportunities on various sectors of industry. Unlike in the year 2008-2009 which witnessed a volatile market for our basic inputs, the prices of inputs for the year 2009-2010 have been more or less stable to enable our products to be more price-competitive and cost advantageous.

The fiscal stimulus package granted in several legs during the year 2008-2009 has been partially withdrawn by the Government of India in the budget for the fiscal year 2010-2011 as a result of which, the prices of basic raw materials and other inputs have gone up thereby increasing the costs of production. Moreover, certain state governments have increased their 'VAT' [Value Added Tax] Rates for commodities which is rather a retrograde step resulting in increased prices for the ultimate consumers. Apart from the above, the prices of fuel have been increased pushing up the logistics costs that have negative impact not only for the business community but also for the consumers at large. Based on the complete recovery of economy during the forthcoming months, the stimulus package would be completely withdrawn keeping in view of the implementation of 'GST' [Goods & Services Tax] by the Government from the fiscal year 2011-2012.

#### Risks and Concerns

1. The usage of pigments for certain applications Viz. Laundry and white washing has been dwindling gradually due to the changes in life style and technology.
2. Competition in the domestic market for the company's products from the un-organized sector.
3. Some of the nations across the globe are still under the economic crisis which has negative impact both on the BPO & ITES Segments.

#### Prospects & Outlook

The implementation of latest technology and modernization in some of the production processes has yielded better results in increasing the yield on industrial grades. Consistent efforts are being made to introduce most modern technology by all feasible methods to improve production process and efficiency. Substantial improvement in productivity, improved efficiency and minimization of wastage are the ultimate goals towards which the company's strategies have been set.

The company has strengthened its marketing force both in export and domestic segments for enhancing the marketing capabilities. The structure of the existing marketing group has been re-organized and rationalized to address specific issues and bottlenecks arising in the course of marketing and thereby improving customer relationship.

#### 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. Nimish Patel and Ms. K.R. Javeri, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### 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 accounts for the year ended March 31, 2010 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 judgement 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, 2010 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 conditions, Government Policies and other incidental factors and developments.

#### Finance

All taxes and statutory dues are being paid on time. The Company has been regular in making timely repayment of the loans and interest to Banks.

The surpluses in business are deployed in a prudent manner, considering the risk, reward and safety.

#### 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 233B of the Companies Act 1956, the company carries out an audit of cost accounts relating to its Soaps and Detergent Division every year. Mr.Kalyanaraman is appointed as Cost auditor.

**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/Whole-time 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 Earnings 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 and the shareholders for their continued support.

For and on behalf of the Board of Directors

Mumbai  
May 28, 2010

**R. Sampath**  
Chairman & Managing Director

## 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, 2010.

Sr. No.	Name	Age	Qualification and Experience	Designation	Remuneration [Rs.]	Date of Joining	Last Employment
1.	Mr.R.Sampath	65	B.Sc. B.S. (Chem.Engg.) U.S.A. 40 years	Chairman & Mg.Director	99,55,651	01.03.1970	Engineer, Hercules Inc.USA
2.	Ms. Indira Sundararajan	62	B.Sc. (Chem) B.Tech(Pharma)	Whole-time Director	99,55,651	01.07.2003	Thirumalai Chemicals Ltd.

**NOTES**

- 1) Remuneration includes Company's contribution to Provident Fund, Superannuation Fund, Medical Benefits, Leave Travel Allowance etc.
- 2) Nature of employment is contractual.
- 3) Mr.R.Sampath is a relative of Ms.Indira Sundararajan, Whole-time Director of the Company

## Annexure 2 to Directors' Report

Information as per Section 217(1) (e) read with the Companies (Disclosures of Particulars in report of the 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 utilised and further devices are added whenever necessary

Description	Units	Year Ending 31.03.2010	Year Ending 31.03.2009
<b>Fuel Consumption (Power &amp; Fuel)</b>			
<b>1) Electricity</b>			
a) <b>From TNEB</b>			
Purchased Unit	KWHR	<b>3182824</b>	3909044
Total Amount Paid	Rs.	<b>15864826</b>	18947909
Rate / Unit	Rs.	<b>4.98</b>	4.85
b) <b>Own Generation</b>			
Through DG	KWHR	<b>1026564</b>	996395
Units / Litre of Diesel Oil	KWHR	<b>2.76</b>	2.95
Rate / Unit	Rs.	<b>13.71</b>	12.32
<b>2) Coal and coke</b>			
Coal & Coke & Pet Coke	Rs.	<b>24163931</b>	20451218
Coal & Coke & Pet Coke	TON	<b>1957.46</b>	1486
Rate / Ton	Rs.	<b>12345</b>	13759
<b>3) Furnace oil / diesel / sko etc.</b>			
Furnace Oil / Diesel / SKO etc.	KL	<b>1090.01</b>	750.23
Total Amount	Rs.	<b>27301324</b>	20120002
Rate / Ton	Rs.	<b>25047</b>	26818
<b>4) Research &amp; Development</b>			
Expenditure on R & D			
i) Capital	Rs.	<b>Nil</b>	Nil
ii) Recurring	Rs.	<b>1614352</b>	Nil
iii) Total	Rs.	<b>1614352</b>	Nil
iv) Total R&D Expenditure as a % of turnover		<b>0.18</b>	Nil

### II. Technology Absorption, Adaptation, Innovation

Your company is taking initiatives for quality of all products and services by absorbing new technologies in product / process developments through modernization and also by cost effective methods /processes.

### III. Foreign Exchange Earnings & Outgo

Your company is constantly exploring new markets to enhance the exports of its products despite the stiff competition faced in the international market. Vigorous efforts are being made to enhance our revenue from IT Enabled services Division. Earnings in foreign Exchange from exports and services are given in notes forming part of accounts.

For and on behalf of the Board of Directors

Mumbai  
May 28, 2010

**R. Sampath**  
Chairman & Managing Director