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47th Annual Report 2007 - 2008

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ULTRAMARINE & PIGMENTS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	07-08	06-07	05-06	04-05	03-04	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	**584**	584	584	365	365	365	365	365	365	360	360	360	360	180	180	180	180	180	90	60	60	30	15	15
Reserves & Surplus	**6706**	6205	5365	4756	3882	3361	3271	3532	3451	3075	2702	2365	2014	1695	1540	1298	1162	1079	315	169	70	61	27	0.02
Networth	**7290**	6789	5949	5121	4247	3726	3636	3897	3816	3435	3062	2725	2374	1875	1720	1478	1342	1259	405	229	130	91	42	15.02
Fixed Assets (Net)	**2243**	2122	2136	2282	2322	2408	2639	2568	2660	2490	2600	2388	2045	828	685	690	729	722	170	144	151	37	33	6
Sales / Other Income	**9900**	9193	7241	7142	6116	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	**2347**	2866	2073	2050	1524	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	**29**	20	19	28	71	142	235	289	189	230	224	197	91	79	101	88	86	48	5	7	12	0.08	0.33	0.07
Depreciation	**285**	284	278	301	307	301	280	259	255	252	221	179	119	87	80	76	70	39	22	9	11	4	3	0.01
Current Tax	**563**	413	331	328	254	147	141	137	184	160	99	73	—	100	190	108	74	75	39	51	—	20	12	0.02
Deferred Tax	**49**	(37)	(24)	(105)	(24)	(67)	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net Profit	**1525**	2010	1560	1499	932	297	419	201	523	553	486	490	606	245	333	208	155	245	65	47	4	13	12	0.02
Dividend (Incl. Dividend Tax)	**1025**	1170	732	624	412	206	183	120	243	180	158	139	108	90	90	72	72	72	19	12	5	5	2	—
Dividend (%)	**150**	175	110	150	100	50	50	30	60	45	40	35	30	50	50	40	40	40	21	20	8	15	16	—
*Earnings per share (Rs.)	**5.22**	6.88	5.34	41.06	25.54	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

* EPS from 2005 - 06 Computed on Rs. 2 per share while for previous years EPS is on Rs. 10 per Share.

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BOARD OF DIRECTORS :

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

COMPANY SECRETARY :

Shri. N. Asokan

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. : 25963838
Fax : 25946969
E-mail : isrl@intimespectrum.com

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

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

(IT Enabled Services Division)
Lapiz Digital Services
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

Lapiz Technical Services
Economist House,
Tiru-vi-ka Industrial Estate,
Guindy, Chennai - 600 032.
Tel./Fax : 044 - 5572 4735

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 Bombay Stock Exchange.

(b) Company's Shares are mandated for trading in demat mode.

(c) ISIN allotted to company's share is INE 405A01021

47TH ANNUAL GENERAL MEETING

DATE :
Monday, July 28, 2008
at 4.00 p.m.

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

DIVIDEND :
150 % (Rs. 3.00 per share of Rs. 2/- each)

FINAL DIVIDEND ELIGIBILITY :

For	:	Regd. Member
Physical Shares	:	As on July 28, 2008
Demat Shares	:	At the close of business hours on July 14, 2008 as per the list of beneficial ownership furnished by the Depositories

BOOK CLOSURE :
July 15, 2008 to July 28, 2008
(both days inclusive)

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NOTICE

NOTICE is hereby given that the **FORTY SEVENTH 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, July 28, 2008 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, 2008 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 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, consent be and is hereby accorded to Mr. V. Bharathram a relative (within the meaning of Section 6 of the Companies Act,1956) of a Director of the Company, presently holding an office of Profit as Vice President, Operations in the IT enabled Services division of the Company and drawing remuneration as approved by the Shareholders at their meeting held on July 25, 2005, to continue to hold the office of Profit and re-designated as President, Operations in the IT enabled Services division of the Company and he be paid revised remuneration upto the following limits with effect from April 01, 2008 as under:

a) Basic Salary: Rs. 1,20,000 per month (with 10% annual increments and provision to pay multiple annual increments (upto five) in any year).

b) Annual Performance /Incentive Bonus: Upto Rs. 7,50,000 per Annum.

c) Company's contribution to Provident Fund, Superannuation fund and Gratuity payment as per Government Rules/ Rules of the Company, applicable from time to time.

d) In addition to the above, Mr. Bharathram will be entitled to perquisites like House Rent Allowance/Unfurnished accommodation/furnished accommodation, Use of Car with driver, Telephone and Air conditioner at residence, Leave Travel assistance, Medical Reimbursement, payment of club fees, personal accident insurance, Mediclaim insurance for self and family, Encashment of earned Leave salary , reimbursement of expenses towards gas, electricity, water and furnishings, children's education expenses etc, such perquisites being restricted to Rs. 9 lakhs per annum in the first year ending March 2009, with annual increase of Rs. 1 Lakhs every year.

