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# **COCHIN MINERALS AND RUTILE LIMITED**

## **A N N U A L R E P O R T 1 9 9 9 - 2 0 0 0**

## COCHIN MINERALS AND RUTILE LIMITED

### BOARD OF DIRECTORS

Shri. R.K. Garg	-	Chairman
Shri. Mathew M. Cherian	-	Vice Chairman
Shri. S.N. Sasidharan Kartha	-	Managing Director
Dr. A. Besant C. Raj	-	Director
Shri. A.J. Pai	-	Director
Shri. G.R. Warriar	-	Director

### AUDITORS

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

### LEGAL ADVISORS

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, VIII/224, Market Road,  
Aluva - 683 101.

### FACTORY

Edayar Industrial Development Area,  
Muppathadom P.O.,  
Aluva - 683 110.

## NOTICE TO THE SHAREHOLDERS

The 11th Annual General Meeting of Cochin Minerals and Rutile Limited will be held on 18th August, 2000 at 10.30 a.m. at the Priyadarshini Municipal Town Hall, Thottakkattukara, 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, 2000 together with Directors' Report and Auditors' Report.

#### 2. Appointment of Directors

To appoint Director in place of Shri. G.R. Warriar who retires by rotation and being eligible has offered himself for reappointment.

To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

RESOLVED that the retiring Director, Shri. G.R. Warriar be and is hereby reappointed 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 to 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 are 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 upon between the Board of Directors of the Company and Auditors."

### B. SPECIAL BUSINESS

#### 1. Appointment of Director

To consider and if thought fit, to pass the following resolution with or without modification as an ordinary resolution.

**COCHIN MINERALS AND RUTILE LIMITED****3**

"RESOLVED that, notice having been received from a member pursuant to Section 257 of the Companies Act 1956, Dr. A. Besant C. Raj who was appointed as an additional director on 28.01.2000 and who holds office upto this Annual General Meeting be and is hereby appointed as a Director of the Company, subject to retirement by rotation.

**2. Alteration of Articles of Association**

To consider and, if thought fit, to pass the following resolution with or without modification as a special resolution.

"RESOLVED that pursuant to the provisions of section 31 and other applicable provisions if any, of the companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows :

Article 101 - paragraph 2 be and is hereby substituted as follows :

"The fee payable to a Director for attending a meeting of the Board or committee there of shall be fixed by the Board of Directors within the limits prescribed under section 310 of the Companies Act 1956 and the rules made thereunder".

By order of the Board

Sd/-

Place: Aluva  
Date : 08.06.2000

S.N. Sasidharan Kartha,  
Managing Director.

**Note:**

- 1) The Members Register shall remain closed from 4<sup>th</sup> day of August, 2000 to 18<sup>th</sup> day of August, 2000 (both days inclusive).
- 2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy 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, stamped, signed and must be deposited at the Registered office of the Company not less than 48 hours before the meeting.

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- 4) Explanatory statements pursuant to Section 173 (2) of the Companies Act 1956 for items 1 and 2 under special business are given below :

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

**Special Business - item No: 1**

Dr. A. Besant C. Raj was appointed as an additional Director on 28.01.2000 in terms of Section 260 of the Companies Act 1956 and as such he holds office upto the forth coming Annual General Meeting.

The Company has received Notice pursuant to Section 257 of the Companies Act 1956 from a Member signifying his intention to propose Dr. A. Besant C. Raj as Director of the Company at the Annual General Meeting. Dr. A. Besant C. Raj is a well known and an outstanding Management and Financial consultant and is a Director of Industrial Development Bank of India (IDBI) and many other reputed Companies. Your Directors feel confident that the Company will be immensely benefited by his association with our Board and as such the resolution set out at Sl. No.1 in Special business in the notice is recommended for the approval of the members.

None of the Directors, except Dr. A. Besant C. Raj, is interested or concerned in the resolution.

**Special Business - item No: 2**

For the purposes of the first proviso to Section 310 of the Companies Act 1956, the maximum amount of fee that can be paid to each member of the Board of Directors or a committee thereof, is decided by the Central Government from time to time and is implemented by way of Government notifications. The Articles of Association (clause 101) as it now stands provide for payment of sitting fees of a fixed amount of Rs.250 per meeting whereas the latest Govt. notification allows payment of sitting fees not exceeding Rs.5000. To enable the Company to pay suitable sitting fees to its Directors within the ceilings as notified by the Central Govt. from time to time, Article 101, para 2, is sought to be amended as per resolution set out in item No: 2 under Special Business, as a special resolution.

