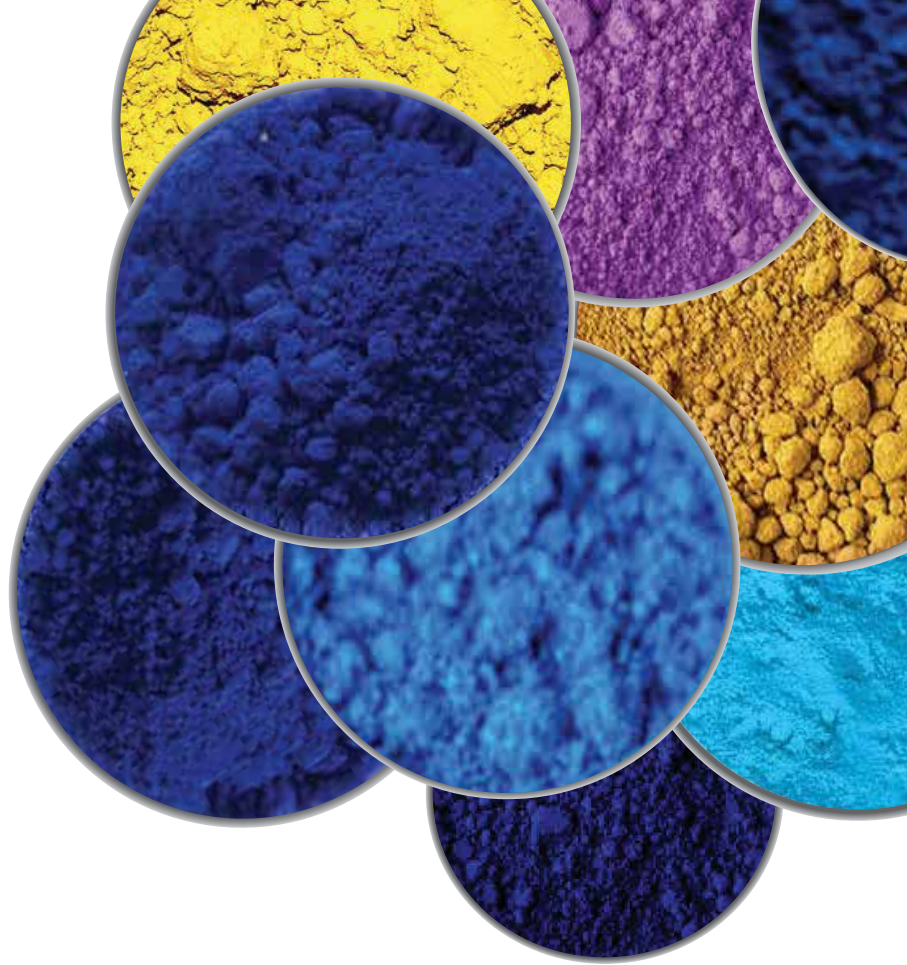




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Annual Report 2012–2013



**ULTRAMARINE &
PIGMENTS LTD.**

Board of Directors

Mr. R. Sampath - Chairman & Managing Director
 Mr. S. Sridhar - Joint Managing Director
 Ms. Indira Sundararajan - Wholetime Executive Director
 Mr. S. Santhanam
 Dr. G. G. Nair
 Mr. Nimish Patel
 Mr. M. C. Choksi
 Mr. T. R. Madhavan
 Mr. Vinod G. Nehemiah

Company Secretary

Mr. S. Ramanan

Bankers

Bank of India
 HDFC Bank Limited
 State Bank of India

Auditors

Contractor, Nayak & Kishnadwala
 Chartered Accountants
 501-502, 5th Floor, Narain Chambers
 M. G. Road, Vile Parle (East),
 Mumbai - 400 057

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, Pannalal Silk Mills Compound
 L. B. S. Marg, Bhandup (West)
 Mumbai - 400 078
 Ph : 022 2594 6970
 Fax : 022 2594 6969
 E-mail : rnt.helpdesk@linkintime.co.in
 Website : www.linkintime.com

Factory

Ambattur

556, Vanagaram Road
 Ambattur, Chennai - 600 053
 Tel. : 91-044-6692 1195 / 1196 / 1197
 Fax : 91-044-6692 1100

General Information

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

52nd Annual General Meeting

Date & Time

8th July, 2013 at 3.30 p.m.

Venue

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

Dividend declared

112.50 % (₹ 2.25 per share)

Dividend eligibility

For	:	Registered Member
Physical Shares	:	As on 8th July, 2013
Demat Shares	:	At the close of business hours on 30th June, 2013 as per the list of beneficial ownership furnished by the Depository Participants

Book closure

From 1st July, 2013 to 8th July, 2013 (both days inclusive)

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Ranipet

25-B, SIPCOT Industrial Complex
 Ranipet - 632 403, Tamilnadu
 Tel. : 04172-664401/402/403/404/405
 Fax : 04172-664400
 E-mail : syndet@ultramarinepigments.net

NOTICE

NOTICE is hereby given that the **FIFTY SECOND 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 July, 2013 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors' thereon.
2. To declare 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. Nimish Patel, 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:

6. **To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. T. R. Madhavan who was appointed as Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of association of the Company.”

7. **To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:**

“RESOLVED THAT Ms. Indira Sundararajan whose term of office as Director expires on July 31, 2013, be appointed as a director of the company with effect from August 1, 2013.”

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 310, 311, Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members of the Company be and is hereby accorded for the appointment of Ms. Indira Sundararajan as Whole-time Executive Director for a period of five years with effect from August 1, 2013 on the terms and conditions and on the remuneration set out below :

- (i) Salary per month ₹ 4,75,000/-
- (ii) Commission not exceeding 2.5 % of the net profits of the company calculated in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.
- (iii) In addition to the above remuneration, Ms. Indira Sundararajan shall be entitled to perquisites like HRA/Unfurnished/furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel concession for self and family, club fees, personal accident insurance, mediclaim insurance for self and family etc., in accordance with the rules of the company, such perquisites being restricted to Rs.48 lakhs per annum.
- (iv) Company's contribution to Provident Fund and Superannuation Fund, Gratuity payment and encashment of leave at the end of the tenure shall not be included in the computation of limits for remuneration or perquisites as aforesaid and Ms Indira Sundararajan shall be entitled to the same.

Minimum remuneration :

Resolved further that notwithstanding anything herein above stated, in the event of absence or inadequacy of profits in any financial year, the Company do pay to Ms. Indira Sundararajan up to such amount as remuneration as may be permissible under Para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

Resolved further that the Board of Directors of the company be and are hereby authorized to vary, alter or modify the different components of the above stated remuneration as may be agreed to by the Board of Directors and Ms. Indira Sundararajan.

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

[S. Ramanan]
COMPANY SECRETARY

24th May, 2013
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:**

The Board of Directors of the Company had appointed Mr. T. R. Madhavan as an Additional Director of the Company with effect from 11th February, 2013. As per the provisions of Section 260 Companies Act, 1956, Mr. T. R. Madhavan will hold office only up to the date of the forthcoming Annual General Meeting of the Company and is eligible for appointment as Director.

The Company has received notices under Section 257 of the Companies Act, 1956, from certain members of the Company along with the requisite deposit proposing the appointment of Mr. T. R. Madhavan as Director of the Company liable to retire by rotation.

A brief resume of Mr. T. R. Madhavan is furnished below:

Mr. T. R. Madhavan is a B.E & CAIIB. He has 40 years of rich experience in the field of finance & banking and held senior position in public & private sector Banks.

Mr. T. R. Madhavan may be deemed to be concerned or interested in the resolution relating to his appointment.

The Board accordingly commends the Ordinary Resolution set out in item no. 6 of the accompanying Notice for approval of the Members.

ITEM NO 7:

The Board of Directors of the Company at the meeting held on 24th May, 2013 has subject to the approval of members, approved the re-appointment of Ms. Indira Sundararajan as a Director & a Whole-time Executive Director of the Company for a further period of five years with effect from August 1, 2013, including payment of remuneration.

The Company has received notices under Section 257 of the Companies Act, 1956, from certain members of the Company along with the requisite deposit proposing the appointment of Ms. Indira Sundararajan as Director of the Company.

Ms. Indira Sundararajan is the Head of Lapid Digital Services, the IT Enabled services divisions of the Company and also responsible for other Business initiatives of the Company.

Ms. Indira Sundararajan, 65 Years, B. Sc. (Chem, B. Tech Pharma) is a Technologist with extensive experience in Business and Trade and she has made valuable contributions to the IT enabled services division of the Company.

The Company has received notices under Section 257 of the Companies Act, 1956, from certain members of the Company along with the requisite deposit proposing the appointment of Ms. Indira Sundararajan as Director of the Company.

It is proposed to appoint Ms. Indira Sundararajan as Whole-time Executive Director and remunerate her as proposed in the resolution.

None of the Directors of the Company except Ms. Indira Sundararajan, Mr. R. Sampath, Mr. S. Sridhar and Mr. S. Santhanam are in any way concerned or interested in the resolution.

This explanatory statement together with the accompanying notice is and should be treated as an abstract under Section 302 of the Companies Act, 1956.

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

[S. Ramanan]
COMPANY SECRETARY

24th May, 2013

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 July 7, 2013 to July 8, 2013 (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 30th day of June, 2013 as beneficial owners as per list furnished by the Depository Participants for the purpose.
- d) Members / Proxies should bring the attendance slip 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. 25963838, Fax No. 25946969, E.Mail:rnt.helpdesk@linkintime.co.in 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 financial year ended 2005-06 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.
- h) 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.
- i) 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 INE 405A01021.
- j) Member(s) desiring 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.
- k) Shareholders are requested to bring their copy of Annual Report to the meeting.
- l) Re-appointment of retiring Directors:

Mr. Santhanam 73 years, joined the Board as an Additional director of the Company on 25th February, 1993. Earlier to that, he was a working partner of Chemidyces Trading Company. Mr. S. Santhanam was the Vice-Chairman and Managing Director of the Company till 31st July, 2004. During his tenure of office he was looking after Sales and Marketing, Customer Relationship Management, Imports and Exports liaising with government departments and materials procurement etc. He enjoys very high reputation in the Industry. The Company has made significant progress due to the efforts taken by Mr. S. Santhanam. Mr. Santhanam's shareholding [in the sole name and as first named shareholder in case of joint shareholdings] in the Company comprise 17,41,711 equity shares representing 5.96% of the Company's paid-up Equity Share Capital.

Mr. Nimish Patel, BBA, MBA, (USA) is the Chairman & Managing Director of Dinesh Remedies Ltd. and also Managing Director of Shri Dinesh Mills Ltd. He has wide experience of more than 22 years in Textile and Chemical sectors. He is also a Director of Transpek Industry Ltd. Mr. Nimish Patel's contribution has been immense and valued by all the members of the Board. He holds 52589 shares of the company.

The Directors recommend the re-appointment of Mr. S. Santhanam and Mr. Nimish Patel as Directors.

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

[S. Ramanan]
COMPANY SECRETARY

24th May, 2013.

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 SECOND ANNUAL REPORT AND AUDITED STATEMENT OF ACCOUNTS** of the Company for the year ended **March 31, 2013**.