By the Order of the Board

for **ULTRAMARINE & PIGMENTS LIMITED**

N. Asokan

June 9,2008 Company Secretary

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 15th day of July 2008 to 28th day of July 2008 (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 14th July 2008 as beneficial owners on the basis of particulars of beneficial ownership furnished by the depositories for the purpose.

d) Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.

e) 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 (West), Mumbai – 400 078 (Tel. Nos. 25963838, Fax No.25946969, E.Mail:isrl@intimespectrum.com immediately about change of address, if any, and also write to them immediately about corrections, if any, in name, address, pin code & Bank details.

f) 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.

g) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, all dividends from the dividend for the financial year ended 31.03.1996, which remain unclaimed for a period of 7 years are to be transferred by the Company to the investor Education and Protection Fund established by the Central Government pursuant to Section 205 C 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 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 en-cashed 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.

h) The Equity shares of the Company are mandated for trading in the compulsory de-materialized mode, The ISIN allotted for the Company's shares in INE405A01021.

i) 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.

j) Shareholders are requested to bring their copy of Annual Report to the meeting.

k) Reappointment of retiring Directors:

   Mr. S. Santhanam joined the Board as an Additional Director of the Company on February 25, 1993. Earlier to that, he was working partner of Chemdyes Trading Company. Mr. S. Santhanam was the Vice-Chairman and Managing Director of the Company till July 31, 2004. During his tenure of office he was looking after Sales & Marketing, Customer Relationship Management, Imports & Exports liasioning with government departments and materials procurement, etc. He enjoys very high reputation in the industry for decades in the past. The Company has made significant progress due to the efforts taken by Mr. Santhanam. Mr. Santhanam's shareholdings (in his sole name and as first named shareholder in case of Joint Shareholdings) in the Company comprise 22,91,460 Equity shares representing 7.85% of the Company's paid-up Equity Share Capital.

   Mr. M. C. Choksi is a reputed businessman and has been Director of the Company for about 23 years. He is also the Director in other Public Companies such as Asian Paints Ltd. and Resins and Plastics Ltd. Mr. Choksi's experience and knowledge of corporate issues

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and understanding of the Paints, Pigments and Resins Industry is widely acknowledged. Mr. Choksi's shareholdings (in his sole name and as first named shareholder in case of Joint Shareholdings) in the Company comprise 3,600 Equity shares representing 0.01% of the Company's paid- up Equity Share Capital.

The Directors recommends the resolution set out at item No: 3 & 4 of the accompanying Notice for your approval.

The details about the retiring Directors are given below:

Name & Qualification	Age (Yrs)	Appointed on	Directorships held in other Public companies	No. of Memberships of Board Subcommittees
Mr. S. Santhanam	69	25-02-1993	1	2
Mr. M. C. Choksi	67	05-11- 1984	3	3

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

N. Asokan
Company Secretary

June 9,2008

Registered Office :
Thirumalai House, Road No 29,
Sion-East, Mumbai 400 022.

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

ITEM. No.6

Under the provisions of Section 314 of the Companies Act,1956, prior approval of the shareholders by way of special resolution as also Central Government approval is required for appointment of relative of Director to an office or place of profit carrying monthly remuneration in excess of Rs.50,000.

Mr. V. Bharathram, 42 years, BSc-Computer Science, MBA was appointed as Vice President-Operations with the IT enabled services division of the Company in June 2005. Mr. Bharathram is the son-in-law of Mr.R.Sampath, the Chairman and Managing Director of the Company

Mr. Bharathram is target driven and has achieved significant growth for his business. He has over 18 years of managerial experience in various capacities such as developing new markets, business and dealer development, credit monitoring, credit appraisal, achieving profitability of business, developing PC segment as a Strategic business unit , managing large consumer finance portfolio etc.

Mr Bharathram is presently associated with the Company as Vice President, Operations of the IT enabled division of the Company since June 2005. He is handling Operations, HR, Sales and customer support. He has gained in depth knowledge of the operations of the Company and has demonstrated his team building and leadership skills. Going forward, he would be entrusted with expansion and establishing the business operation worldwide. He will be incharge of Marketing and International Operations.