All the Directors of the Company, being Directors, are interested or concerned in the resolution.

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Eleventh Annual Report of the Company along with the audited statement of accounts for the year ended 31<sup>st</sup> March 2000.

### 1. Review of Operations

You will be pleased to know that the production of Synthetic Rutile was 17513.160 MT, compared to last year's production of 16387.540 MT. The Company sold 18,839.517 MTs as compared to last years sales of 18256.382 MT. Ferric Chloride production during the year was 4642.000 MTs compared to last year production of 2866.000 MTs and sale was 4793.180 MTs compared to last years sales of 3452.720 MT.

The sales turnover was Rs.4042.32 lakhs, compared to last years turnover of Rs.4078.68 lakhs. The foreign exchange earning during the year amounted to US\$ 7.91 millions (Rs.3445.36 lakhs).

During the year under review the Company exported 16450.117 MTs of Synthetic Rutile and 1587.880 MTs of Ferric Chloride. The international market for Titanium raw materials continues to be sluggish leading to lower price as compared to earlier years. However we have been able to maintain our market share among Japanese customers. We have also developed a customer from U.S.A. due to customer relations and by maintaining strict quality standards and prompt delivery schedules.

The Company has already got the Industrial Licence amended including Ferric Chloride and Recovered Titanium Dioxide as by-products.

The Company's operation during the year resulted in a net profit of Rs.222.08 lakhs inspite of world wide recession trends compared to last year's profit of Rs.311.75 lakhs. Your Directors are pleased to report that Company has wiped off all accumulated losses and has a net surplus of Rs.168.68 lakhs. However in view of the expansion of Synthetic Rutile plant and increased working capital requirement, your Directors like to conserve funds and are therefore not declaring any dividend.

### 2. Foreign Exchange Earnings

During the year under review, your Company earned Foreign Exchange equivalent to FOB value of Rs.3445.36 lakhs (US\$ 7.91 millions) compared to last year's value of 3795.47 lakhs (US\$ 9.06 millions). The utilisation of foreign exchange was only to the extent of Rs.1350832.00 (US\$ 31484.55) com-

pared to last year's value of Rs.1173857 (US\$ 27347.50). Statement in Form 'C' is enclosed.

### **3. Prospects for the year**

Your company's order position is satisfactory. However there is rise in input costs like raw materials and fuel. Inspite of this your Directors look forward to a good year.

### **4. Future Plans**

- a) Your company is planning diversification into mining and mineral separation
- b) Market development for Ferric Chloride, and production of Recovered Titanium Dioxide.
- c) Utilisation of the Ferrous Chloride effluent for preparation of other useful products.

### **5. Directors**

As per provisions of Companies Act, 1956 your Director Shri G.R. Warriar retires by rotation in the Annual General Meeting and being eligible offers himself for reappointment.

Dr. A. Besant C. Raj, a well known management and financial consultant, was co-opted as an additional Director during the year and, in terms of Section 260 of the Companies Act 1956, he holds office upto the Annual General Meeting. A proposal as per Section 257 of the Companies Act has been received for the appointment of Dr. A. Besant C. Raj as a Director in the Annual General Meeting. Your Board of Directors have pleasure to recommend his appointment.

Mr. A.J. Pai, Executive Director, K.S.I.D.C. joined the Company's Board with effect from 25.11.1999 as nominee of K.S.I.D.C. Mr. James K. Joseph ceased to be a director of the Company with effect from 24.09.1999 on withdrawal of his nomination by K.S.I.D.C. Your directors like to place on record their appreciation of the valuable services rendered to the company by Mr. James K. Joseph.

### **6. Statutory approvals and licences**

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

### **7. Industrial Relations**

The Labour - Management relations have been cordial and a fresh long term

agreement with the Trade Unions of the Employees has been concluded. The employee morale is quite high as can be observed from the performance.

#### 8. Energy Conservation and Technology Development

The statements in Form A for Energy Conservation and Form B on Technology upgradation are enclosed. Improved practices and installation of additional equipment have resulted in better quality product.

#### 9. Pollution Control

To increase production and to further improve the quality of the effluent control, pollution control facilities are being augmented.

