



**ULTRAMARINE &
PIGMENTS LTD.**



**51st
Annual Report
2011-2012**

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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 : rent@helpdesk@linkintime.co.in
Website : www.linkintime.com

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

Ranipet

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



NOTICE

NOTICE is hereby given that the **FIFTIETH 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 8th day of August, 2011 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, 2011 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.S.Santhanam who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. Santhanam who retires by rotation and, being eligible offers himself for re-appointment.
5. To appoint Auditor

By the Order of the Board of Directors

N. Asokan
Company Secretary

May 26, 2011

Registered Office:

Thirumalai House, Road No. 1,
Sion (East)
Mumbai 400 022

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IN PERSON OR BY PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY HOLDER.
- b) The proxy form duly filled and signed by the member 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 26, 2011 to Monday, August 8, 2011 (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 25, 2011 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 Agent 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) & 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividend for the financial year 1995-1996 to 2002-2003 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, amounts have been transferred to the Investor Education and Protection fund from time to time. All persons are requested to note that no claims shall lie against the Company or the said fund in respect of any amounts which were unclaimed and unpaid for a period of 7 years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

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

- 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 is 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' Registrars.
- i) Re-appointment of retiring Directors:

Mr. S.Santhanam and Mr. M.C.Choksi, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr.S.Santhanam, 71 years, joined the Board as an Additional Director of the Company on 25th February, 1993. Earlier to that, he was a working partner till 31st July, 2004. He has been engaged in the field of Imports and Exports, Marketing, Customer Relationship Management, Procurement, etc. He enjoys very high reputation in the industry. The Company has been named as the sole name and address of the Company (in the shareholding) in the Company comprise 22,91,460 equity shares representing 7.85% of the total equity capital.

Mr.M.C.Choksi, 70 years, joined the Board as an Additional Director of the Company on 25th February, 1993. He has been engaged in the field of Imports and Exports, Marketing, Customer Relationship Management, Procurement, etc. He enjoys very high reputation in the industry. The Company has been named as the sole name and address of the Company (in the shareholding) in the Company comprise 3,600 equity shares representing 0.13% of the total equity capital.

The Board of Directors has approved the re-appointments.

- j) Members are requested to bring the Annual Report to the Meeting.
- k) The Ministry of Corporate Affairs, Government of India, vide Circular No.18/2011 dt.21/04/2011 & Circular No.18/2011 dated 29/04/2011 has taken the decision to allow companies to file their financial statements including AGM Notice, Audited Financial Statements, Directors' Report, etc. in electronic form in lieu of the physical form. To support this initiative, the Company has introduced the Demat Mode & the Physical Mode, and who have not registered their e-mail ID for the purpose of servicing documents by the Company in electronic mode.

By Order of the Board of Directors

N. Asokan
Company Secretary

May 26, 2011

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 **FIFTY FIRST ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31, 2012**.

	₹ in Lakhs	
Financial Results	Year ending 2011-2012	Year ending 2011-2012
Gross Profit Before Finance Costs, Depreciation & Amortisation	2548	2880
Finance costs	(171)	(41)
Profit before Depreciation, Amortisation and Tax	2376	2839
Depreciation & Amortisation	(550)	(427)
Profit before Tax	1826	2412
Current Tax Expense	(371)	(771)
Profit after Current Tax	1455	1641
Provision for Deferred Tax	(257)	59
Excess provision for earlier years /MAT Credit	171	1
Profit after Tax	1369	1701
Balance in Profit & Loss Account	3578	3073
Profit available for appropriation	4947	4774
Appropriations:		
Dividend	(876)	(876)
Tax on Dividends	(142)	(145)
General Reserve	(150)	(175)
Closing Balance	3779	3578

Dividend

Your Directors have recommended a Dividend of ₹ 3/- per share of the nominal value of ₹ 2/- each for the year ended March 31, 2011 [previous year ₹ 3/- per share of nominal value ₹ 2/- per share including ₹ 1 towards Golden Jubilee Year Dividend]. The payment of dividend together with the tax thereon absorbed a sum of ₹ 1022/- Lakhs. The Dividend, if declared, by the members at the forthcoming Annual General Meeting will be paid to all the eligible members by ____th ____ 2012.

Managements' Discussions and Analysis

Operations and Financial Performance

The operational performance of the company for various divisions of the company could be considered as good keeping in view of the uncertain economic and business trends prevailing both in domestic and international front.

Pigment Division

Pigment Division, being the significant contributor of the company's revenues and profitability, achieved gross sales of ₹ 4737 lakhs with 4230 Metric Tons during the financial year ended 31-3-2012 as against ₹ 4473 lakhs (4380 MT) in the previous financial year. The performance is good in spite of economic uncertainties prevailing in the European Nations. Suitable strategies on the product, place, price and promotional fronts have been meticulously formulated to cater to the needs of various customer bases and capture new markets by tapping into new areas. In spite of the continued declining usage of pigments on certain applications, the division has consolidated its operations on the domestic and global market. Due to continuous R&D effort, the company has developed 4 different grade high performance pigments & the same is well received by the customers. The company is striving to improve the operational efficiency.

On the export front, the realization showed improvement which was mainly due to the volume based offers extended to the buyers on certain premium grade products. In order to have a wider coverage and increased awareness of our products, the company is participating in international trade fairs and exhibitions.

