2008-09 48th ANNUAL REPORT

ULTRAMARINE & PIGMENTS LTD.

BOARD OF DIRECTORS :

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

COMPANY SECRETARY :

Mr. N. Asokan

BANKERS :

Bank of India Indian Overseas Bank State Bank of India

AUDITORS :

CONTRACTOR, NAYAK & KISHNADWALA Chartered Accountants 1B, Ist Floor, Pushpam, K. D. Road, Vile Parle, Mumbai – 400 056

REGISTRAR & SHARE TRANSFER AGENTS :

Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Tel. : 022-2594 6970 Fax : 022-2594 6969 E-mail : rnt.helpdesk@linkintime.co.in Website : www.linkintime.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 : 26821195 / 96 / 97 / 98 / 99 Fax : 2682 1201 E-mail : ultra_marine@bsnl.in

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, Ist Floor, R. R. Chambers, VI Block, Tiru-vi-ka Industrial Estate, Guindy, Cheenai – 600032 Tel. : 044- 22323504/05/95 Fax : 044- 22323683 E-mail : info@lapizdigital.com

Lapiz Online

Second Floor, Block 5, "DLF IT Park @ Chennai, 1/24, Shivaji Gardens Moonlight Stop, Nandambakkam Post Ramapuram, Mount Poonamallee Road, Chennai – 600 089

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 INE405A01021

48[™] ANNUAL GENERAL MEETING

DATE :

Monday, August 31, 2009 At 4.00 p.m.

VENUE :

Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai – 400 019

DIVIDEND:

For

100% (Rs. 2.00 per share of Rs. 2/- each)

DIVIDEND ELIGIBILITY :

: Regd. Member

Physical Shares : As on August 31, 2009

Demat Shares : At the close of business hours on August 17,2009 as per the list of beneficial ownership furnished by the Depositories.

BOOK CLOSURE :

August 18, 2009 to August 31, 2009 (both days inclusive)

--- C O N T E N T S --

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NOTICE

NOTICE is hereby given that the **FORTY EIGHTH 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 31st day of August, 2009 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended March 31, 2009 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 Dr. G. G. Nair, who retires by rotation and, being eligible, offers, himself for re-appointment.
- 4. To appoint a Director in place of Mr. S. Sridhar, who retires by rotation and, being eligible, offers himself for re-appointment.
- 5. To appoint Auditors for the current Year and fix their remuneration.

SPECIAL BUSINESS

 To consider, and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 and any other applicable provisions, if any, of the Companies Act, 1956, Mr. S. Santhanam, Director of the Company be paid commission for period of five years from 1st day of April 2009 to 31st day of March 2014 of an amount equal to 1 % of the net profits of the Company computed under the applicable provisions of the Companies Act 1956 along with other benefits to which he is eligible as a Director of the Company".

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

> > 48TH ANNUAL REPORT

Sd/– [N. ASOKAN] Company Secretary

29th day of June, 2009

Registered Office

Thirumalai House, Road No. 29, Sion-East, Mumbai – 400 022

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

ITEM NO 6

Mr. S. Santhanam was inducted as a Director of the Company during the financial year 1992-1993.

He was functioning as Vice-Chairman and Managing Director of the Company for quite some time. Mr. S. Santhanam has an excellent career record having vast experience in the areas of Customer Relationship Management, Exports and Import Management, Materials Management and Liasioning with Government Departments. During his tenure of office, he had rendered expert advice on various matters which had yielded good results for the Company. He was very actively involved in enhancing the sales volume both in India and abroad.

It may be added that the Company would greatly benefit by the continued efforts and valuable advice of Mr. S. Santhanam as a Director. His active participation and deliberations in the Board would enrich the value and performance of the Board. Therefore, the Directors have proposed for payment of remuneration for a period of five years from 1st day of April 2009. He is also eligible for all benefits inclusive of sittings fees of Meetings of the Board and Committees of the Board as well.

The Board recommends passing of the above resolution in view of the contribution made by him.

None of the Directors are concerned or interested in the resolution excepting Mr. S. Santhanam and Mr.S. Sridhar.

By the Order of the Board For ULTRAMARINE & PIGMENTS LIMITED

> –/Sd [N. ASOKAN] Company Secretary

29th day of June, 2009

Registered Office

2008 -

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

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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, 18th day of August, 2009 to Monday, 31st day of August 2009 (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, 17th day of August, 2009 as beneficial owners as per list furnished by the depositories for the purpose.
- 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. LINK INTIME INDIA PRIVATE LIMITED, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai – 400 078 (Tel. Nos. 25946970, Fax No. 25946969, E.Mail: mt.helpdesk@linkintime.co.in immediately about change of address, if any, and also write to them about corrections, if any, in name, address, pincode & 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 be 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.