	(₹ in Lakhs)	
Financial Results	Year ending 2012-2013	Year ending 2011-2012
Gross Profit Before Finance Costs, Depreciation & Amortisation	2469	2548
Finance costs	(156)	(171)
Profit before Depreciation, Amortisation and Tax	2313	2376
Depreciation & Amortisation	(576)	(550)
Profit before Tax	1737	1826
Current Tax Expense	(588)	(371)
Profit after Current Tax	1149	1455
Deferred Tax Expenses (credit)	15	(257)
Excess provision for earlier years / MAT Credit	48	171
Profit after Tax	1212	1369
Balance in Profit & Loss Account	3779	3578
Profit available for appropriation	4991	4947
Appropriations:		
Dividend	(657)	(876)
Tax on Dividends	(111)	(142)
General Reserve	(130)	(150)
Closing Balance	4093	3779

Dividend

Your Directors have recommended a Dividend of ₹ 2.25 per share of the nominal value of ₹ 2/- each for the year ended March 31, 2013 [previous year ₹ 3/- per share of nominal value ₹ 2/- per share]. The payment of dividend together with the tax thereon absorbed a sum of ₹ 768.66 Lakhs. The Dividend, if declared, by the members at the forthcoming Annual General Meeting will be paid to all the eligible members by 15th July, 2013

Managements' Discussions and Analysis

Operations and Financial Performance

The operational performance of various divisions of the company could be considered as mixed with Pigments & Windmill operations performing better than Surfactants & ITES divisions. In terms of profitability, this year's overall performance was marginally lower as compared to previous year.

Pigment Division

Pigment Division continued to be our significant contributor of both revenues and profitability, and achieved a net revenue of ₹ 5194 lakhs with a volume of 4419 Metric Tons during the financial year ended March 31, 2013 as against ₹ 4737 lakhs (4230 MT) in the previous financial year. We have introduced two new value added products (finer grade) to cater to the plastic master batch segment in the domestic market and the same is well received by the customers.

There is an increase in export volume to Asian markets by 40%, which helped offset the economic slowdown prevailing in the European countries. There is an overall growth of 15% in export of finer grades and price realization improved by ₹ 10,000/ per MT. We are initiating new efforts to cater to the Chinese market both by participating in trade fairs and appointing new distributors.

Surfactants Division

The Company achieved a net revenue (includes processing) of ₹ 6705 lakhs during the financial year ended March 31, 2013 as against ₹ 6941 lakhs in the previous year.

There was a decline in processing income due to one of the leading detergent manufacturers changing the product mix for cost effectiveness. There is a 5% erosion in margin due to escalation in raw material cost and also, lower utilization of capacity (67% vs 95% last year) resulting in a lower profitability. We are taking proper measure to improve the capacity utilization by producing more value added products like SLS/SLES.

Wind Mill Generation

The power generated from wind turbines is about 74 lakh units valued at ₹ 253 lakhs (which partially adjusted against consumption). This division made a profit of (before interest) ₹ 19 lakhs as against a loss of ₹ 14 lakhs in the previous year. However, there is considerable delay in realizing the dues from state electricity board, affecting the cash flow.

Review of IT Division

During the year under report, the Division has earned a revenue of ₹ 1847 lakhs as against ₹ 1700 lakhs in the previous year resulting in an increase of 8 %. The pressure on margin was prevalent throughout the year and profit declined by 36% due to increase in costs both on account of man power & administrative overhead.

Earnings Per Share (EPS) is at ₹ 4.15 (Previous Year ₹ 4.69) and Cash Earnings Per Share (CEPS) is ₹ 6.12 on the paid up value of ₹ 2/- per share.

Exports

The exports of the company's products during the year amounted to ₹ 2583/- Lakhs (Previous year ₹ 2568 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 well 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 have upgraded our existing systems to bring about cost effectiveness and continuous monitoring of the deployment of resources & its optimization.

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

Setting up of a green field Project:

As reported in the last Annual Report we are in the process of setting up a plant at Dahej in Gujarat for manufacture of specialty surfactants etc., with a capital outlay of ₹ 42 crores. This will be funded through internal accruals and term loan.

Risks and Concerns

1. The domestic market for Pigments catering to laundry & white washing application is shrinking and will affect volume.
2. Industrial segment part relating to Pigments, both in domestic as well as export front got affected due to sluggish market conditions prevailing in the global economy.
3. Both better margin & growth prospects for “ITES” segments are low due to slowdown in outsourcing from USA & other markets.
4. The power situation in Tamil Nadu is yet to improve and the powercost is ever increasing due to sharp increase in diesel & fuel costs. This has severely hampered the profitability of surfactants division.

Prospects & Outlook

The Company has launched new products in the FMCG category catering to the southern markets. In the retail segment relating to Pigments thrust is given for marketing of small packs in rural areas. New promotional activities are carried out to penetrate newer markets.

As outlined in our review above more focused approach is formulated to meet specific requirements of individual customer in overseas market & we will capitalize on the goodwill created with our existing customers due to tailor made & cost effective products in the Pigments category.

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. Nimish Patel, Directors of the Company, retire by rotation at the ensuing Annual

General Meeting and being eligible offer themselves for re-appointment.

Mr. T. R. Madhavan was appointed as Additional Director on the Board of the Company with effect from 29th March, 2013 in accordance with Section 260 of the Companies Act, 1956 and Articles of Association of the Company. Notices have been received from members pursuant to Section 257 of the Companies Act, 1956, together with necessary deposits proposing the appointment of Mr. T. R. Madhavan as Non-Executive Independent Director on the Board of the Company and he will be liable to retire by rotation.

Mr. T. R. Madhavan, is the former Executive Chairman of Centrum Capital Limited, prior to this he was the Managing Director of Dhanlaxmi Bank Limited. He was with Bank of India for more than 30 years and was General Manager (credit) at the time of retirement.

His rich experience in banking and finance will be of immense help to the Company.

Ms. K. R. Javeri ceased to be a Director during the year and the Board records its appreciation of the valuable contributions made during her tenure of service.

The Board appointed Mr. Vinod Nehemiah as a Director in the casual vacancy arising out of cessation of Ms. K. R. Javeri as Director. Mr. Vinod G. Nehemiah holds Masters in Chemical Engineering from Massachusetts Institute of Technology, Boston, USA, and worked as Research Scientist in a multinational Company and he is a first generation entrepreneur.

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, 2013 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, 2013 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 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: 24th May, 2013

Annexure “I” 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, 2013.

Sr. No.	Name of Employee	Age in Years	Qualification and Experience	Designation	Remuneration (₹)	Date of Commencement	Last Employment held
1	Mr. R. Sampath	68	B. Sc. B. S. (Chem. Engg.) U.S.A. 43 yrs	Chairman & Managing Director	6,555,099	01-03-1970	Engineer, Hercules Inc. USA
2	Mr. S. Sridhar	62	B.Sc., A.C.A. 38 yrs	Joint Managing Director	4,370,066	01-08-2012	Thirumalai Chemicals Ltd.
3	Ms. Indira Sundararajan	65	B. Sc. (Chem) B.Tech (Pharma) 40 yrs	Whole-time Director	6,555,099	01-07-2003	Thirumalai Chemicals Ltd.

NOTES:

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

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

R. SAMPATH
Chairman & Managing Director

MUMBAI

Date: 24th May, 2013

Annexure II 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

- Energy saving systems are incorporated wherever necessary / Energy savings are attempted continuously.
- Existing energy saving systems are properly utilised and further devices are added whenever necessary.

FUEL CONSUMPTION (POWER & FUEL)

1. ELECTRICITY	UNITS	YEAR ENDING 31.03.2013	YEAR ENDING 31.03.2012
a) From EB – TN			
Purchased Units	KW/HR	2177237	3448624
Total amount paid	₹	18566234	19927641
Rate / Unit	₹	8.53	5.78
b) Own Generation			
Through DG	KW/HR	2150023	2213231
Unit / Litre of Diesel Oil	KW/HR	6.36	6.55
Cost Per Unit	₹	13.94	12.90
2. COAL AND COKE			
Coal & Coke & Pet Coke	₹	29604146	28901898
Coal & Coke & Pet Coke	Tons	1629	1998
Rate / Ton	₹	18177	14465
3. FURNACE OIL / DIESEL / SKO ETC.			
Furnace Oil / Diesel / Sko Etc.	KL	1815	1607
Total Amount	₹	78873625	60346411
Rate / KL	₹	43459	37554
4. RESEARCH & DEVELOPMENT EXPENDITURE ON R & D			
i) Capital	₹	167253	Nil
ii) Recurring	₹	947872	1075645
iii) Total	₹	1115125	1075645
iv) Total R & D Expenditure as a percentage of total turnover		0.08%	0.08%

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 the Order of the Board
For **ULTRAMARINE & PIGMENTS LIMITED**

R. SAMPATH
Chairman & Managing Director

MUMBAI

Date: 24th May, 2013

Corporate Governance Report 2012-2013

(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 Joint Managing Director, a Whole-time Director with Six Non-Executive Directors.
2. All Non-Executive Directors except Mr. S. Santhanam are independent Directors.

(b) Board Committees

i. Audit cum Remuneration Committee

Dr. G. G. Nair (Chairman)

Mr. Nimish Patel (Member)

Ms. K. R. Javeri (Member till 11.02.2013)

Mr. T. R. Madhavan (Member from 29.03.2013)

During the year, the Committee met four times on 30/05/2012,13/08/2012,10/11/2012 and 11/02/2013. All the members of the Committee as well as the concerned partner of the Statutory Auditor remained present at all the meetings except Ms. K. R. Javeri for one meeting held on 11.02.2013. The audited results for the year ended 31/03/2013 were reviewed by the Committee before being placed before the Board.

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.

ii. Share Transfer / Investors' Grievance Committee

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

Dr. G. G. Nair (Chairman)

Mr. S. Sridhar (Member)

Mr. T. R. Madhavan (Member)

Mr. S. Ramanan, Company Secretary is the Compliance Officer. All complaints whenever received from any investor were timely attended for redressal. Total of 16 Complaints were received from the Shareholders during 2012-13, 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.

The Committee meets as often as is necessary. There has been no complaints from any investor which has not been redressed promptly. Four meetings of the Share Transfer- Investors Grievance committee were held during the year 2012-13.

It has been noted that the shareholding in dematerialized mode as on 31st March 2013 was 95.09%

(c) Board Meetings
Number of Board Meetings held during the year 2012 - 2013

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

30/05/2012 03/07/2012 13/08/2012 10/11/2012 11/02/2013 29/03/2013.

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 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		No. of Directorships of other Public Companies	No. of Member-ships of Board Sub-committees
	Board Meetings	Last AGM		
Mr. R. Sampath*	6	Yes	1	-
Mr. S. Sridhar**	6	Yes	1	2
Ms. Indira Sundararajan***	6	Yes	-	-
Mr. S. Santhanam	6	Yes	1	2
Mr. Nimish Patel	6	Yes	3	2
Mr. M. C. Choksi	5	Yes	2	1
Dr. G. G. Nair	6	Yes	3	4
Ms. K. R. Javeri	4	Yes	-	2
Mr. T. R. Madhavan	-	-	1	1
Mr. Vinod G. Nehemiah	-	-	-	-

(*) Chairman and Managing Director.

(**) Joint Managing Director.

(***) Whole-time Director.

(e) Remuneration of Directors

Remuneration paid or payable to Managing Director/Joint Managing Director/ Whole-time Director /Director during the year ended 31-03-2013.