The appointment and redesignation of Mr. Bharathram and payment of revised remuneration were approved by the Selection Committee of the Board of Directors at their meeting held on 9th June 2008. The Selection Committee comprised of majority of Independent Directors as also an expert. Before referring the proposed appointment to the Selection Committee, the Company's HR department had perused the resume of Mr. Bharathram as also interviewed him thoroughly to ascertain his suitability. After the HR head recommended the proposed appointment, Mr.Santhanaraman, an Expert on Corporate issues and HR/IT adviser to several clients interviewed him and gave the go-ahead to appoint Mr. Bharathram and pay him the proposed remuneration.

The Selection Committee as also HR head and the Expert noted that Mr. Bharathram was young, highly qualified, energetic, dynamic, reliable and result oriented with wide experience in diverse areas including software, business development, marketing, achieving growth targets, etc and has vast knowledge. Therefore, Mr. Bharathram was most suited for the position. Hence, the Selection Committee strongly recommended the appointment of Mr.Bharathram as President, Operations in the IT enabled Services Division of the Company and pay him the remuneration proposed as required under Director's Relatives (Office or Place of Profit) Rules, 2003.

The details of remuneration to be drawn by Mr. Bharathram 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 & PIGMENTS LIMITED**

N. Asokan
Company Secretary

June 9,2008

Registered Office :
Thirumalai House, Road No 29,
Sion-East, Mumbai 400 022.

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DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

To

The Members,

Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their **FORTY SEVENTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31,2008.**

	(Rupees in Lakhs)	
FINANCIAL RESULTS	**Year ended 2007-2008**	Year ended 2006-2007
Gross Profit before Interest and Finance Charges and Depreciation	**2,347**	2,866
Interest and Finance charges	**29**	20
Profit before Depreciation and Tax	**2,318**	2,846
Depreciation	**285**	284
Profit before Tax	**2,033**	2,562
Provision for Current Tax	**(563)**	(413)
Profit after Current Tax	**1,470**	2,149
Provision for Deferred Tax	**49**	37
Prior Year Adjustment	**7**	(176)
Profit after Tax	**1,526**	2,010
Balance in Profit & Loss Account	**2,319**	1,729
Profit available for appropriation	**3,845**	3,739
Appropriations:		
Interim Dividend	**–**	876
Final Dividend	**876**	146
Tax on Dividends	**148**	148
General Reserve	**219**	250
Balance carried forward	**2,602**	2,319
	3,845	3,739

DIVIDEND:

Your Directors have recommended a Dividend of Rs. 3/-per share of the nominal value of Rs.2/-each (150%) for the year ended March 31, 2008 [previous year Rs. 3/- Per Share as interim dividend and Rs. 0.50 per share as final dividend of nominal value Rs. 2/-per share (175%)]. The payment of Dividend together with the tax thereon absorbed a sum of Rs. 1024/-Lakhs. The dividend, after approval by the members at the forthcoming Annual General Meeting will be paid to all the eligible members around 1st August 2008.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS:

OPERATIONS AND FINANCIAL PERFORMANCE:

During the year inspite of huge increase in the prices of basic raw materials and increasing operating costs, the Net Sales has gone up by 9.98 % as compared to the previous financial year. However profit before tax was lower by 20.56% due to pressure on margins from the IT Enabled Services (ITES) division.

The Pigment Division has shown considerable increase over the previous year both on revenue and profitability despite an abnormal increase in the prices of main inputs such as Sulphur and Soda Ash. The profitability of the division would have been much higher had it not been for a steep increase in the input cost of Sulphur.

The Packaging Division's performance has been poor during the year under review due to problems with some of the Southern Fertilizer Customers who had to close down due to various operational reasons. We are strenuously trying to locate new customer for this division.

The performance of the Surfactants Division has substantially improved when compared to the previous financial year. Alpha Olefin, [AO], one of the basic raw materials whose availability was in doubt had somewhat improved during the year and hence we were able to operate the plant to a greater capacity utilization. However during the last quarter of the last financial year the availability of Alpha Olefin considerably decreased and we had shifted to other raw material for sulphonation. The company has been successfully sulphonating alternate raw material and supplying to its end users.

ITES Division recorded a marginal fall in its revenue but a steep fall in profits. There has been a decline in the new order flow due to the economic situation in the US. The weakening of the Dollar has also contributed to the shrinking of the margin. Apart from this there has been increased competition from local parties. We are trying to create more value added services and increase our marketing to European Countries. However this will be a challenging task.