#### 10. Maximum Remuneration

No employee in the service of the Company draws annual remuneration of Rs.6,00,000/- or more per year or Rs.50,000/- or more per month for any part of the reporting year as per Section 217 (2A) of the Companies Act, 1956.

#### 11. Auditors

M/s Lazar & George, Chartered Accountants, Aluva who were appointed as Auditors of the Company for the year under review, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

#### 12. Acknowledgement

Your Directors wish to express their sincere thanks for the co-operation and support to the Company by - KSIDC, IDBI, IFCI, ICICI, Bank of Baroda, Travancore Cochin Chemicals Ltd., Indian Rare Earths Ltd., Neyveli Lignite Corporation Ltd., and other public and private bodies. Your Directors also like to place on record their appreciation of the valuable contribution by the employees of the Company at all levels.

For and on behalf of the Board,

Place: Aluva,  
Date : 08.06.2000

Sd/-  
R.K. Garg,  
Chairman.



**COCHIN MINERALS AND RUTILE LIMITED****8****Annexure to Directors' Report**

Statement containing particulars, pursuant to companies (disclosure of particulars in the report of Board of Directors) Rules 1988 and forms part of the Directors Report.

**FORM A**

(See Rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.****A. Power and fuel consumption****1. Electricity**

(a) Purchased	Current Year	Previous Year
Unit	25,34,181 KWH	25,66,638.00 KWH
Total Amount	Rs.79,08,114.00	Rs.47,22,206.00
Rate/Unit	Rs.2/KWH + Rs. 217/ KVA + Surcharge @ 2.50 ps. per unit or part thereof	Rs.1.407/KWH + Rs.133.795/KVA + Surcharge @ 2.50 ps. per unit or part thereof
(b) Own generation		
Through diesel generator Unit	1,60,806 KWH	1,53,133 KWH
Units per ltr. of diesel oil	3.05 units/ltr.	2.37 units/ltr.
Cost/unit	Rs. 4.59/unit	Rs.3.98/unit
Through steam turbine/	Nil	Nil
Generator Units Units per ltr. of	Nil	Nil
fuel oil/gas Cost/units		
2. Coal (specify quality and where used)	Nil	Nil
Total cost		
Average rate		
3. Furnace Oil		
Quantity (k.ltrs.)	2486.2182 KL	2384.3193 KL
Total amount	Rs.2,22,97,520.00	Rs.1,43,13,048.00
4. Others/internal generation (please give details)		
Quantity }		
Total cost }	Nil	Nil
Rate/unit }		

**B. Consumption per unit of production**

	Standards (if any)	Current Year	Previous Year
		1	2
Products (with details) unit			
Electricity		145 Units	157 Units
Furnace Oil		141 Ltrs.	145 Ltrs
Coal (specify quality)		Nil	Nil
Others (specify)		Nil	Nil

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**FORM B**

(See rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION.****Research and Development ( R & D)**

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|---|--|
| 1. Specific areas in which R&D carried out by the Company     | (a) Improvement of Product quality and optimisation of consumption of raw materials, energy and consumables.<br>(b) Studies on use of Ferric Chloride in effluent treatment.   |
| 2. Benefits derived as a result of the above R & D            | (i) Increased purity of product at near optimal consumption of the raw materials and energy has established the company's position as a supplier of high purity Synthetic Rutile at competitive prices. Studies on use of Ferric Chloride for effluent treatment have increased the sale of this by-product in the domestic market.                                  |
| 3. Future plan of action :                                    | (a) Development of the process for conversion of Ferrous Chloride to various grades of Iron oxide pigment and Ferrous Sulphate.<br>(b) Optimise the process of recovery of TiO <sub>2</sub> values from the effluent and production of Off Grade TiO <sub>2</sub> .<br>(c) Market development for Ferric Chloride, Ferrous Chloride and Off-Grade TiO <sub>2</sub> . |
| 4. Expenditure on R & D :                                     |  |
| (a) Capital   | : 12.00 lakhs  |
| (b) Recurring   | : 11.00 lakhs  |
| (c) Total   | : 23.00 lakhs  |
| (d) Total R & D expenditure as a Percentage of total turnover | : 0.57%  |

**Technology absorption, adaptation and Innovation.**

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|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | : Optimisation of the Acid leaching process for Synthetic Rutile production to ensure consistent quality product. |
| 2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution etc.                   | } : It has resulted in product improvement and lower inputs.  |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. |   |