Name	(Amount in ₹)				
	Salary	PF	Others	Commission	Total
1. Mr. R. Sampath – CMD	48,00,000	5,76,000	9,50,768	2,28,343	65,55,111
1. Mr. Mr. S. Sridhar - JOINT MD	38,00,000	-	-	5,70,074	43,70,074
2. Ms. Indira Sundarajanan – WTD	57,00,000	6,84,000	171,111	Nil	65,55,111
3. Mr. S. Santhanam – Director	Nil	Nil	Nil	17,48,030	17,48,030

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

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

Name	Amount (₹)
Mr. Nimish Patel	2,00,000/-
Mr. M. C. Choksi	1,00,000/-
Dr. G. G. Nair	2,80,000/-
Ms. K. R. Javeri	2,00,000/-
Mr. S. Sridhar	80,000/-
Mr. S. Santhanam	1,20,000/-

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) Share holdings of Directors

Details of Shares held by Non-Executive Directors as on 31.03.2013

Name	No. of Shares held
Mr. Nimish Patel	52,589
Mr. M. C. Choksi	3,600
Dr. G. G. Nair	18,000
Mr. S. Santhanam	17,41,711
Mr. T. R. Madhavan	600
Mr. Vinod G. Nehemiah	1,76,000

(g) Brief details of General Body Meetings

The Fifty Second Annual General Meeting of the company for the financial year 2012-13 would be held on Monday, the 8th day of July, 2013 at 3.30 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
2011 – 2012	13-08-2012	4.00 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai – 400 019
2010 – 2011	08-08-2011	4.00 p.m.	Mysore Association Auditorium, Bhaudaji Road, Matunga, Mumbai – 400 019
2009 – 2010	02-08-2010	4.00 p.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.

All Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2013. The Chairman & Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

Disclosures**(i) Internal Audit Functions and Statutory Compliance**

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

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

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

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

(iii) Details of Non-Compliance

There were no case of non-compliance by the company nor any cases of penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

(iv) Risk Management

The Company has well laid down procedures to inform Board members about the risk assessment and minimization procedures.

(v) CEO / CFO Certification

Appropriate certification as required under para V of Clause 49 of the Listing requirements has been made to the Board of Directors by the CEO/CFO which has been taken note of by the Board.

(vi) Means of Communication

The company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the company's securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in a National Daily and in a vernacular language newspaper.

(vii) Disclosures by Management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

(viii) Management Discussion and Analysis

This annual report has a detailed chapter on management discussion and analysis.

(ix) General Shareholders Information:

- 1) Date, time and venue of 52nd AGM : Monday, the 8th day of July, 2013 at 3.30 p.m.
Mysore Association Auditorium,
Bhaudaji Road, Matunga,
Mumbai – 400 019.
- 2) Date of Book Closure : July 1, 2013 to 8th July, 2013 (both days Inclusive)
- 3) Listing on Stock Exchanges : Bombay Stock Exchange
- 4) Listing Fees : Paid as per the listing agreement
- 5) ISIN No. : INE 405 A0 1021
- 6) BSE Stock Code : 506685
- 7) Registered Office : Thirumalai House,
Road No. 29, Sion- East, Mumbai - 400 022.
Phone: +91-22-2401 7834/41/61/69
Fax : +91-22-2401 1699
E-mail: thirumalai@thiruchem.com
- 8) Registrars and Share Transfer Agent : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Road, Bhandup (W), Mumbai – 400 078.
Phone: +91-22 2594 6970
Fax : +91-22 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in
- 9) Compliance Officer : Shri. S. Ramanan – Company Secretary
Ultramarine & Pigments Ltd.,
Thirumalai House, Road No. 29,
Sion (East), Mumbai – 400 022.
Phone: +91-22-2401 7841/ 2401 7853
Fax : +91-22-2401 1699
E-mail: cs@uplamb.net
- 10) Share Transfer System : The Company's shares are traded in the Stock Exchanges compulsorily in de-materialized mode. Shares sent for physical transfer or de-materialisation requests are registered promptly within 15 days from the date of receipt of completed and validly executed documents.
- 11) Financial Calendar : Annual Results : 24th May 2013
Mailing of Annual Reports : June begin 2013
Results for the Quarter ending :
June 30, 2013 : By 15th August 2013
September 30, 2013 : By 15th Nov, 2013
December 31, 2013 : By 15th Feb, 2014
March 31, 2014 : May, 2014

- 12) Dividend Payment dates : By 15th July, 2013
- 13) Dematerialisation of Shares : As on 31-03-2013 95.09 % of Company's shares representing 2,77,64,824 Shares were held in the de-materialized form.
- 14) Plant location : **Ambattur**
 No. 556, Vanagaram Road,
 Ambattur, Chennai – 600 053, Tamilnadu.
 Tel: (044) 6692 1195 /96/97
 Fax: (044) 6692 1100

Ranipet

25-B, SIPCOT Industrial Complex,
 Ranipet – 632 403, Tamil Nadu.
 Tel: (04172) 664401 / 402/403/404/405
 Fax: (04172) 664400
 E-mail: syndet@ultramarinepigments.net

Lapiz Online

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

15) Categories of Shareholders (as on 31.03.2013)	No. of Shares	% of Shareholders
Promoters / Directors, their Relatives, Group Companies	1,44,68,969	49.55
Financial Institutions / Banks	97,645	0.33
NRI	4,60,103	1.58
Companies / Bodies Corporate	6,48,153	2.22
General Public	1,34,69,492	46.13
Clearing Member & Trusts	55,638	0.19
	2,92,00,000	100.00

16) Distribution of Shareholding as on 31.03.2013

No. of Shares	No. of Shareholders	% of Shareholders	No of shares	% of Shareholding
UPTO 500	3527	58.11	689088	2.36
501- 1000	918	15.13	757903	2.60
1001-2000	547	9.01	876339	3.00
2001-3000	246	4.05	623401	2.13
3001-4000	183	3.02	640492	2.19
4001-5000	148	2.44	700747	2.40
5001-10000	253	4.17	2012142	6.89
OVER 10000	247	4.07	22899888	78.43
TOTAL	6069	100.00	29200000	100.00

17) Stock Market price data for the year 2012 – 2013

Bombay Stock Exchange Ltd			
Month	High (₹)	Low (₹)	No.of Shares
April -2012	58.90	49.75	5,16,826
May-2012	62.70	55.10	7,66,336
June-2012	65.90	48.00	5,52,957
July-2012	64.80	53.05	3,69,918
August-2012	54.00	45.00	2,64,793
September-2012	52.90	46.00	1,51,541
October-2012	55.85	48.85	1,46,616
November-2012	54.40	47.00	1,20,944
December-2012	52.20	47.75	1,40,713
January-2013	56.00	50.15	1,97,325
February-2013	56.95	49.10	1,37,285
March-2013	63.80	53.00	6,83,854

18) Corporate Ethics

The consistent endeavor of Ultramarine & Pigments Ltd. is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end. The Company has adopted “The Code of Conduct for prevention of insider trading”, which contains policies prohibiting insider trading. The Company has also promulgated Code of Conduct to be followed by Directors and Management which is also available on the Company’s website.

Declaration by the CEO under Clause 49 1 (D) of the Listing Agreement regarding adherence to the The Code of Conduct

In accordance with Clause 49 sub-clause 1 (D) of the Listing Agreement with the Stock Exchange, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2013.

For **Ultramarine & Pigments Ltd.**

R. SAMPATH

Chairman & Managing Director

Mumbai

24th May, 2013

Independent Auditors' Report on Corporate Governance

To

The members of,

Ultramarine & Pigments Limited

We have examined the compliance of conditions of corporate governance by Ultramarine & Pigments Limited for the year ended on 31st March 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder and Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

CONTRACTOR NAYAK & KISHNADWALA

Chartered Accountants

Firm Registration Number 101961W

H. V. Kishnadwala

Partner

Membership No. 037391

Mumbai,

Dated : 24th May, 2013

Independent Auditors' Report

To

The members of,

Ultramarine & Pigments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Ultramarine & Pigments Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227 (3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
CONTRACTOR, NAYAK & KISHNADWALA
Chartered Accountants
Firm Registration Number 101961W

H. V. Kishnadwala
Partner
Membership No. 037391

Mumbai,

Dated : 24th May, 2013

Annexure to Independent Auditor's Report

Referred in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets;
- 1 (b) As explained to us, the management at reasonable intervals carries out the physical verification of the fixed assets. The discrepancies noticed on such verification, which were not material, have been appropriately dealt with in the financial statements;
- 1 (c) The fixed assets disposed off by the Company during the year were not substantial and therefore does not affect the going concern assumption;
- 2 (a) As explained to us inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable;
- 2 (b) In our opinion and as explained to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- 2 (c) In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification between physicals stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account;
- 3 (a) As per the information and explanations given to us, the Company has granted unsecured loans to a party covered in the register maintained under section 301 of the Companies Act, 1956. Details of such unsecured loan granted is as under:

Name of the Party	Balance as on 31 March 2013 (₹)	Maximum balance outstanding during the year (₹)
Thirumalai Chemicals Limited	Nil	13,642,774

- 3 (b) In case of the aforesaid unsecured loans granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and the other terms and conditions are not prima-facie prejudicial to the interests of the Company;
- 3 (c) In case of the aforesaid unsecured loans granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956, the repayment of principal amount and interest is regular;
- 3 (d) There is no overdue amount of loans, including interest, granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956;
- 3 (e) As per the information and explanations given to us, the Company has not accepted secured or unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 3(f) and 3(g) of the paragraph 4 of the Order are not applicable to the Company

- 4 In our opinion and according to information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of account, and as explained to us, no major weaknesses has been noticed in internal control system in respect of these areas and we have not observed any continuing failure to correct major weakness in the same;
- 5 (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered;
- 5 (b) To the best of our knowledge and belief and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time;
- 6 The Company has not accepted any deposits from the public accordingly, clause (vi) of paragraph 4 of the Order is not applicable to the Company;
- 7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business;
- 8 We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and cost records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determining whether they are accurate or complete;
- 9 (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax Custom duty, Excise-duty, Cess and other material statutory dues applicable to it and there are no undisputed statutory dues outstanding as at 31st March 2013, for a period of more than six months from the date they became payable;
- 9 (b) Disputed statutory dues that have not been deposited on account of disputed matters in respect of Income Tax pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (₹)	Years to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	*51,434	Assessment Year 2006-07	Commissioner of Income Tax, Appeals
Income Tax Act, 1961	Income Tax	*30,35,774	Assessment Year 2010-11	Commissioner of Income Tax, Appeals
*Amounts paid under protest and not charged to profit and loss statement have not been included above. [Refer Note No. 4.1(c) of Notes forming part of Financial Statements]				

- 10 The Company does not have any accumulated losses as on 31st March 2013 and has not incurred any cash losses during the financial year and in the immediately preceding financial year;
- 11 According to the books of account examined by us and as explained to us, the Company has not defaulted in repayment of any dues to financial institutions or banks;
- 12 Based on our examination of the records and as explained to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities;
- 13 In our opinion, and as per information and explanation provided to us, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of the paragraph 4 of the Order are not applicable to the Company;
- 14 During the year, the Company does not have any transactions in respect of dealing and trading in shares, securities, debentures and other investments. All shares, debentures and other securities held as investments by the Company have been held by the Company in its own name;
- 15 According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- 16 According to the information and explanations given to us, term loans taken by the Company, has been applied for the purpose for which loans were obtained;
- 17 As explained to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on short-term basis which have been used for long-term investment by the Company;
- 18 During the year the Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under section 301 of the Companies Act, 1956;
- 19 During the year the Company has not issued any debentures; Accordingly clause (xix) of the paragraph 4 of the Order is not applicable to the Company;
- 20 The Company has not raised any money by way of public issues during the year. Therefore, the provisions of clause (xx) of the paragraph 4 of the Order are not applicable to the Company;
- 21 As per the information and explanations given by the management to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
CONTRACTOR NAYAK & KISHNADWALA
Chartered Accountants
Firm Registration No. : 101961W

