

MD	✓		BKC	✓
CS	NE		DPY	NE
RO	✓		DIV	NE
TRA	NE		AC	✓
AGM	✓	✓	SFI	✓
YE	✓	✓		



COCHIN MINERALS AND RUTILE LIMITED

ANNUAL REPORT

1996-97



COCHIN MINERALS AND RUTILE LIMITED

BOARD OF DIRECTORS

R.K. Garg	-	<i>Chairman</i>
Mathew M. Cherian	-	<i>Vice Chairman</i>
S.N. Sasidharan Kartha	-	<i>Managing Director</i>
Padmasree M.R. Kurup	-	<i>Director</i>
V.N.P. Nair	-	<i>Director</i>
V.R. Menon	-	<i>Director</i>
G.R. Warriar	-	<i>Director</i>

AUDITORS

M/s Lazar and George,
Chartered Accountants,
Aluva.

LEGAL ADVISOR

M/s Matthai & Matthai,
Advocates,
Ernakulam.

BANKERS

1. Bank of Baroda, Aluva
2. Canara Bank, Banerji Road,
Ernakulam
3. State Bank of India, Aluva.

REGISTERED OFFICE

P.B. No. 73, XVIII/219, Market Road,
Aluva - 683 101.



NOTICE TO THE SHAREHOLDERS

The 8th Annual General Meeting of Cochin Minerals and Rutile Limited will be held on 21st August 1997 at 3.30 P.M. at the Municipal Town Hall, Aluva to transact the following business:

A. AS ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the audited accounts of the Company for the financial year ended 31st March, 1997 together with Directors' Report and Auditors' Report.

2. Appointment of Directors

To appoint Directors in place of Shri. R.K. Garg and Shri. Mathew M. Cherian who retire by rotation and being eligible have offered themselves for re-appointment.

To consider and if thought fit, to pass with or without modification the following resolutions which will be proposed as ordinary resolutions.

"RESOLVED that the retiring Director, Shri. R.K. Garg be and is hereby appointed as Director of the Company subject to retirement by rotation."

"RESOLVED that the retiring Director, Shri. Mathew. M. Cherian be and is hereby appointed as Director of the Company subject to retirement by rotation."

3. Appointment of Auditors

To appoint the Auditors and to fix their remuneration and in this connection pass, with or without modification the following resolution as an ordinary resolution.

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s Lazar & George, Chartered Accountants, Aluva be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company to the next Annual General Meeting on a remuneration to be mutually agreed between the Board of Directors of the Company and Auditors."

B. SPECIAL BUSINESS

1. Borrowing Power - Sec. 293 (1) (a)

To consider and if thought fit pass the following resolution as an ordinary resolution.

"RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company where-soever situated, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following viz.

1. Industrial Development Bank of India (IDBI)
2. Industrial Credit and Investment Corporation of India Ltd. (ICICI)
3. Bank of Baroda (BOB), Aluva to secure:
 1. Rupee Term Loan not exceeding Rs. 150 lakhs (Rupees One hundred and fifty lakhs) sanctioned under Project Finance Scheme (PFS) lent and advanced by IDBI to the Company.
 2. Rupee Term Loan not exceeding Rs. 45 lakhs (Rupees Forty five lakhs) sanctioned under Project Finance Scheme (PFS) lent and advanced by ICICI to the Company.
 3. Working Capital Credit to the extend of Rs. 545 lakhs' (Rupees Five hundred and forty five lakhs) sanctioned by BOB to the Company as follows:

COCHIN MINERALS AND RUTILE LIMITED

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1. Export Cash Credit	250.00 lakhs
2. Inland Cash Credit	70.00 lakhs
3. Foreign Bills Purchase	50.00 lakhs
4. Inland Bill Purchase	15.00 lakhs
5. Inland/Foreign L/C	25.00 lakhs
6. Bank Guarantee	35.00 lakhs
7. One time Letter of Credit	100.00 lakhs

Together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to IDBI, ICICI and Bank of Baroda as Agent and Trustees in terms of their respective Loan Agreement / Hypothecation Agreement / Letters of Sanction / Memorandum of Terms and conditions entered into in respect of the said Term Loans, and to the Board of Directors of the Company agreeing with all or any of the said IDBI, ICICI and Bank of Baroda as Agent and Trustees in terms of their respective Loan Agreement / Hypothecation Agreements / Letters of Sanction / Memorandum of Terms and Conditions to reserve a right to take over management of the business and concern of the Company in certain events.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI, ICICI and Bank of Baroda as Agents and Trustees the document for creating aforesaid mortgage and/or charge and for reserving the aforesaid right to do all such acts and things as may be necessary for giving effect to the above resolutions.