Comparing the overall financials of the company during the year under report with the previous financial year, the revenue [net] from operations for the year was Rs. 8709 Lakhs as against Rs.7920 Lakhs in the previous year and the operating profit (PBDIT) for the year was Rs.2347 Lakhs as compared to Rs.2866 Lakhs in the previous year.

Earnings Per Share (EPS) was at Rs 5.22 per share and Cash Earnings Per Share (CEPS) was Rs.6.20 on the paid value of Rs.2/- per share.

EXPORTS:

The Company's exports during the year calculated on FOB basis amounted to Rs. 1422 Lakhs (Previous year Rs. 698/- Lakhs). Your Company also earned Foreign Exchange by way of Income from IT Enabled Services Division of Rs. 1945 Lakhs (Previous Year Rs. 2188 Lakhs). The manufacturing exports was contributed both by our Pigments and Surfactants Division. We are making serious efforts to increase our exports as also the unit value realization from exports.

As experienced over the recent months, there has been consistent appreciation of Indian Rupee as against US Dollar which has resulted in the lower realization of exports nevertheless the quantum of exports recorded substantial increase during the financial year under report.

Considering the necessity of exploiting the export potential on the pigments market, the company has been determined to introduce a number of value added products on the export front. The products marketed by the company in the overseas market have been well received and it is foreseen that the company would capture substantial market share in the years to come.

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 matter 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 adequacy of segregation of duties, reliability of Management Information Systems including its controls in the area of authorization procedures including steps for safe guarding 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 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.

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OPPORTUNITIES AND THREATS:

With the production facilities being upgraded and with the continuous efforts for product quality development, the company is optimistic about its leadership in the domestic market and a sizable share of export market. With alternate raw material for sulphonation the company expects to get newer customers in personal product areas.

The Central Excise duty rate for ultramarine blue has been marginally slashed. The introduction of "Value Added Tax" ["VAT"] in the State of Tamilnadu has benefited the company much by marginal reduction in the overall increase of costs of basic inputs. The profitability of the company would have been marginally lower if there had not been any eligibility of input tax credit of "VAT" as stated above.

The country has been reeling under severe inflationary trends as a result of which the prices of all basic raw materials has increased manifold. Hence the cost of products of the company has increased considerably.

THREATS :

The considerable increase in the oil price has a deleterious effect on the surfactant raw materials. The prices of both LAB and Alpha Olefin have gone up by more than 80% in the last one year. This will definitely pose problems at the consumer end, where there could be resistance to steep price increases.

The continuous steep increase in the price of Sulphur is expected to pose a serious threat to the manufacture of pigments. We may expect resistance from the end consumer of pigments if the prices continue to raise beyond the reasonable levels.

RISKS AND CONCERNS:

1. Rising prices of Raw materials, Power, Fuels, Freight and other inputs resulting in lower margins.
2. Competition in the domestic market for the company's products from the un-organized sector.
3. There has been consistent lower realization on the export front due to strengthening of the rupee against US Dollar.

PROSPECTS & OUTLOOK:

The company wishes to leverage its strong knowledge of Pigments business, established goodwill and the relationship with the customers to expand the market base irrespective of segment or regions. The expansion plans over the years to come would help the company in achieving better economies of scale, leveraging the latest technologies, improving end product quality, reducing costs together with complying with the recommended environmental norms.

The company has started exploiting the potential of under serviced and un-serviced geographical segments for increasing the market share since your company has been continuing to be the leader in the pigment business.

You are very much aware that the growth potential for the product of the company has been quite good keeping in view the prevailing trends in the industry. Sincere efforts are being made to exploit the potential for increased market share on all locations coupled with global presence of our company's products. It is some what appropriate to point out here that there has been substantial increase of exports as mentioned in the previous paragraphs. As already mentioned in the earlier reports, new export marketing strategies are being formulated and implemented to achieve the above mentioned goals.

Besides, the company has been exploring the ways and means for introduction of latest and alternate systems of technology for maximizing production and profitability. The minimization of wastage at all levels is yet another objective by adoption of newer method of production.

Performance of the "IT Enabled Services Division" (ITESD) is a cause for concern and a lot of effort is being put in to diversify the verticals, as also to provide additional Value Added Services to the existing customers.

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. 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 reappointment.

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, 2008 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, 2008 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 concern" basis.