H. V. Kishnadwala
Partner, Membership No. 037391

Mumbai, 24th May, 2013

Balance Sheet as at 31st March 2013

Particulars	Note	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3.1	58,400,000	58,400,000
Reserves and Surplus	3.2	804,769,415	760,397,660
		<u>863,169,415</u>	818,797,660
Non-Current Liabilities			
Long-Term Borrowings	3.3	20,000,001	57,769,255
Deferred Tax Liabilities (net)	3.4	53,650,851	55,226,127
Long-Term Provisions	3.5	32,112,297	26,698,629
		<u>105,763,149</u>	139,694,011
Current Liabilities			
Short-Term Borrowings	3.6	3,114,668	-
Trade Payables	3.7	36,728,572	88,427,894
Other Current Liabilities	3.8	70,443,011	72,016,609
Short-Term Provisions	3.9	111,117,157	135,594,765
		<u>221,403,408</u>	296,039,268
Total		<u><u>1,190,335,973</u></u>	<u><u>1,254,530,939</u></u>
Assets			
Non-current Assets			
Fixed assets			
Tangible	3.10	401,611,425	427,932,817
Intangible	3.10	3,791,815	4,958,285
Capital work-in-progress	3.10	24,164,841	19,752,839
Non-current investments	3.11	132,170,372	132,170,372
Long term loans and advances	3.12	71,776,392	58,791,727
		<u>633,514,845</u>	643,606,039
Current Assets			
Inventories	3.13	116,376,500	159,024,883
Trade receivables	3.14	238,688,968	205,119,046
Cash and bank balances	3.15	112,129,648	186,471,637
Short-term loans and advances	3.16	84,147,753	49,599,199
Other current assets	3.17	5,478,259	10,710,135
		<u>556,821,128</u>	610,924,900
Total		<u><u>1,190,335,973</u></u>	<u><u>1,254,530,939</u></u>
Significant Accounting Policies and Notes to Financial Statements		2 to 6	

As per our report of even date

For and on behalf of the Board of Directors

For & on behalf of
CONTRACTOR, NAYAK & KISHNADWALA

Chartered Accountants

R. SAMPATH

Chairman and Managing Director

H. V. KISHNADWALA

Partner

S. RAMANAN

Company Secretary

INDIRA SUNDARARAJAN

Wholetime Director

PLACE : MUMBAI

 DATE : 24th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note	Year Ended 31.03.2013 ₹	Year Ended 31.03.2012 ₹
Income			
Revenue from Operations	3.18	1,398,886,014	1,360,365,226
Other Income	3.19	37,950,095	22,099,940
Total Revenue		1,436,836,109	1,382,465,166
Expenses			
Cost of material consumed	3.20	612,916,151	539,523,284
Purchase of Stock-in-Trade		29,043	4,827,787
Changes in inventories of finished goods and work-in-progress	3.21	(24,690,508)	(11,068,309)
Employees benefits expense	3.22	252,808,332	219,579,159
Finance costs	3.23	15,630,827	17,134,413
Depreciation and amortization expenses	3.10	57,631,473	55,021,535
Other expenses	3.24	348,848,484	374,835,367
Total expenses		1,263,173,802	1,199,853,236
Profit before Tax		173,662,307	182,611,929
Tax Expenses			
Current tax expense		(58,800,000)	(37,100,000)
MAT Credit Entitlement		-	4,322,994
Deferred tax expense/(credit)		1,575,276	(25,695,541)
Tax adjustments for earlier years		4,799,887	12,785,212
Profit for the year		121,237,470	136,924,594
Earnings per equity share Basic and Diluted - Par value ₹ 2/- per share	5.5	4.15	4.69

Significant Accounting Policies and Notes to Financial Statements

2 to 6

As per our report of even date

For and on behalf of the Board of Directors

For & on behalf of

CONTRACTOR, NAYAK & KISHNADWALA

Chartered Accountants

H. V. KISHNADWALA

Partner

S. RAMANAN

Company Secretary

R. SAMPATH

Chairman and Managing Director

INDIRA SUNDARARAJAN

Wholetime Director

PLACE : MUMBAI

DATE : 24th May, 2013

Cash Flow Statement for the year ended 31st March, 2013

Particulars	Year Ended	Year Ended
	31.03.2013	31.03.2012
	₹	₹
Cash flows from operating activities		
Net-profit before taxation, and extraordinary item	173,662,307	182,611,929
Adjustments for:		
Depreciation and amortisation expenses	57,631,473	55,021,535
Interest income	(17,848,233)	(16,135,631)
Dividend income	(10,225,885)	-
Interest expenses	15,630,827	17,134,413
Effect of exchange rate change	60,866	1,012,045
Loss / (Profit) on sale / discarded asset (Net)	800,671	2,260,365
Operating profit before working capital changes	219,712,026	241,904,656
Adjustments for:		
Increase in sundry debtors	(33,630,788)	(59,315,259)
Decrease / (Increase) in inventories	42,648,382	(35,013,478)
(Increase) / Decrease in Loans and advance	20,151,900	(19,219,516)
Increase in sundry creditors	(47,318,551)	68,893,640
Cash generated from operations	201,562,968	197,250,042
Income-taxes paid	(62,040,440)	(61,786,369)
Net cash from operating activities (A)	139,522,528	135,463,673
Cash flows from investing activities		
Purchase of fixed assets	(35,518,545)	(102,983,803)
Sale of fixed assets	162,261	231,330
Proceeds from sale of investment	-	30,600,000
Interest received	13,954,896	16,135,631
Dividends received	10,225,885	-
(Increase) / Decrease in Bank / Inter corporate deposit	24,486,055	(40,141,936)
Net cash from investing activities (B)	13,310,551	(96,158,778)
Cash flows from financing activities		
(Re-payment of) / proceeds from long-term borrowings	(37,769,254)	(2,497,078)
Repayment of short term borrowings	3,114,668	(10,445,773)
Interest paid	(15,703,941)	(16,880,258)
Dividends paid	(101,810,910)	(102,149,265)
Net cash used in financing activities (C)	(152,169,436)	(131,972,374)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	663,643	(92,667,480)
Cash and cash equivalents as at the beginning of the year	43,905,612	136,573,093
Cash and cash equivalents as at the end of year	44,569,255	43,905,612
(a) Cash and cash equivalents		
(i) Balances with banks		
In deposit accounts with original maturity of less than 3 months	-	225,000
In other accounts	44,035,739	43,290,641
(ii) Cash on hand	533,516	389,971
Total	44,569,255	43,905,612

Note:

- Figures in the brackets represents cash outflows.
- Previous year figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report of even date

For and on behalf of the Board of Directors

For & on behalf of
CONTRACTOR, NAYAK & KISHNADWALA
Chartered Accountants

H. V. KISHNADWALA
Partner

S. RAMANAN
Company Secretary

R. SAMPATH
Chairman and Managing Director

INDIRA SUNDARARAJAN
Wholtime Director

PLACE : MUMBAI
DATE : 24th May, 2013

Notes to Financial Statements for the year ended 31st March, 2013

1 CORPORATE INFORMATION:

Ultramarine & Pigments Limited (“UPL” or “the Company”) is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange in India. The Company is engaged in manufacturing and selling of pigments, surfactants, and also engaged in IT enabled services. The Company caters to both domestic and international markets.

2 SIGNIFICANT ACCOUNTING POLICIES:

I BASIS OF ACCOUNTING:

The financial statements are prepared and presented in conformity with Generally Accepted Accounting principles in India, and comply in all material respects with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and other relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on the accrual basis.

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

II USE OF ESTIMATES:

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

III REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer. Gross sales include amounts recovered towards Excise Duty and are net of returns.

Income from services:

- i) In case of IT Enabled Services, revenue from service contracts are recognized pro-rata over the period of the contract as and when services are rendered and are net of service tax;
- ii) Income from Job work is accounted on dispatch of material and as per terms of agreement, which is generally on dispatch of material.

Income from wind operated generators:

Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Dividend and interest income:

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate method taking into account the amount outstanding and the rate applicable.

Export benefits:

The benefit accrued under the Duty Entitlement Pass Book Scheme, duty drawback scheme as per the Export and Import Policy in respect of exports made under the said Schemes is included under the head "revenue from operations" as 'Export Incentives'.

Sale of scrap:

Revenue from sale of scrap is recognised as and when scrap is sold.

IV FIXED ASSETS:

Tangible Assets:

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets

V DEPRECIATION :

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 or based on the useful life of the assets as estimated by Management, whichever is higher. In the case of Computers and Network Equipments acquired for the IT Enabled Services Division, depreciation is computed over the estimated useful life of 4 years. In the case of Leasehold improvement, depreciation is provided over lease period. Leasehold rights are amortised over its lease period.

VI INTANGIBLE ASSETS AND AMORTISATION:

- (i) Intangible assets are stated at cost less accumulated amortisation.
- (ii) Intangible assets are amortised on a straight-line basis as under:
 - a) Software costing up to ₹ 25,000/- is expensed out in the year of acquisition. Other Software acquired is amortised over its estimated useful life of 3 years;
 - b) Intellectual Property is amortised over its estimated useful life of 2 years.

VII IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortized historical cost.

VIII INVESTMENTS:

Non-current investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. The reduction in the carrying amount is reversed when there is a rise in the value of the investment or if the reasons for the reduction no longer exist.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment

IX INVENTORIES:

Items of Inventory are valued on the principle laid down by Accounting Standard 2 on “Valuation of Inventories” on the basis given below:

(a)	Raw Materials, Stores & Spares and Fuel	Lower of cost (determined on weighted average basis) and net realizable value.
(b)	Packing Material	Lower of cost (determined on FIFO basis) and net realizable value.
(c)	Work-in-Progress	Lower of cost and net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity.
(d)	Finished Goods	Lower of cost and net realizable value. Cost includes direct materials, labour, a proportion of manufacturing overheads, based on normal operating capacity and excise duty.
(f)	Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.	

X EMPLOYEE BENEFITS :

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognized provident funds and approved superannuation schemes which are defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

Retirement and other employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and performance incentive paid annual leave, bonus, leave travel assistance, medical allowance, contribution to provident fund and superannuation etc. recognized as actual amounts due in period in which the employee renders the related services.

- (i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contribution to the fund accrues. There are no obligations other than the contribution payable to the recognized Provident Fund.
- (ii) Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the statement of profit and loss for the year when the contribution accrues. There are no obligations other than the contribution payable to the Superannuation Fund Trust. The scheme is funded with Insurance Company in the form of a qualifying insurance policy.
- (iii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

- (iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

XI FOREIGN CURRENCY TRANSLATION:**Initial recognition:**

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the statement of profit and loss.

Conversion:

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated using the foreign exchange rates as at the balance sheet date. The resultant exchange differences are recognized in the statement of profit and loss. Non-monetary assets and liabilities are not translated.

Forward Exchange Contracts:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

XII BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XIII LEASE RENTALS:

The lease arrangement is classified as either a finance lease or an operating lease, at the inception of the lease, based on the substance of the lease arrangement.