Note

Explanatory statement as required under Section 173 (2) of the Companies Act, 1956.

Regarding B (1) The Company has borrowed an amount of Rs. 1233.00 lakhs from IDBI, ICICI, IFCI and Working Capital credit to the extend of Rs. 545.00 lakhs from Bank of Baroda. The amount so borrowed is well within the power of the Board of Directors. As per the terms of the loan agreements, Company has to offer first charge on its movable and immovable properties as security for the amounts so lent. Eventhough the Board of Directors are empowered for mortgaging and charging Company's properties as per the resolution passed by the extra ordinary General Meeting held on

21st day of August 1989, the lending institutions required the Company to obtain specific permission from General Meeting for each loan sanctioned by them. Hence the resolution.

By Order of the Board

Sd/-

Place : Aluva

Date : 18. 6. 1997

S.N. Sasidharan Kartha,

Managing Director

NOTE

1. Member's Register shall remain closed from 5.8.1997 to 21.8.1997
2. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and a proxy need not be a member.
3. Proxy form in order to be effective, should be duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure to present the Eighth Annual Report of the Company with audited statements of accounts for the year ended 31st March 1997.

1. *Performance*

The Company could achieve Synthetic Rutile production of 11235.800 MTs during the year which is about 95% more than the previous year's production and 90% of the installed capacity. The sales turnover of Rs. 2712.95 lakhs is 103% more than the previous year's sales. The foreign exchange earning during the year amounted to US\$ 7.09 millions (Rs. 2533 lakhs).

The Company's operation during the year resulted in a net profit of Rs. 284.32 lakhs. The performance could have been still better but for the acute scarcity of Hydrochloric Acid in the Southern States, due to severe power cut in the region. The second half-yearly performance was an all time record for the Company. In the last month of the year the production went as high as 170% of the installed capacity. The production of Ferric Chloride could not be improved substantially because of the limited export demand and restrictions in local sales. The debonding formalities are being pursued by the Company. Despite better working results during the year under review, the Company still have an accumulated loss of Rs. 431 lakhs as on March 31, 1997.

The international market scenario for Synthetic Rutile is not so favourable in the current year, as it was in the year under review. In view of this, your Company has initiated necessary steps towards a vigorous marketing strategy.

2. *Statutory approvals and licences*

The Company has got renewed all statutory approvals and licences from various Departments / Agencies for carrying on its normal business.

3. *Industrial Relations*

The long term agreement for productivity and labour relations with the Trade Unions of the Employees in the Company is performing satisfactorily and the employee morale is quite high as can be observed from the performance.

4. *Market*

During the year under review the Company exported 10,034.500 MTs of Synthetic Rutile and 1,679.330 MTs of Ferric Chloride. The international market for Titanium raw materials is very sensitive to quality. To meet the stiff standards stipulated by Japanese buyers with regard to the Thorium and Uranium contents in Synthetic Rutile, the Company has installed an Ilmenite Purification Plant. With this captive facility it will be possible to meet the stringent specification laid down by our clients.

Ferric Chloride demand is picking up in the local market and after completion of the debonding formalities the sales are expected to improve substantially.

5. Energy Conservation and Technology Development

The statements in Form A for Energy Conservation and Form B on Technology upgradation are enclosed. Critical equipment utilisation has been optimised and this has resulted in improved production and productivity.

6. Foreign Exchange Earnings

During the year under review, the company earned Foreign Exchange equivalent to FOB value of Rs.2532.77 lakhs (US \$ 70,91,919.40). The utilisation of Foreign exchange was to the extent of Rs.17,45,261/- (US \$ 48,494.00) Statement in Form 'C' is enclosed.

7. Pollution Control

The liquid effluent treatment system has been redesigned and reconstructed at a cost of Rs. 119.44 lakhs to cope up with the requirements of the enhanced production capacity of Synthetic Rutile. The reconstructed plant alongwith the gaseous effluent treatment devices is performing satisfactorily discharging effluent conforming to standards.

8. Maximum Remuneration

No employee in the service of the Company draws annual remuneration of Rs. 3,00,000/- or more per year or Rs. 25,000/- or more per month for any part of the reporting year as per Section 217 (2A) of the Companies Act, 1956.

9. Auditors

M/s Lazar & George, Chartered Accountants, Aluva were appointed as Auditors of the Company for the year under review.

10. Future Plans

In respect of the proposed Mining and Mineral Separation Plant, the Company has completed the preparation of a detailed feasibility report based on Geological studies and assessment of the mining area allotted to it. Our follow-up with the Department of Atomic Energy, Government of India for permission and with the Government of Kerala for mining lease is being pursued.