- h) 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.
- 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.
- An explanatory statement in respect of Special Business to be transacted at the meeting is appended hereto.
- I) Re-appointment of retiring Directors

Dr. G. G. Nair, aged 67 years, is also the Director in BDH Chemical & Pharmaceuticals Private Limited and BDH Bio-Tech Private Limited. Dr Nair has been a Director of the Company since 25th May, 1990. Dr. Nair is also the Chairman of the Audit/ Remuneration Committee of the Board of Directors. Dr. Nair has immense knowledge and experience on various matters and valued by all the Board members. He is considered to be an authority on matters concerning Intellectual Property matters, particularly Patents. Dr. G. G. Nair's shareholdings (in his sole name / as First named shareholder in case of Joint Shareholding) in the Company comprise of 18000 shares representing 0.06% of the Company's paid-up share capital.

Mr. S. Sridhar is a reputed businessman and has been Director of the Company for about 11 years. He is also the Chairman and Managing Director of Thirumalai Chemicals Ltd and a Director in Resins and Plastics Ltd. He is being widely acknowledged for his expertise on corporate issues and understanding of Petrochemicals, Paints, Pigments and Resins Industry. His business acumen and knowledge on matters concerning Commercial and Financial matters is well recognized. Mr. S. Sridhar's shareholding (in his sole name as First named shareholder in case of Joint Shareholding) in the Company comprise of 1157256 shares representing 3.96% of the Company's paid-up share capital.

The Directors recommend the re-appointment of Dr. G. G. Nair and Mr. S. Sridhar.

The details about the retiring Directors

Name & Qualification	Age (Years)	Appointed on	Directorships held in other Public companies	No. of Memberships of other Board & Subcommittees
Dr. G. G. Nair M.Sc.Phd., LL.B.	67	25-05-1990	1	2
Mr. S. Sridhar B.Sc. A.C.A.	58	21-05-1998	2	2

By the Order of the Board For ULTRAMARINE & PIGMENTS LIMITED

> –/Sd/– [N. ASOKAN] Company Secretary

29th day of June, 2009

Registered Office

Thirumalai House, Road No. 29, Sion-East, Mumbai – 400 022

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DIRECTORS' REPORT, MANAGEMENT DISCUSSIONS & ANALYSIS

То

The Members, Ultramarine & Pigments Ltd.

Your Directors have pleasure in presenting their FORTY EIGHTH ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS of the Company for the year ended March 31,2009.

FINANCIAL RESULTS

		(Rs. in Lakhs)
	Year ending 2008-2009	Year ending 2007-2008
Gross Profit Before Interest, Finance Charges and Depreciation	2,277	2,347
Interest and Finance charges	74	29
Profit before Depreciation and Tax	2,203	2,318
Depreciation	346	285
Profit before Tax	1,857	2,033
Provision for Current Tax	(156)	(563)
Profit after Current Tax	1,701	1,470
Provision for Deferred Tax	(278)	49
Short provision for earlier years	(31)	7
Profit after Tax	1,392	1,525
Balance in Profit & Loss Account	2,60 <mark>1</mark>	2,319
Profit available for appropriation	3,993	3,844
Appropriations		
Dividend	584	876
Tax on Dividends	99	149
General Reserve	150	219
Balance carried forward	3,160	2,600
	3,993 	3,844

DIVIDEND

Your Directors have recommended a Dividend of Rs. 2/- per share of the nominal value of Rs. 2/- each for the year ended March 31, 2009 [previous year Rs. 3/- Per Share of nominal value Rs. 2/- per share]. The payment of dividend together with the tax thereon absorbed a sum of Rs. 683.25 Lakhs. The Dividend, if declared, by the members at the forthcoming Annual General Meeting will be paid to all the eligible members by 4th day of September, 2009.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

Operations and Financial Performance

The economic slow down witnessed in the financial year 2008-09 had impacted our operation marginally as can be seen from the financials & the performance of various divisions are reviewed here under.

Pigment Division

This division achieved gross sales of Rs. 3978 lakhs (3658 MT) during the financial year ended 31.3.09 as against Rs. 3475 lakhs (3714 MT) in the previous financial year. Even though the volume was down by 2%, the sales value increased by 14%. However there was erosion in margin due to higher input cost which was partially passed on to the consumer only during the 3rd & 4th quarter of the financial year 2008-09.

The management has initiated various technical measures to increase the yield of fine grade material which are mainly used in industrial application. The margins in this segment are better than laundry application. With a better product mix the management is hopeful of achieving better volume & realization.