Finance leases

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Other leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in statement of profit and loss on a straight-line basis over the term of the lease.

XIV EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XV TAXATION:

Tax expense comprises of current and deferred tax charge or credit.

Current Tax is determined as the amount of income tax payable to the taxation authorities in respect of taxable income for the period.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and is written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

The Company recognises credit for Minimum Alternative Tax (MAT) only when and to the extent there is a convincing evidence that the same would be set off during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

XVI PROVISIONS, CONTINGENT LIABILITES AND CONTINGENT ASSETS:**Provisions:**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liabilities are disclosed for:-

- (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

Contingent assets are not recognized in the financial statements, since this may result in recognition of income that may never be realized.

XVII SEGMENT REPORTING:

Segments are identified in line with AS-17 “Segment Reporting”, taking into consideration the internal organisation and management structure as well as the differential risk and returns of the segment.

Based on the Company’s business model, Laundry and allied products, IT enabled services and Wind Turbine Generator have been considered as the reportable business segments. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

XVIII CASH AND CASH EQUIVALENTS

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Note 3.1 : Share Capital		
Authorised Shares		
50,000,000 (March 31, 2012: 50,000,000) equity shares of ₹ 2 each	100,000,000	100,000,000
Issued, subscribed and fully paid-up Shares		
29,200,000 (March 31, 2012: 29,200,000) Equity Shares of ₹ 2/- each fully paid up.	58,400,000	58,400,000

Terms/rights attached to Equity Shares

- (a) The Company has only one class of share referred to as equity shares having a par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share.
- (b) The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31st March, 2013 the amount per share dividend recognised as distribution to equity shareholders was ₹ 2.25 (Previous year ₹ 3/-)
- (c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be proportionate to the number of equity shares held by the share holders.
- (d) There is no change in issued and paid up share capital during the year

(e) The details of shareholders holding more than 5% shares

Name of Entity	As At 31.03. 2013		As at 31.03.2012	
	No. of shares	% held	No. of shares	% held
(1) Thirumalai Chemicals Limited	3,044,800	10.43	3,044,800	10.43
(2) S. Santhanam	1,741,711	5.96	1,733,666	5.94
(3) R. Sampath	1,474,239	5.05	1,192,059	4.08

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Note 3.2 : Reserves and Surplus		
General reserve		
Balance at the beginning of the year	382,500,000	367,500,000
Add: Transferred from surplus	13,000,000	15,000,000
Balance at the end of the year	395,500,000	382,500,000
Surplus		
Opening balance	377,897,660	357,783,976
Add: Profit for the year	121,237,470	136,924,594
	499,135,130	494,708,570
Less: Appropriations		
Proposed dividend [amount per share ₹ 2.25 (Previous year ₹ 3/-)]	(65,700,000)	(87,600,000)
Tax on proposed dividend	(11,165,715)	(14,210,910)
Transfer to general reserve	(13,000,000)	(15,000,000)
Closing balance	409,269,414	377,897,660
Total	804,769,415	760,397,660
Note 3.3 : Long term borrowings		
Secured term loan from financial institution		
Export-Import Bank of India (refer note a and b)	20,000,001	46,666,665
Unsecured		
Deferred payment liabilities (refer note c)	-	11,102,590
Total	20,000,001	57,769,255
Notes:		
(a) An exclusive charge by way of hypothecation over Wind Turbine Generators, acquired / to be acquired by the company and second pari passu charge by way of hypothecation of the Company's other movable fixed assets and books debts.		
(b) Repayable in twelve quarterly equal instalments starting from 20th Mar 2012 of ₹ 66,66,667/- with interest @ 11.50% .		
(c) Repayable to Gujarat Industrial Development Corporation in twelve quarterly equal instalments starting from 30th June 2011 of ₹ 27,75,645/- with interest @ 13.50% .		
Note 3.4 : Deferred tax liabilities (Net)		
Deferred tax liability		
On account of timing difference in Depreciation and amortisation	74,522,441	78,992,282
Sub-Total	74,522,441	78,992,282
Deferred tax assets:		
Liabilities allowable on payment basis	20,799,531	17,591,856
Provision for doubtful receivables	72,059	6,174,299
Sub-Total	20,871,590	23,766,155
Total	53,650,851	55,226,127

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Note 3.5 : Long term provisions		
Provision for employee benefits : (Non funded)		
Provision for gratuity (Refer note no.5.1)	23,576,341	19,640,334
Provision for compensated absences	8,535,956	7,058,295
Total	32,112,297	26,698,629
Note 3.6 : Short term borrowings		
Secured		
Loan repayable on demand from banks (refer note a)	3,114,668	-
Total	3,114,668	-
Notes:		
(a) Cash credit / export credit facilities is secured by hypothecation of stock of raw materials, work in progress, finished goods, packing materials, stores and spares and book debts of the company and secured by a second charge on the immovable properties.		
Note 3.7 : Trade payables		
Trade Payables (refer note no. 6.1 for details of dues to micro, small and medium enterprises)	36,728,572	88,427,894
Total	36,728,572	88,427,894
Trade payables includes emoluments payable to employees for services rendered.		
Note 3.8 : Other current liabilities		
Creditors for capital goods	-	650,228
Current maturities of long-term borrowings (Refer note 3.3)	37,769,257	37,769,248
Interest accrued but not due on borrowings	181,041	254,155
Unpaid Dividend (Refer note below)	3,301,771	3,267,800
Deposit from customers	1,254,908	886,952
Others	27,936,034	29,188,226
Total	70,443,011	72,016,609
Note		
Unpaid dividend represents amounts to be credited to the Investor Education and Protection Fund as and when they become due.		
Note 3.9 : Short term provisions		
Provision for gratuity (non-funded)	18,641,967	18,102,515
Provision for compensated absence (non-funded)	7,124,670	6,902,048
Provision for bonus and ex-gratia	4,634,621	4,461,572
Provision for excise duty	3,850,184	4,317,720
Proposed equity dividend	65,700,000	87,600,000
Provision for tax on proposed equity dividend	11,165,715	14,210,910
Total	111,117,157	135,594,765
Note:		
The Board of Directors have recommended dividend of ₹ 2.25 per share for the year ended March 31, 2013 (March 31, 2012: ₹ 3/- per share)		

Notes forming part of financial statements for the year ended 31st March 2013

Note 3.10 : Fixed Assets

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at April 1, 2012	Additions	Sales/ Adjustments	As at Mar 31, 2013	As at April 1, 2012	Charge for the period	Sales/ Adjustments	As at Mar 31, 2013	As at Mar 31, 2013	As at Mar 31, 2012
Tangible										
Land - Freehold	13,952,428	-	-	13,952,428	-	-	-	-	13,952,428	13,952,428
- Leasehold (see note below)	49,219,046	-	-	49,219,046	455,732	497,162	-	952,894	48,266,152	48,763,314
Buildings	69,288,927	-	-	69,288,927	36,893,735	1,924,270	-	38,818,005	30,470,923	32,395,192
Plant & Machinery	416,866,407	21,062,954	2,110,225	435,819,135	261,814,624	25,791,977	1,877,453	285,729,148	150,089,987	155,051,783
Wind Turbine Generators	232,414,032	-	-	232,414,032	78,388,278	19,984,129	-	98,372,407	134,041,625	154,025,754
Kilns	57,671,307	-	-	57,671,307	54,791,644	-	-	54,791,644	2,879,663	2,879,663
Computer Equipments	40,308,164	2,123,875	2,563,762	39,868,278	34,166,717	2,920,734	2,435,573	34,651,878	5,216,400	6,141,447
Furniture Fixtures	7,925,611	106,995	660,279	7,372,328	4,154,056	335,354	283,396	4,206,015	3,166,313	3,771,555
Leasehold Improvements	8,506,479	2,507,508	-	11,013,987	6,038,480	1,987,958	-	8,026,437	2,987,550	2,467,999
Office Equipments	7,737,622	1,562,018	144,210	9,155,430	3,170,192	515,104	72,438	3,612,859	5,542,571	4,567,429
Vehicles	5,460,097	1,699,473	21,026	7,138,544	1,543,846	612,367	15,482	2,140,731	4,997,813	3,916,251
	909,350,121	29,062,823	5,499,501	932,913,442	481,417,303	54,569,055	4,684,342	531,302,016	401,611,425	427,932,817
Intangible										
Computer Software	18,178,583	2,043,721	2,955,444	17,266,860	14,014,134	2,268,583	2,807,671	13,475,046	3,791,815	4,164,449
Intellectual Property	1,900,000	-	-	1,900,000	1,106,164	793,836	-	1,900,000	-	793,836
	20,078,583	2,043,721	2,955,444	19,166,860	15,120,298	3,062,419	2,807,671	15,375,046	3,791,815	4,958,285
Total (A)	929,428,704	31,106,544	8,454,945	952,080,302	496,537,602	57,631,473	7,492,014	546,677,061	405,403,240	432,891,101
Capital work-in-progress (B)	-	-	-	-	-	-	-	-	24,164,841	19,752,839
Total (A+B)	929,428,704	31,106,544	8,454,945	952,080,302	496,537,602	57,631,473	7,492,014	546,677,061	429,568,081	452,643,941
Previous year	741,058,048	197,927,922	9,557,266	929,428,704	448,581,638	55,021,535	7,065,571	496,537,602	452,643,941	

Note: Agreement for lease for 99 years with Gujarat Industrial Development Corporation to be executed after compliance of stipulated conditions

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Note 3.11 : Non-current investments (At cost)		
Non trade investment in equity shares		
Quoted		
2,045,177 (March 31, 2012 : 2,045,177) equity shares of ₹ 10/- each fully paid up in Thirumalai Chemicals Limited.	132,153,971	132,153,971
Unquoted		
350 (March 31, 2012 : 350) equity shares of US\$ 1 each fully paid up in LAPIZ Inc., U.S.A. (Associate Company)	16,401	16,401
Total	132,170,372	132,170,372
(a) Aggregate amount of Quoted Investments		
Cost	132,153,971	132,153,971
Market value	189,996,943	90,192,306
(b) Aggregate amount of Unquoted Investments	16,401	16,401
Note 3.12 : Long-term loans and advances		
Unsecured, considered good		
Capital advances	-	641,500
Other loans and advances		
Advance income taxes (net of provisions)	51,656,438	39,293,117
Loans and advances to employees	1,367,526	2,237,267
Deposits with related party (Refer note no. 5.3)	1,400,000	1,400,000
Security deposits	17,352,428	15,219,843
Total	71,776,392	58,791,727
Note 3.13 : Inventories (valued at lower of cost or net realizable value)		
Raw materials and components	20,166,824	84,234,748
Work in progress	21,393,800	16,614,800
Finished goods	62,842,558	42,931,050
Packing materials	6,035,465	7,051,595
Fuel	3,531,003	5,567,085
Stores and spares	2,406,850	2,625,604
Total	116,376,500	159,024,883
Raw materials		
Soda Ash	6,864,293	6,122,613
Active Matter	3,506,477	64,586,342
Sulphur	1,751,622	829,252
China Clay	3,072,768	4,538,565
Others	4,971,664	8,157,976
Total	20,166,824	84,234,748

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Note 3.13 : Inventories (valued at lower of cost and net realizable value) Contd..		
Work in progress		
Pigments	21,393,800	16,614,800
Total	21,393,800	16,614,800
Finished goods		
Pigments	40,465,100	33,903,700
Detergents	4,198,635	2,235,434
Sulphonation	18,178,823	6,791,916
Total	62,842,558	42,931,050
Note 3.14 : Trade receivables		
Debtors outstanding for a period exceeding six months from the due date		
Secured, considered good (refer note below)	-	349,470
Unsecured, considered good	21,140,697	16,603,960
Unsecured, considered doubtful	-	19,740,666
Less: Provision for doubtful debts	-	(19,740,666)
	21,140,697	16,953,430
Other debts		
Unsecured, considered good	217,548,271	188,165,616
Total	238,688,968	205,119,046
Note		
Amount due is fully secured by equity instruments having market value of ₹ Nil (previous year ₹ 7,06,837/-), including those shares the market value of which ₹ Nil (previous year ₹ 6,58,350/-) which are transferred in the name of the Company.		
Note 3.15 : Cash and Bank balances		
(a) Cash and cash equivalents		
(i) Balances with banks		
In current account	43,981,659	36,679,274
In EEFC accounts	54,080	6,611,367
In deposit accounts with original maturity of less than 3 months	-	225,000
(ii) Cash on hand	533,516	389,971
	44,569,255	43,905,612
(b) Other Bank balances		
(i) Margin money with banks	58,622	54,946
(ii) Short-term bank deposits with original maturity of the period between three months and twelve months	64,200,000	139,243,279
(iii) Un-claimed dividend accounts (see note below)	3,301,771	3,267,800
Total	112,129,648	186,471,637
Note		
These balances are not available for use by the Company as they represent corresponding un-paid dividend liabilities.		