FINANCE:

All taxes and statutory dues are being paid on time. The company has become debt free. 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. Your Company has paid the 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. 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 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 the Order of the Board
for **ULTRAMARINE & PIGMENTS LIMITED**

R. SAMPATH
CHAIRMAN & MANAGING DIRECTOR

Mumbai
Dated: June 9,2008

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ANNEXURE "1" TO DIRECTORS' REPORT

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 31st March, 2008.

Sr. No.	Name of Employee	Age [Years]	Qualification and Experience	Designation	Remuneration [Rs.]	Date of Commencement	Last Employment held
1	Mr. R.Sampath	63	B.Sc. B.S. [Chem. Engg.] U.S.A. 36 Years	Chairman & Mg. Director	1,12,93,059	01.03.1970	Engineer, Hercules Inc. USA
2.	Ms. Indira Sundararajan Sundararajan	60	B.Sc.(Chem.), B.Tech.(Pharma)	Executive Director	1,12,93,059	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, Executive 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 Director's 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

FUEL CONSUMPTION (POWER & FUEL)

		UNITS	YEAR ENDING 31.03.2008	YEAR ENDING 31.03.2007
1	**ELECTRICITY**			
a)	From EB – TN			
	Purchased Unit	KW/HR	4750888	4581946
	Total amount paid	Rupees	22826162	22317255
	Rate / Unit	Rupees	4.80	4.87
b)	On Generation			
	Through DG	KW/HR	376686	213775
	Unit / Litre of Diesel Oil	KW/HR	7.62	5.64
	Cost per Unit	Rupees	19.27	18.73
1.	**COAL AND COKE**			
	Coal & Coke & Pet Coke	Rupees	24906728	13009958
	Coal & Coke & Pet Coke	Tons	2474	1511
	Rate / Ton	Rupees	10066	8608
2.	**FURNACE OIL / DIESEL / SKO ETC.**			
	Furnace Oil / Diesel / Sko Etc.	KL	633.19	663.62
	Total Amount	Rupees	14103744	14416803
	Rate / KL	Rupees	22274	21724
3.	**RESEARCH & DEVELOPMENT EXPENDITURE ON R & D**			
i)	Capital	Rupees	—	—
ii)	Recurring	Rupees	Nil	Nil
iii)	Total	Rupees	Nil	Nil
iv)	Total R & D Expenditure as a Percentage of total turnover		Nil	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 by 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.

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

Mumbai
Dated: June 9,2008

R.SAMPATH
CHAIRMAN & MANAGING DIRECTOR

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CORPORATE GOVERNANCE REPORT

(as required under Clause 49 of the Listing Agreement with Stock Exchanges)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes that the pursuit for good Corporate Governance is an ongoing process which facilitates the company to achieve its avowed objectives of transparency, accountability and responsibility in all our dealings with our shareholders, customers, employees and the community at large. This objective extends not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with the best practices for corporate governance.

The Company recognizes that strong Corporate Governance is a key driver of sustainable corporate growth and long term value creation.

In this report the company confirms its compliance with the corporate governance code as required by Clause 49 of the listing agreement with the Stock Exchanges.

(a) Composition:

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

(b) Board Committees:

i. Audit cum Remuneration Committee:
Dr. G.G. Nair (Chairman)
Ms. K.R. Javeri (Member)
Mr. S. Sridhar (Member)

During the year, the Committee met 4 times on 15.06.2007, 30.07.2007, 29.10.2007 and 25.01.2008. The concerned partner of the Statutory Auditor remained present at all the meetings while the Partner of the Company's Internal Audit Firm, who was invited to attend the Audit Committee meeting held on 15/06/2007 was present.

	Meetings held	Meetings attended
Dr. G.G. Nair (Chairman)	4	4
Ms. K.R. Javeri (Member)	4	4
Mr. S. Sridhar (Member)	4	3

The audited results for the year ended 31/03/2008 and the quarterly / half yearly results were reviewed by the Committee before being placed before the Board. The committee also examined the Internal Auditors Report on the workings of different departments and the action taken on observations/suggestions of the auditors. The Committee members do peruse the detailed Statutory Compliance Report which is normally made on a quarterly basis.

The Committee members also review the Statement of outstanding Debts, particularly overdue, as also group Company transactions. Appointment and payment of remuneration to the Directors and key management personnel are also referred to/reviewed by the Committee. The Committee members also act as members of the Selection Committee.

ii. Share Transfer / Investors Grievance Committee:

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

Dr. G.G. Nair (Chairman)

Ms. K.R. Javeri (Member)

Mr. S. Sridhar (Member)

No meeting of the Share Transfer Committee was held during the year 2007 – 2008. Mr.N.Asokan, Company Secretary is the Compliance Officer. All complaints whenever received from any investor were timely attended for redressal. Total of 15 Complaints regarding non-receipt were received from the Shareholders during 2007-2008, which were all attended to and resolved and there were no complaints pending at the end of the year.