Surfactants Division

This division caters mainly to detergent industry & showed improved performance both in terms of sales & profit. The Company achieved gross sales (includes processing) of Rs. 4884 lakhs during the financial year ended 31.3.09 as against Rs. 2566 lakhs in the previous financial year. The performance could have been still better but for the availability of Alpha Olefin, [AO] the basic raw material. The management has initiated steps for adequate availability of AO by tying with suppliers on an annual contract basis. Since AO price is linked to crude price any sharp rise in crude price, as happened in 2008 will adversely affect the profitability.

Packaging Division

The performance of this division showed no improvement and the downward trend continued during the year under review. The Company achieved gross sales of Rs. 290 lakhs during the financial year ended 31.3.09 as against Rs. 693 lakhs in the previous financial year.

Windmill Generation

The Company commissioned in September 2008, two wind turbines of 800 kw each in Tamil Nadu, with an investment of Rs. 830 lakhs and this was funded by internal accruals & a term loan of Rs. 487.50 lakhs from Exim Bank. With the power situation in TamilNadu not showing signs of improvement, the power generated from these wind mills will help bridge the demand & will also result in savings of power cost.

IT & ITES Division

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Due to global economic slow down, revenue went down by 14%. The Company has started a new SEZ division.

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. 9511 lakhs in the previous year and the Profit after tax (PAT) for the year was Rs. 1392 Lakhs as compared to Rs. 1518 Lakhs in the previous year.

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Earnings Per Share (EPS) was at Rs. 4.77 per share and Cash Earnings Per Share (CEPS) were Rs. 5.95 on the paid value of Rs. 2/- per share.

Exports

The exports of the Company's products during the year amounted to Rs. 2805/- Lakhs (Previous year Rs. 1422 Lakhs), an increase of 41%. This growth was achieved mainly in surfactants business as our products are well received in the overseas market.

Revenue from the ITES division was Rs. 1783/- Lakhs as compared to Rs. 1950/- Lakhs for the previous financial year. The decline in revenue was mainly on account of economic recession prevailing in U.S. and European markets.

REPLY TO QUALIFICATION GIVEN IN THE AUDITORS' REPORT

Managements Reply

With regard to the qualification made by the Auditors' in their report (para 4) for not making provision in the accounts towards diminution in value of investments of Rs. 8,98,00,000 made in TCL Industries (Malaysia) SDN BDH, Malaysia, the Board states that the same is to be adjusted against the reserves of the Company. Necessary approval was obtained from the shareholders in the Extraordinary General Meeting held on 9th March, 2009 and the Company has filed necessary petition in the High Court of Mumbai seeking their approval for adjusting the same against the reserves of the Company. Hence no provision has been made in the accounts.

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 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.

Opportunities and Threats

Reserve Bank Of India in its Annual Policy Statement 2009-10 has said that GDP growth for 2008-09 to be in the range of 6.5 to 6.7 per cent. Forecast for 2009-10 is pegged around 6 per cent & expects the domestic economic activity to stabilise.

However, favorable demographics and low penetration levels still continue to remain the key levers of the consumption story in India. Organised retail chains have emerged as a good pattern to launch new products and generate high volume business. Apart from showcasing the products, these chains also offer significant operational synergies. As volume picks up, distribution cost per unit is expected to come down as direct supplies from factories will be possible. This will augur well for detergent products.

The threats to the Industry arise from rising input costs, restricted availability of Alfa Olefin (AO), increase in logistics cost.

Risks and Concerns

- 1. Rising prices of certain basic 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.
- The change in some of the outsourcing policies implemented by the U.S Government is causing serious concern for the Indian ITES & BPO segments.
- 4. Some of the member nations of WTO have implemented certain protectionist policies in defiance of the WTO Charter and Agreements which have been vehemently protested by the affected nations. The pursuit of such policies would not only be against the WTO Charter but also counter-productive in the wake of much talked about economic philosophy of globalization of trade and free market economy over the last decade by modern economists and reformers.

Prospects & Outlook

The implementation of latest technology and modernization in some of the production processes has yielded better results in increasing the productivity. 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

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and rationalized to address specific issues and bottlenecks arising in the course of marketing and thereby improving customer relationship.

The Company is working closely with a major private brand operator in the detergent segment to develop more shop keeping units for their retail market.

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 Mr. 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, 2009 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, 2009 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 availed a term loan of Rs. 487.50 lakhs towards part financing a windmill project in Tamil Nadu. 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.

Ultramarine & Pigments Limited

Statement Pursuant to Listing Agreement

The Company's shares are listed with Bombay 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, ⁵1956, 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 have 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 LIMITED

MUMBAI 29th day of June 2009

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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 31st March, 2009.