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Note 3.16 : Short-term loans and advances		
(Unsecured, considered good, unless stated otherwise)		
Inter corporate deposits (including accrued interest)	56,519,578	6,000,000
Advances recoverable in cash or kind or for value to be received	5,320,039	4,264,171
Minimum alternate tax credit entitlement	-	4,322,994
Balance with central excise and sales tax authorities	16,746,638	30,467,604
Export incentives receivable	732,020	950,341
Advance to suppliers	4,181,918	3,036,065
Loans and advances to employees	647,560	558,024
Total	(A) 84,147,753	49,599,199
Advance to supplier (considered doubtful)	212,000	212,000
Less provision for doubtful debts	(212,000)	(212,000)
	(B) -	-
Total	(A)+(B) 84,147,753	49,599,199
Note 3.17 : Other current assets		
Interest/Income accrued but not due	4,066,783	1,718,991
Unbilled revenue of IT enabled services	1,321,276	612,822
Others	90,200	8,378,322
Total	5,478,259	10,710,135

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹
Note 3.18 : Revenue from operations		
Sale of products		
Finished goods (Gross)	1,280,720,000	1,153,343,741
Less : Excise Duty recovered on sales	121,469,417	90,836,313
	<u>1,159,250,583</u>	<u>1,062,507,428</u>
Traded goods	30,826	6,188,369
	<u>1,159,281,409</u>	<u>1,068,695,797</u>
Details of Products sold:		
(i) Finished goods		
Pigments	562,642,915	508,256,009
Detergents	73,743,300	66,024,941
Sulphonation	644,333,785	579,062,791
	<u>1,280,720,000</u>	<u>1,153,343,741</u>
(ii) Traded goods		
Packing materials	30,286	6,188,369
	<u>1,280,750,826</u>	<u>1,159,532,110</u>
Sale of power from Wind turbine generator	22,709,576	20,321,527
	<u>1,181,990,985</u>	<u>1,089,017,324</u>
Income from services		
Income from processing	30,642,999	99,060,441
Income from IT enabled services	184,719,209	170,043,646
	<u>215,362,208</u>	<u>269,104,087</u>
Other operating income		
Export Incentives	1,532,822	2,243,815
	<u>1,532,822</u>	<u>2,243,815</u>
Revenue from operations	<u><u>1,398,886,014</u></u>	<u><u>1,360,365,226</u></u>
Note 3.19 : Other Income		
Interest received		
From banks	7,569,849	6,178,841
From companies on short term deposits	4,592,254	8,698,725
From others	5,686,130	1,258,064
Dividend received - from long term investments	10,225,885	-
Rent received	6,635	2,557,317
Sundry receipts	3,260,986	745,421
Sundry balances written back (Net)	2,684,142	2,661,571
Gain on foreign currency transactions / translations (Net)	3,860,224	-
Profit on Sale of Assets (Net)	63,991	-
Total	<u><u>37,950,095</u></u>	<u><u>22,099,940</u></u>

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹
Note 3.20 : Cost of material consumed		
Inventory at the beginning of the year	84,234,748	24,833,895
Add: Purchases	548,848,227	598,924,137
	633,082,975	623,758,032
Less: Inventory at the end of the year	20,166,824	84,234,748
Cost of raw material consumed	612,916,151	539,523,284
Details of raw materials consumed		
Soda Ash	52,803,496	35,416,472
Active Matter	437,068,103	392,215,726
Sulphur	37,744,395	37,576,133
China Clay	18,750,001	15,343,563
Others	66,550,157	58,971,390
Total	612,916,151	539,523,284
Note: The above figures have been ascertained on the basis of opening stock plus purchases less closing stock and therefore, include adjustments of excesses and shortages ascertained on physical count, write off of un-serviceable items, etc.		
Note 3.21 : Changes in inventories of Finished goods and work-in-progress		
Inventories at the end of the year		
Work-in-progress	21,393,800	16,614,800
Finished goods	62,842,558	42,931,050
Total	84,236,358	59,545,850
Inventories at the beginning of the year		
Work-in-progress	16,614,800	6,636,700
Finished goods	42,931,050	41,840,841
	59,545,850	48,477,541
Net (Increase)/decrease in Stocks	(24,690,508)	(11,068,309)
(Increase)/decrease in work in progress		
Pigments	(4,779,000)	(9,978,100)
Total	(4,779,000)	(9,978,100)
(Increase)/decrease in finished goods		
Pigments	(6,561,400)	1,861,700
Detergents	(1,963,201)	(1,409,166)
Sulphonation	(11,386,907)	(1,542,743)
Total	(19,911,508)	(1,090,209)

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹
Note 3.22 : Employee benefits expense		
Salaries, Wages, Bonus and other benefits	195,184,422	165,045,876
Directors' Remuneration	17,480,264	21,098,572
Contribution to Provident Fund and other funds	17,042,219	14,308,587
Gratuity expenses	7,336,763	4,262,351
Provision for other employee benefits	3,499,621	5,776,331
Staff Welfare expenses	12,265,043	9,087,442
Total	252,808,332	219,579,159
Note 3.23 : Finance costs		
Interest on term loan	7,431,488	8,848,534
Interest on deferred payments	3,509,090	3,574,140
Interest on income tax payments	275,000	-
Other borrowing costs	4,415,249	4,711,739
Total	15,630,827	17,134,413
Note 3.24 : Other expenses		
Consumption of stores and Spares	6,436,021	7,330,661
Power and Fuel	136,500,608	151,155,100
Excise Duty on stocks (Net)	(467,536)	1,009,387
Repairs and Maintenance:		
Machinery	21,886,963	23,456,405
Buildings	11,123,387	10,109,610
Others	4,189,888	4,156,097
Packing Expenses and materials consumed	29,232,733	38,205,800
Processing Charges paid	3,976,237	1,598,478
Freight and Forwarding expenses	24,554,881	23,530,250
Insurance	4,107,664	3,585,249
Commission	1,217,209	1,229,637
Advertisement and Sales Promotion expenses	10,287,778	11,591,837
Rent	21,188,999	19,393,441
Rates & Taxes	1,945,821	3,330,059
Travelling expenses	20,678,424	17,910,335
Communication expenses	8,558,153	6,599,234
Legal and Professional charges	8,130,622	14,218,991
Commission Non Executive Directors	1,748,027	2,109,857
Donation	5,002,000	4,550,000
Assets Scrapped / Loss on Sale of Assets (Net)	864,662	2,260,365
Provision for doubtful debts	-	1,944,988
Loss on foreign currency transactions / translations (Net)	-	3,014,031
Prior period expenses	668,269	-
Miscellaneous expenses	27,017,674	22,545,554
Total	348,848,484	374,835,367

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Payment to Auditors (included in miscellaneous expenses)		
As Auditors:		
Audit Fees	700,000	600,000
Tax Audit fees	100,000	100,000
Certification	365,000	275,000
In other capacity:		
Taxation matters	75,000	75,000
Other services	150,000	150,000
Service tax	171,804	140,595
Total	1,561,804	1,340,595

Note 4 : Other disclosures as per revised Schedule VI

Note 4.1 : Contingent liabilities and commitments (to the extent not provided for)

(a) Contingent liabilities

(i) Claims against the Company/disputed liabilities not acknowledged as debts in respect of labour disputes	480,000	1,680,000
(ii) Bank Guarantee issued and outstanding	380,000	624,005
(iii) Letter of Credit issued and outstanding	-	584,820

(b) Commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,015,177	3,103,187
Against which advance paid	441,700	660,406
(ii) Import duty on Goods imported under advance licence pending fulfilment of export obligation	5,683,937	5,683,937

(iii) The company had entered into an agreement on 28th April, 2011 with Gujarat Industrial Development Corporation for allotment of land at Dahej. The company has acquired the land at Dahej-Petroleum, chemicals and petro chemicals investment region (PCPIR) in Gujarat with the intention of expanding its surfactant chemicals manufacturing and processing operations. As per the said agreement, the company within a period of two years from the agreement date build and completely finish it for occupation of building to be used as industrial factory. However, due to delay in the availability of adequate infrastructure (including water supply), it was decided to defer the proposed expansion for some time. As per the agreement with the GIDC the company has to pay penalty for delay in implementation of the project. As on 31st March 2013, ₹ 13,29,770 has been provided for in the books of account towards this.

Notes forming part of financial statements for the year ended 31st March 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
(c) No provision has been made in respect of the following demands raised by the authorities since the Company has reasons to believe that it would get relief at the appellate stage as the said demands are excessive and erroneous		
(i) By the Income tax authorities	51,302,944	42,443,045
Against which amount already paid.	53,855,887	28,627,516
(ii) Central Excise duty and penalty.	-	5,556,114
(iii) Interest and penalty on account of the alleged delay in payment of dues under the ESI Act.	108,119	108,119
(iv) Sales Tax Authorities	1,268,806	-

Note 4.2 : Value of imports calculated on CIF basis (on accrual basis)

Raw materials	228,445,731	283,301,616
Spare parts	1,456,856	764,075
Capital goods	65,599	9,528,722

Note 4.3 : (a) Expenditure in foreign currency (on cash basis)

Travelling	5,895,220	4,338,097
Software Expenses	31,735	-
Legal and Professional Expenses	-	6,723,458
Commission	-	148,993
Other matters	77,601	-

Note 4.3 : (b) Details of consumption of imported and indigenous items

	Year ended 31.03.2013		Year ended 31.03.2012	
	(₹)	%	(₹)	%
Imported				
Raw materials	286,014,977	46.66	281,119,102	52.11
Stores & components	-	-	648,831	8.85
Indigenous				
Raw materials	326,901,174	53.34	258,404,182	47.89
Stores & components	4,163,546	100.00	6,681,830	91.15
			2013	2012

Note 4.4 : Remittance in foreign currencies on account of dividends

(i) No. of Non-Resident shareholders	None	None
(ii) No. of shares held by them	NA	NA

Note 4.5 : Earnings in foreign currencies (on accrual basis)

Export of goods calculated on FOB basis	252,259,145	255,601,691
Income from IT enabled services	164,210,379	156,569,521

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹

Note 5 : Disclosures in accordance with Accounting Standards (AS) notified

Note 5.1 : (AS)-15 Employee benefits

Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 12,170,492 (Year ended 31 March, 2012 ₹ 10,959,457) for Provident Fund contributions and ₹ 3,427,114 (Year ended 31 March, 2012 ₹ 3,239,355) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable by the Company are at rates specified in the rules of the schemes.