The process of share transfer is delegated and is done once a fortnight (depending on transfers received) which is confirmed and ratified in the next meeting.

c) Board Meetings:

Board Meetings:

Number of Board Meetings held during the year 2007- 2008 -

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

15.06.2007, 30.07.2007, 10.09.2007, 29.10.2007 and 25.01.2008.

All information, wherever relevant and materially significant , are submitted as part of the agenda papers well in advance of the Board Meetings and the Company Secretary or the Director, 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 other Pub Companies	No. of Memberships of Board Sub-committees
Shri. R. Sampath*	4	Yes	—	—
Mrs. Indira Sundararajan**	3	Yes	—	—
Shri. S. Santhanam	5	Yes	1	2
Shri. Nimish Patel	2	No	2	1
Shri. M.C. Choksi	5	Yes	3	3
Dr. G. G. Nair	5	Yes	3	2#
Shri. S. Sridhar	4	Yes	2	4
Ms. K.R. Javeri	5	Yes	—	2

(*) Chairman and Managing Director

(**) Wholetime Director

\# of which 1 as Chairman

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(e) Remuneration of Directors:

Remuneration paid or payable to Managing Director/ Wholetime Director/ Director during the year ended 31.03.2008.

Name of Director	Salary	PF	Others	Commission	Recoverable (Amount in Rupees) Towards excess paid	Total
Mr. R. Sampath - (CMD)	27,60,000	3,31,200	88,14,750	—	(6,12,891)	1,12,93,059
Ms. Indira Sundararajan - (WD)	22,40,000	2,68,800	48,32,223	39,52,036	—	1,12,93,059
Mr. S. Santhanam (Director)	—	—	—	22,58,612	—	22,58,612

Notes: Managerial remuneration is within the ceiling as per the resolution approved by the shareholders. The caption "others" on the above table includes Perquisites, LTA, Gratuity, Leave encashment, Medical, Superannuation, etc.

* Loans and advances include Rs.612,891 (Prev. Year - NIL -) recoverable from Director towards remuneration paid in excess of limits as per section 309 of the Companies Act, 1956. The same has since been recovered.

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	Amount (Rs)
Mr. Nimish Patel	40,000/-
Mr. M.C. Choksi	1,00,000/-
Dr. G.G. Nair	1,80,000/-
Ms. K.R. Javeri	1,80,000/-
Mr. S. Sridhar	1,40,000/-
Mr. S. Santhanam	1,00,000/-

Payments are made to the Non-Executive Directors depending on the number of meetings attended by them. These payments are reviewed by the Board of Directors from time to time.

(f) Shareholdings of Directors:

The following table gives the Shareholdings of Directors in the Company where either their names appear as Sole Shareholder or as the First Joint Shareholder as on 31/3/2008.

Sr. No	Name of Directors	No. of shares	Shareholding %
1	Shri. R. Sampath	2037208	6.98
2	Smt. Indira Sundararajan	802440	2.75
3	Shri. S. Santhanam	2291460	7.85
4	Shri. Nimish Patel	52589	0.18
5	Shri. M. C. Choksi	3600	0.01
6	Ms. K.R. Javeri	—	—
7	Dr. G. G. Nair	17000	0.06
8	Shri. S. Sridhar	2798026	9.58

g) Brief details of General Body Meetings:

The Forty Seventh Annual General Meeting of the company for the financial year 2007 – 2008 would be held on Monday, 28th July, 2008 at 4.00 P.M. at Mysore Association Auditorium, 393, Bhaudaji Road, Matunga, Mumbai – 400 019.

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Location
2006-2007	30.07.2007	4.00 P.M.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai – 400 019.
2005-2006	10.07.2006	4.00P.M	Mysore Association Auditorium Bhaudaji Road, Matunga, Mumbai – 400 019.
2004-2005	25.07.2005	4.00P.M	Mysore Association Auditorium Bhaudaji Road, Matunga, Mumbai – 400 019.

h) Code of Conduct:

The Company has laid down the Code of Conduct for all Board members and Senior management of the Company. The Code is also posted on the Company's website. The Board of Directors have noted the declaration by the Chairman and Managing Director, who is also the CEO, about

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