Surfactants Division

The Company achieved gross sales (includes processing) of ₹ 6941 lakhs during the financial year ended 31-3-2012 as against ₹ 5908 lakhs in the previous financial year.

The company has been consistently identifying new markets and new customer bases to improve the operations since there is vast potential remaining to be tapped. In some of the regions, the presence of our brand is showing marginal increase with the implementation of new marketing policies and practices. The company has acquired a land during April 2011, at Dahej in Gujarat on long term lease from Gujarat Industrial Development Corporation ("GIDC") for setting up of a plant to manufacture Surfactants, Pigments etc to cater to the demand of Western and Northern parts of India. As per the terms of the lease, the plant has to be set up within a period of three years.

Wind Mill Generation

The power generated from wind turbines is about ₹ 65 lakh units valued at ₹ 220 lakhs (which partially adjusted against consumption). The generation of power in various locations varied marginally due to the difference in technology for generators and prevalence of weather during wind seasons in different locations.

Review of IT Division

During the year under report, the Division has earned revenue of ₹ 1700 lakhs as against ₹ 1261 Lakhs to the corresponding period in the previous year resulting in an increase of 35%. Due to increased orders and improved customer base, the company will be able to sustain this trend in the future.

Earnings Per Share (EPS) is at ₹ 4.69 (Previous Year ₹ 5.83) and Cash Earnings Per Share (CEPS) is ₹ 6.57 on the paid up value of ₹ 2/- per share.

Exports

The exports of the company's products during the year amounted to ₹ 2568/- Lakhs (Previous Year ₹ 2386 Lakhs).

Internal Control Systems

The Company has established and maintained adequate internal controls over the financial reporting. Internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted (GAAP) in India. The Company has an internal control system commensurate with the size and nature of the business.

The Audit Committee of the Company provides reassurance to the Board on the existence of an effective internal control environment.

The Company's internal control system is supported by laid out systems, self-monitoring mechanisms, and is audited by an external firm as part of the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. We are in the process of upgrading its systems and procedures to further enhance all its operating systems and controls.

Personnel

Industrial Relations were quite harmonious through-out 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

Opportunities galore with the increasing product exposure to new applications, territorial expansion and building up of excellent marketing set up. Customer oriented marketing is the primary objective for growth towards which goals are being rationally set keeping pace with the prevailing micro and macro business trends.

With the identification and implementation of several sector-specific growth initiatives, the marketability and profitability of products would reach considerable heights. As already stated in the previous years' reports the detergent market, being in the "FMCG" Segment, the company has been striving hard to penetrate in the popular segment. The prospects on the surfactant segment is dependent on the new products.

The upwards revision on the "VAT" rates in the state of Tamilnadu and the Central Excise Tariff effected during the year under report, and the rise in input cost is a cause for concern.

The world economy has not, so far, recovered from the persistent global economic depression that hit during the year 2008 as evident from the downward trend on the business prosperity of various sectors of industries of U.S and other European nations. Lack of proper credit control measures, financial discipline, money market mechanisms and lavish spending are the root causes for this ever growing economic crisis. The macro-economic uncertainty in the past and its continued presence in some of the industries may seriously affect the future of the economy in the above nations posing severe threat to the export potentials of Indian companies. Global economy would become viable and vibrant unless a fresh set of global financial, economic and monetary reforms are conceptualized and implemented in the years to come.

Risks and Concerns

1. The presence of small players supplying sub-standard products has been causing serious concern for the company which has also resulted in cut-throat competition.
2. European Nations are still reeling under severe economic depression which has a negative impact on the export prospects.
3. The prospects of growth of "ITES" are very low keeping in view of the prevailing economic trends in U.S.A and other western nations.
4. The gap between the demand and supply of energy is widening as a consequence of which, the prospects of business entities and operational efficiency in Tamil Nadu are severely hampered.

Prospects & Outlook

The strategies which have been formulated for the segments of the company on various fronts would bring in a major breakthrough on the prospects of the products and services in the long run on the domestic market. Similarly, the export will have an appreciable growth on the increasing value of U.S dollars in the short run. The consolidation of market on the basis of competitive product edge, will nevertheless, be a definitive impact on the export prospects.

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

Dr. G. G. Nair and Shri S. Sridhar, 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, 2012 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 judgment 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, 2012 and of the profit of the company for the year ended that date.
- iii] proper and sufficient care has been taken for the maintenance proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the company and for preventing and detecting fraud and other irregularities, and

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

Finance

All taxes and statutory dues are being paid on time. The Company 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 Bombay Stock Exchange Ltd. 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

Pursuant to the recent order of the Central Government under Section 233B (1) of the Companies Act 1956, the company is bound to carry out an audit of cost accounting records relating to the products of the company. Mr. G. Sundaresan has been appointed as Cost auditor for the financial year 2012-13.

Particulars Of Employees

The details of the remuneration of the Managing Director/Whole-time Executive Director is furnished in the corporate governance report.

There has been no Employees drawing remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

Conservation of energy, technology absorption, foreign exchange earning and outgo

The particulars required to be included in terms of section 217(1)(e) of the Companies Act, 1956 with regard to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo are given in Annexure.

Acknowledgement

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

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

R. SAMPATH

Chairman & Managing Director

MUMBAI

Date: May 30, 2012