I. Defined Contribution Plans:

The Company has recognised the following amounts in the Profit and Loss Account for the year:

Particulars	As at 31 March 2013	As at 31 March 2012
a. Contribution to Employees Provident Fund *	12,170,492	10,959,457
b. Contribution to Employees State Insurance Scheme	3,773,552	3,179,514
c. Contribution to Employees Superannuation Fund	3,427,114	3,239,355
Total	19,371,158	17,378,326

* Includes contribution made of ₹ 12,60,000/- (Previous year ₹ 10,89,000) Included in Director's Remuneration

II. Defined Benefit Plans:

(i) Gratuity is payable to all the members at the rate of 15 days salary for each completed year of service

1. Changes in the Present Value of Obligation in respect of gratuity benefits

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹
a. Present Value of Obligation as at April 1, 2012	37,742,849	32,650,605
b. Interest Cost	3,208,142	2,612,048
c. Past Service Cost	Nil	Nil
d. Current Service Cost	2,416,601	2,917,878
e. Curtailment Cost / (Credit)	Nil	Nil
f. Settlement Cost / (Credit)	Nil	Nil
g. Benefits Paid	(3,052,921)	(392,264)
h. Actuarial (Gain) / Loss	1,903,638	(45,418)
I. Present Value of Obligation as at March 31, 2013	42,218,309	37,742,849

2. Expenses recognised in the Profit and Loss Account in respect of gratuity benefits

a. Current Service Cost	2,416,601	2,917,878
b. Past Service Cost	Nil	Nil
c. Interest Cost	3,208,142	2,612,048
d. Curtailment Cost / (Credit)	Nil	Nil
e. Settlement Cost / (Credit)	Nil	Nil
f. Net Actuarial (Gain) / Loss	1,903,638	(45,418)
g. Total Expenses recognised in Profit and Loss A/c	7,528,381	5,484,508

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013	Year ended 31.03.2012
	₹	₹
3. Following are the Principal Actuarial Assumptions used as at the balance sheet date:	Gratuity	Gratuity
a. Discount Rate	8.00%	8.50%
b. Salary Escalation Rate	7.00%	7.00%
c. Turnover Rate	10.00%	10.00%
d. Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Experience Adjustment:

	For the year ended 31st March				
	2013	2012	2011	2010	2009
On plan Liability (Gains) / Loss	129,027	599,564	1,115,955	(544,647)	2,796,423
On plan Assets (Gains) / Loss	-	-	-	-	-

Other Long Term benefits

The Company's Long Term benefit includes Leave encashment payable at the time of retirement in full, otherwise it is encashable during the year in which services are rendered subject to in excess of 90 days. Present value of obligation as at the beginning of the year is ₹ 13,960,343 (Prev. Year ₹ 8,757,114) and the actuarial gains and losses are recognised in full in the Profit and Loss account for ₹ 1,700,284 (Prev. Year ₹ 5,203,229). The present value of obligation as at March 31, 2013 is ₹ 15,660,627 (Prev. Year ₹ 13,960,343)

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note 5.2 : Disclosure requirement of accounting Standard 17 "Segment Reporting" issued under Companies (Accounting Standards) Rules 2006.
a. Primary Segments

The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisation structure and internal reporting system. The Company's operations predominantly relate to manufacture of Laundry and Allied products and its intermediaries and providing IT Enabled Services.

b. Secondary Segments

The Company caters mainly to the needs of the domestic market. The export turnover is not significant (except IT Enabled Services Division) in the context of total turnover. As such there are no reportable geographical segments. The income from IT Enabled Services is pre-dominantly from exports.

c. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly attributable to the business segment, are shown as unallocated corporate cost.

d. Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

e. Inter Segment transfers are made on cost plus basis.

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013		Year ended 31.03.2012	
	(₹)	(₹)	(₹)	(₹)
1. Revenue				
External Revenue				
Laundry and Allied Products	1,191,457,232		1,170,000,053	
IT Enabled Services	184,719,209		170,043,646	
Wind Turbine Generator	22,709,576		20,321,527	
Total		1,398,886,016		1,360,365,226
Inter-Segment Revenue				
Wind Turbine Generator	2,617,582	2,617,582	1,626,318	1,626,318
Total		1,401,503,598		1,361,991,544
Less: Elimination (Inter Segment Revenue)		2,617,582		1,626,318
		1,398,886,016		1,360,365,226
2. Result				
Profit / (Loss) before Interest and Corporate Expenses but after Depreciation / Amortisation				
Laundry and Allied Products	185,171,046		197,387,499	
IT Enabled Services	5,220,514		14,519,421	
Wind Turbine Generator	1,919,276		(1,404,491)	
Total		192,310,836		210,502,429
Interest and Finance charges		(15,630,827)		(17,134,413)
Add: Unallocated Expenses / Income (Net) and Corporate Expenses		(3,017,702)		(10,756,086)
Provision for Tax		(58,800,000)		(37,100,000)
Excess Provision for Taxation for earlier years		4,799,887		12,785,212
MAT Credit entitlement		-		4,322,994
Deferred Tax		1,575,276		(25,695,541)
Net Profit		121,237,470		136,924,595
Other Information				
3. Segment Assets				
Laundry and Allied Products	613,705,789		639,338,614	
IT Enabled Services	82,035,136		77,787,180	
Wind Turbine Generator	165,069,696		183,807,149	
Unallocated / Corporate	329,525,352		353,597,997	
Total		1,190,335,972		1,254,530,939

Notes forming part of financial statements for the year ended 31st March 2013

	Year ended 31.03.2013		Year ended 31.03.2012	
	(₹)	(₹)	(₹)	(₹)
4. Segment Liabilities				
Laundry and Allied Products	91,199,722		136,607,514	
IT Enabled Services	19,029,305		13,399,686	
Wind Turbine Generator	-		-	
Unallocated / Corporate	216,937,531		285,726,080	
Total		327,166,558		435,733,279
5. Capital Expenditure				
Laundry and Allied Products	26,384,576		101,194,147	
IT Enabled Services	7,401,808		1,789,656	
Wind Turbine Generator	-		-	
Unallocated / Corporate	1,732,161		-	
Total		35,518,545		102,983,803
6. Depreciation				
Laundry and Allied Products	29,159,721		25,645,844	
IT Enabled Services	8,156,452		9,428,227	
Wind Turbine Generator	19,986,285		19,720,337	
Unallocated / Corporate	329,015		227,127	
Total		57,631,473		55,021,535

Note 5.3 : Related Party Disclosures as required by AS 18 of Companies (Accounting Standards) Rules 2006 is as follows:
A. Related Parties and Relationship

(a) Companies in which the company has substantial interest (i.e more than 20% in voting power directly or indirectly)

Thirumalai Chemicals Limited

Lapiz Inc, U.S.A.

(b) Other related parties

Thirumalai Charity Trust

Chempak Industries

Hamsa Investments Associates Pvt. Ltd.

Varadaraja Credits & Investments Pvt. Ltd.

Ms. Meera Parthasarathy

S. Srinath

(c) Key Management Personnel

Mr. R. Sampath, Chairman & Managing Director

Mr. S. Sridhar, Joint Managing Director

Mrs. Indira Sundararajan, Wholetime Director

Mr. V. Bharatram, President (Operations), IT-Enabled Services Division.

Mr. B. Sreenivasacharyulu - Senior General Manager

Notes forming part of financial statements for the year ended 31st March 2013

B. Details of transactions with above parties

Particulars	Companies in which company has the substantial interest (₹)	Other related parties (₹)	Key Management Personnel (₹)	Total (₹)
Sale of goods				
- Thirumalai Chemicals Limited	37,056 (118,269)	-	-	37,056 (118,269)
Income from IT Enabled Services				
- LAPIZ Inc. USA	138,269,097 (140,575,955)	-	-	138,269,097 (140,575,955)
Reimbursement of expenses paid				
- Thirumalai Chemicals Limited	44,898 (573,670)	-	-	44,898 (573,670)
Remuneration paid to				
- Mr. V. Bharathram	-	-	3,147,026 (3,081,321)	3,147,026 (3,081,321)
- Mr. B. Sreenivasacharyulu	-	-	2,422,324 (1,744,866)	2,422,324 (1,744,866)
- Ms. Meera Parthasarathy	-	1,204,548 (1,107,360)	-	1,204,548 (1,107,360)
- Mr. S. Srinath	-	266,550	-	266,550
- Mr. S. Santhanam	-	-	1,748,027 (2,109,857)	1,748,027 (2,109,857)
Remuneration to Directors				
- Mr. R. Samapth, Chairman & Managing Director	-	-	6,555,099 (10,549,286)	6,555,099 (10,549,286)
- Mr. S. Sridhar, Joint Managing Director	-	-	4,370,066	4,370,066
- Ms. Indira Sundararajan, Wholetime Director	-	-	6,555,099 (10,549,286)	6,555,099 (10,549,286)
Reimbursement of expenses received				
- Thirumalai Chemicals Limited	242,955 (47,000)	-	-	242,955 (47,000)
Rent paid to				
- Thirumalai Chemicals Limited	4,110,417 (3,716,526)	-	-	4,110,417 (3,716,526)

Notes forming part of financial statements for the year ended 31st March 2013

Particulars	Companies in which company has the substantial interest	Other related parties	Key Management Personnel	Total
	(₹)	(₹)	(₹)	(₹)
Receiving of services from				
- Thirumalai Chemicals Limited	94,748 (88,462)	-	-	94,748 (88,462)
- Hamsa Investments Associates Pvt. Ltd.	-	1,198,239 (1,698,929)	-	1,198,239 (1,698,929)
- Varadharaja Credits & Investments Pvt. Ltd.	-	2,233,966 (9,987,591)	-	2,233,966 (9,987,591)
Outstanding payables				
- Thirumalai Chemicals Limited	69,473 (491,692)	-	-	69,473 (491,692)
- Hamsa Investments Associates Pvt. Ltd.	-	53,861 (64,774)	-	53,861 (64,774)
- Varadharaja Credits & Investments Pvt. Ltd.	-	7,581 (1,127,019)	-	7,581 (1,127,019)
Directors' remuneration payables				
- Mr. R. Sampath	-	-	228,331 (1,222,517)	228,331 (1,222,517)
- Mr. S. Sridhar	-	-	570,066	570,066
- Ms. Indira Sundararajan	-	-	- (254,459)	- (254,459)
- Mr. S. Santhanam	-	-	1,748,027 (2,109,857)	1,748,027 (2,109,857)
Directors Remuneration Recoverable				
- Ms. Indira Sundararajan	-	-	815,441	815,441
			-	-
Outstanding receivables				
- Thirumalai Chemicals Limited	6,999 (2,632)	-	-	6,999 (2,632)
- LAPIZ Inc. USA	-	29,348,842 (44,290,197)	-	29,348,842 (44,290,197)
Donations paid				
- Thirumalai Charity Trust	-	5,000,000 (4,050,000)	-	5,000,000 (4,050,000)
Deposits given				
- Thirumalai Chemicals Limited	13,642,774 (131,149,352)	-	-	13,642,774 (131,149,352)
Interest income on deposits given				
- Thirumalai Chemicals Limited	232,558 (5,814,660)	-	-	232,558 (5,814,660)
Outstanding deposits receivables				
- Thirumalai Chemicals Limited	1,400,000 (1,400,000)	-	-	1,400,000 (1,400,000)

(i) Meeting fees paid to Non Executive Directors ₹ 10,64,048 (Prev. Year ₹ 9,60,000) including Service Tax.