SI. No.	Name of Employee	Age Years	Qualification and Experience	Designation	Remuneration (Rs.)	Date of Commencement	Last Employment held
1	Mr. R. Sampath	64	B.Sc. B.S. (Chem. Engg.) U.S.A. 39 years	Chairman & Mg. Director	1,05,07,213	01-03-1970	Engineer, Hercules Inc.USA
2.	Ms. Indira Sundararajan	61	B.Sc. (Chem) B.Tech (Pharma)	Whole-time Director	1,05,07,213	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 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

Description	Units	Year Ending 31.03.2009	Year Ending 31.03.2008
FUEL CONSUMPTION (POWER & FUEL)			
1) Electricity			
a) From TNEB Purchased Unit	KWHB	3909044	4750000
Total Amount Paid	Rupees	18947909	4750888 22826162
Rate/Unit	Rupees	4.85	22826162
b) Own Generation	nupees	4.05	4.00
Through DG	KWHR	996395	376686
Units/Litre of Diesel Oil	KWHB	2.95	7.62
Rate/Unit	Rupees	12.32	19.27
2) Coal and Coke			
Coal & Coke & Pet Coke	Rupees	20451218	24906728
Coal & Coke & Pet Coke	Tons	1486	2474
Rate/Ton	Rupees	13759	10066
3) Furnace Oil/Diesel/SKO etc.	-		
Furnace Oil/Diesel/SKO Etc.,	KL	750.23	633.19
Total Amount	Rupees	20120002	14103744
Rate/KL	Rupees	26818	22274
4) Research & Development			
EXPENDITURE ON R & D			
i) Capital	Rupees	Nil	Nil
ii) Recurring	Rupees	Nil	Nil
iii) Total	Rupees	Nil	Nil
iv) Total R&D Expenditure as a % of 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 LIMITED R. SAMPATH

Chairman & Managing Director

MUMBAI 29th day of June 2009

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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 Whole-time Director with Six Non-Executive Directors.
- All Non-Executive Directors except Mr. S. Sridhar and Mr. S. Santhanam are independent Directors. 2.

(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 four times on 09-06-2008, 28-07-2008, 23-10-2008 and 28-01-2009. All the members of the Committee as well as 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 09-06-2008 was present. The audited results for the year ended 31/03/2009 and the guarterly/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 consists 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 2008-2009. Mr. N. Asokan, Company Secretary is the Compliance Officer. All complaints whenever received from any investor were timely attended for redressal. Total of 17 Complaints were received from the Shareholders during 2008-2009, 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 held during the year 2008-2009

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

12-05-2008	23-10-2008
09-06-2008	23-12-2008
28-07-2008	28-01-2009
10-09-2008	09-03-2009

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.

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(d) Directors attendance record and directorships held

	ATTENDA	NCE AT	No. of	No. of Member-	
Name of Directors	Board Meetings	Last AGM	Directorships of other Public Companies	ships of Board Sub-committees	
Mr. R.Sampath*	8	Yes		-	
Ms. Indira Sundararajan**	5	Yes	-	-	
Mr. S. Santhanam	7	Yes	1	2	
Mr. Nimish Patel	2	Yes	2	1	
Mr. M. C. Choksi	7	Yes	2	1	
Dr. G. G. Nair	7	Yes	1	2	
Mr. S. Sridhar	7	Yes	2	2	
Ms. K. R. Javeri	7	No	_	-	

(*) Chairman and Managing Director

(**) Whole-time Director

(e) Remuneration of Directors

Remuneration paid or payable to Managing Director / Whole-time Director / Director during the year ended 31.03.2009.

(Amount in Rupees)

	Name	Salary	PF	Others	Commission	Recoverable Towards Excess paid	Total
1.	Mr. R. Sampath (CMD)	45,00,000	5,40,000	65,63,077		(10,95,864)	1,05,07,213
2.	Ms. Indira Sundararajan (WD)	36,75,000	4,41,000	41,38,750	22,52,463	-	1,05,07,213
3.	Mr. S. Santhanam (Director)	Nil	Nil	Nil	21,01,443	—	21,01,443

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 fees paid to the Non-Executive Directors for attending the Board/Committee Meetings is as under :

Name	Amount (Rs)
Mr. Nimish Patel	40,000/-
Mr. M. C. Choksi	1,40,000/-
Dr. G. G. Nair	2,20,000/-
Ms. K. R. Javeri	2,20,000/-
Mr. S. Sridhar	2,20,000/-
Mr. S. Santhanam	1,40,000/-

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

Shareholdings of Directors in the Company: as Sole Shareholder or as the First Joint Shareholder as on 31/3/2009 is as under :

Name	No. of Shares	Shareholdings %
Mr. R. Sampath	978979	3.35%
Ms. Indira Sundararajan.	752440	2.58%
Mr. Nimish Patel	52,589	0.18%
Mr. M. C. Choksi	3,600	0.01%
Dr. G. G. Nair	18,000	0.06%
Ms. K. R. Javeri	-] –
Mr. S. Sridhar	1157256	3.96%
Mr. S. Santhanam	1603260	5.49%

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