Notes forming part of financial statements for the year ended 31st March 2013

5.4 : AS 19 Details of Leasing arrangements

The Company has taken premises for office use and godown under cancellable lease agreements. The total lease rentals recognised as expense during the year ₹ 28,215,040 (Prev. Year ₹ 24,643,185).

As per the above lease agreements the rent and car parking charges will be enhanced by 15% over the last paid rent at the end of thirty six months from the date of commencement of the lease agreement. The option to renew the lease deed for a further period shall be at the sole option of the lessee to be exercised by giving six months prior notice in writing before the end of lease term of sixty months from the date of commencement of lease.

5.5 : AS 20 Disclosure regarding earning per share (EPS)

	2012-13	2011-12
The basic and diluted EPS is calculated as under:		
Profit attributed to equity shareholders (₹)	121,237,470	136,924,594
No. of equity shares (of ₹ 2 each)	29,200,000	29,200,000
Earning per share in (₹)	4.15	4.69

5.6 : Disclosures as required by AS 27 financial reporting of interest in joint ventures.

The company has investments in a jointly controlled entities as per the following details:

Name and Country of Incorporation	: LAPIZ INC, USA.
Proportion of ownership interest	: 35.00%
Proportionate share for the year ended 31 st March 2013 in respect of	
i. Assets	₹ 11,937,379 (Prev. Year ₹ 15,862,285)
ii. Liabilities	₹ 11,172,347 (Prev. Year ₹ 16,203,253)
iii. Income	₹ 51,519,347 (Prev. Year ₹ 56,278,182)
iv. Expenses	₹ 50,380,639 (Prev. Year ₹ 56,027,260)

6.1 : Disclosures required as per Micro, Small and Medium Enterprises Development Act, 2006.

Sundry Creditors include due to Micro and Small Enterprises to whom the company owes amounts outstanding for more than 45 days. The above information regarding Micro and Small Enterprises had been determined to the extent such parties have been identified.

	2012-13	2011-12
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year	830,387	830,151
(ii) The amount of interest paid by the buyer in terms of Sec.16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act	Nil	236
(iv) The amount of Interest accrued and remaining unpaid at the end of each accounting year.	830,387	830,387
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure u/s 23 of Micro, Small, and Medium Enterprises Development Act 2006	Nil	236

Notes forming part of financial statements for the year ended 31st March 2013

6.2 : The Company enters into forward exchange contracts for hedging purpose. As at the year end, the exposure in foreign currency for the Company is as under:

Particulars	2012-13		2011-12	
	Foreign Currency	Amt in ₹	Foreign Currency	Amt in ₹
Account Receivable	\$1,142,684.67	61,796,387	\$1,495,349.41	76,053,471
	-	-	€ 278.75	18,838
	£35,704.25	2,915,252	€23,453.26	1,900,418
Accounts Payable	-	-	\$469,583.60	24,089,639
	£679.26	55,462	€1,381.46	111,940
Forward Contract	\$100,000.00	5,408,000	\$91,980.00	4,678,103

As per our report of even date

For and on behalf of the Board of Directors

For & on behalf of

CONTRACTOR, NAYAK & KISHNADWALA

Chartered Accountants

H. V. KISHNADWALA

Partner

S. RAMANAN

Company Secretary

R. SAMPATH

Chairman and Managing Director

INDIRA SUNDARARAJAN

Wholetime Director

PLACE : MUMBAI

DATE : 24th May, 2013

FINANCIAL HIGHLIGHTS FOR 10 YEARS

Particulars	₹ in Lakhs									
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Share Capital	584	584	584	584	584	584	584	584	365	365
Reserves & Surplus	8,048	7,604	7,253	6,573	7,415	6,706	6,205	5,365	4,756	3,882
Net Worth	8,632	8,188	7,837	7,157	7,999	7,290	6,789	5,949	5,121	4,247
Fixed Assets (Net)	4,296	4,526	4,072	2,973	3,196	2,243	2,122	2,136	2,282	2,322
Sales / Other Income	14,368	13,825	12,372	10,839	11,125	8,832	8,139	6,342	6,363	5,382
Gross Profit before Interest & Depreciation	2,469	2,548	2,880	2,120	2,276	2,347	2,866	2,073	2,050	1,524
Interest & Finance Charges	156	171	41	90	74	29	20	19	28	71
Depreciation	576	550	427	430	346	285	284	278	301	307
Current Tax / Fringe Benefit Tax	588	371	771	671	156	563	413	331	328	254
Deferred Tax / MAT Entitlement / Tax Adjustment	(64)	86	(60)	(149)	309	(56)	138	(115)	(105)	(40)
Net Profit	1,212	1,369	1,701	1,078	1,392	1,525	2,010	1,560	1,499	932
Dividend (incl. Dividend Tax)	769	1,018	1,021	1,021	683	1,025	1,170	732	624	412
Dividend (%)	112.50	150.00	150.00	150.00	100.00	150.00	175.00	110.00	150.00	100.00
*Earnings per Share (₹)	4.15	4.69	5.83	3.69	4.77	5.22	6.88	5.34	41.06	25.54

*EPS from 2005-2006 computed on ₹ 2 per share while for previous years EPS is on ₹ 10 per share.



The Akshaya Vidya Trust

The Akshaya Vidya Trust

Vedavalli Vidyalaya Senior Secondary School, Walaja - CBSE (1994)

Vedavalli Higher Secondary School, Walaja - Tamilnadu State Board (1999)

Vedavalli Vidyalaya School, Ranipet - CBSE (2003)

Two core beliefs that have guided us are:

- ◆ 'Learning by doing' is the best way to understand fundamental concepts thoroughly
- ◆ Learning can take place only in a fear-free environment.

Spread over two campuses with good facilities and a congenial atmosphere of learning, we continue our mission to provide holistic education. More than 2300 students study at our schools.

We at Vedavalli focus on the all round development of our students, preparing them for life. We strive to:

- * **Inculcate an understanding of the fundamentals of different subjects and their practical applications**
- * **Instill a sense of patriotism and good citizenship with a concern for their fellow beings**
- * **Build self esteem and confidence**
- * **Encourage good communication skills**
- * **Foster and nurture creativity**
- * **Exposure to new ideas, places and people**
- * **Inculcate good habits for work and life**
- * **Prepare for change and offer abundant opportunities for self learning.**

The training in school enables students to perform well not only in public examinations but also in national competitions. Our students also win prizes in zonal and district sports events. Our alumni stand out because of their confidence and competence. They are team leaders because of their analytical thinking, communication and inter-personal skills. We are proud of our students and alumni.

Each of our kids is a treasure trove of ideas. The students' are engaged in the planning and execution of all school events with support from their teachers. The Sports Day, Annual Day, Project Day, Special Days and Special Weeks, intra and inter-school programs were a great success. We appreciate our teachers for their involvement and dedication in this nurturing process.

The school also conducts programs such as:

Leadership Training Programme: The elected members of the student's council were taken to a tribal settlement at Thandaiyankotai in Vellore District for a two day workshop on leadership, where they learnt values to be possessed by a good leader.

Special Skills Programme: The children of Classes VI to VIII were involved in a unique programme this year that catered to their holistic development. The special skills the children were trained for were Herbal Gardening, Typing, Flower Art, Mehendi, Cooking, Electric work, Plumbing, Carpentry, Art, Kolam, Silambam, Folk Dance, Personal Grooming, Embroidery and Self-Defense.

We welcome you to visit us. Our children will be eager to show you around the school and explain how learning takes place here.



Tel: +91-4172-231860, 230870

Visit us: www.vedavallividyalaya.org

E-mail: vedavalli94@yahoo.com



Thirumalai Charity Trust (TCT) Ranipet

A Unique Model of Primary and Secondary Healthcare



Our community work since 1983 crossed an important milestone on 18th April 2010 when we started the Thirumalai Mission Hospital, with a mission to provide accessible and affordable healthcare. Our primary health care service is spread out in 315 villages of Vellore district, Tamilnadu.



Our Thirumalai Mission Hospital is a unique attempt to integrate primary level care in the community with a secondary level hospital. Towards understanding the disease burden in the community we serve, we have recently carried out a survey covering 35,000 families. We have identified some of the major medical problems in the community such as diabetes mellitus, hypertension, common infections, osteoporosis and obesity. We are also carrying out a screening program at the community level for women's health problems including cancer of the uterine cervix and breast cancer. Our pediatricians have started providing health care for children in the community who attend Balwadis. We are in the process of streamlining care at the community level through our multi-purpose health workers and family care volunteers. We carry out educational programs for all the medical problems that we have identified so that patients from the community get the maximum benefit. We have so far done 1000 DEXA scans free for detection of osteoporosis and an equal number of women have undergone screening for health problems including common cancers. The outpatient services are increasingly utilized by the community as reflected by an increase in OP attendance and an increase in inpatient numbers. The laboratory is taking part in the quality control program run by CMC hospital and is rendering very reliable service.



With the integration of the primary care with secondary level hospital we hope to provide cost-effective, ethical and good quality care for the community. Our approach has been further encouraged by many physicians and general practitioners in the community who have started referring problem cases for evaluation and management. Our ambulance service has helped many sick patients reach the hospital in time. For patients coming from the villages that we cover, transportation has been arranged to facilitate access to health care. We are grateful to all our patients who have continued to use the services provided and the many agencies and individuals who have rendered financial support to facilitate the success of this project.



We are adding to our facilities, departments and services. As we train our staff, we are developing our unique practices to ensure quality in everything we do.




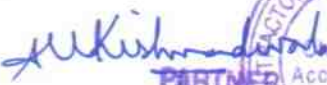



ULTRAMARINE & PIGMENTS LTD.

MANUFACTURERS OF PIGMENTS & SURFACTANTS

556, Vanagaram Road,
Ambattur, Chennai - 600 053, India.
Phone : 0091-44- 26821195 - 26821199 (5 Lines)
Fax : 0091-44- 2682 1201
E-Mail : exports@uplamb.net
Website : www.ultramarinepigments.net

FORM A

1.	Name of the Company	Ultramarine & Pigments Limited
2.	Annual financial statements for the year ended 31st March 2013	
3.	Type of Audit observation Un-qualified / Matter of Emphasis	Unqualified
4.	Frequency of observation Whether appeared first time / repetitive / since how long period	Not Applicable
5.	Signatures	
	Chairman cum Managing Director	 (R.Sampath)
	Chief Finance Officer	 (S.Ramanan)
	Audit Committee Chairman	 (G.G.Nair)
	Auditor of the Company	CONTRACTOR, NAYAK & KISHNADWALA  PARTNER 

QMS Certified to ISO 9001 : 2008 - EMS Certified to ISO 14001 : 2004



Regd. Office : THIRUMALAI HOUSE
Road No 29, Sion - East, Mumbai - 400 022

