



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9002 COMPANY

ANNUAL REPORT.com
2001-2002

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
Shri. P.C. Jayanthan Namboothiri	- Director
Smt. Jaya S.Kartha	- Director
Smt. Jolly Cherian	- 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

Notice is hereby given that the 13th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 10 A.M. on 26th September, 2002 at the Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva to transact the following business:

A. ORDINARY BUSINESS**1. Adoption of Accounts**

To receive, consider and adopt the audited accounts of the Company for the financial year ended 31st March 2002 together with Directors' Report and Auditors' Report.

2. Declaration of Dividend.

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

"RESOLVED that pursuant to the recommendation made by the Board of Directors, a dividend at the rate of Rs.1.50 (One rupee fifty paise only) per equity share of Rs.10/- paid up be and is hereby declared out of the current profits for the year ended 31st March, 2002 and the same be paid to the equity share holders whose name appear in the Register of members as on the date of book closure on 12th September, 2002.

3. Appointment of Directors

To appoint Directors in place of Dr. A. Besant C Raj, Shri. G.R. Warriar and Shri. P.C. Jayanthan Nampoothiri who retire by rotation and being eligible have offered themselves for reappointment.

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

- (a) "RESOLVED that the retiring Director, Dr. A. Besant C Raj be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (b) "RESOLVED that the retiring Director, Shri. G.R. Warriar be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (c) "RESOLVED that the retiring Director, Shri. P.C. Jayanthan Nampoothiri be and is hereby reappointed as Director of the Company subject to retirement by rotation."

4. 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 conclusion of the next Annual General Meeting of the Company on a remuneration to be mutually agreed upon between the Board of Directors of the Company and Auditors."

B. SPECIAL BUSINESS

5. Re-appointment of Managing Director.

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

"RESOLVED that pursuant to the provisions of sections 198, 268, 269 and 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act 1956, including any statutory modification or re-enactment thereof for the time being in force, the consent of the Company be and is hereby accorded for the appointment of Shri. S.N. Sasidharan Kartha as Managing Director to hold office for a period of 5 (five) years effective from April 01, 2003 on the following terms and conditions:

- (i) Subject to the provisions of sections 198 and 309 of the Companies Act 1956 read with section I of Part II of schedule XIII of the said Act, in financial years where profits are adequate, the Company may pay a remuneration by way of salary, perquisites, dearness allowance, commission and other allowances together not exceeding 5(five) percent of the net profits of the Company and,
- (ii) In financial years where the Company has no profits or the profits are inadequate, the Company may pay remuneration by way of salary, perquisites, dearness allowance and other allowances, as minimum remuneration, not exceeding the limits specified in section II of part II of Schedule XIII to the Companies Act 1956 or any statutory modifications or re-enactment thereof for the time being in force.

By Order of the Board

Place : Aluva
Date : 29.07.2002

Sd/-
S.N. Sasidharan Kartha,
Managing Director.

Notes:

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. Such a proxy need not be a member of the Company. The proxy in order to be valid should be duly completed, signed and stamped and the same must be received at the Registered office of the Company not

less than 48 hours before the commencement of the meeting.

2. The Share Transfer Books and Register of members of the Company shall remain closed from 12th September 2002 to 26th September 2002 (both days inclusive).
3. The dividend as may be declared at the meeting will be paid to those shareholders whose names appear in the Company's Register of members as on 12th September 2002. In respect of dematerialised shares, dividend will be paid to the beneficial owners as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. at the end of business hours on 11th September 2002.
4. Members are requested to bring their copies of the Report and Accounts to the meeting. Members are also requested to bring the attendance slip with them duly filled in and hand over the same at the entrance of the meeting venue.
5. Members holding physical shares are requested to intimate any change in address to the Company. Members who hold dematerialised shares are requested to notify any change in their particulars like change in address, bank account particulars to their respective Depository participants immediately.
6. The dividend amounts which remain unclaimed for the year 2000-2001 can be claimed from the Company.
7. Income tax will be deducted at source from dividends payable for this year pursuant to the relevant provisions of the Income Tax Act. Any member who is entitled exemption from deduction of tax at source should furnish to the Company, Tax Exemption Certificate from appropriate Income Tax Authorities or the requisite declaration in Form 15G, in duplicate, so as to reach the Registered Office of the Company on or before 26th September 2002.
8. The relative explanatory statement pursuant to section 173(2) of the Companies Act 1956 in respect of special business under Item 5 and additional information in respect of re-appointment of directors are annexed here to.

Explanatory Statement pursuant to section 173(2) of the Companies Act 1956.

Item 5

The present Managing Director Shri. S.N. Sasidharan Kartha was appointed for a period of 5 years with effect from 01.04.1998 on the terms and conditions approved by the shareholders in their meeting held on 24th September 1998. The five year tenure is coming to an end on 31st March 2003. The Board of Directors, with the approval of the Remuneration Committee, has resolved to re-appoint Shri. S.N. Sasidharan Kartha as Managing Director for a further period of 5 years effective from 01.04.2003, subject to approval of the members in the Annual General Meeting on such remuneration as set out in the resolution.

As per schedule XIII to the Companies Act 1956, the remuneration payable to managerial personnel requires approval by a resolution of the shareholders in General Meeting. The resolution set out in item 5 of the notice is recommended for approval.

This may also be treated as a Memorandum issued pursuant to the provisions of section 302 of the Companies Act 1956.

None of the Directors, except Mr. S.N. Sasidharan Kartha the appointee and Smt. Jaya S. Kartha, being his wife, is concerned or interested in the resolution.

Additional Information of Directors Recommended for Appointment/Re-Appointment at the 13th Annual General Meeting

Shri. S.N. Sasidharan Kartha

Shri. S.N. Sasidharan Kartha is the founder and has been the Managing Director of Cochin Minerals and Rutile Ltd. from its inception in 1989. Under his dynamic leadership Cochin Minerals and Rutile Limited's performance scaled new heights and earned several accolades. The turnover of Cochin Minerals and Rutile Ltd. in 1993, in the year of its initial public issue was only Rs.178 lakhs. Today it is about Rs.6000 lakhs. The assets of the Company in the same period increased to Rs.2989.45 lakhs from 1673.96 lakhs. The Company was awarded the Outstanding Export Performance Award for 1997 by the Prime Minister of India, Best Export Award by Kerala State Industrial Development Corporation in 1998, and Export Excellence Trophy and Certificate for 2001 from Development Commissioner, Cochin Special Economic Zone. Moreover, the Company, in 2001, received the ISO 9002 Certification from Bureau Veritas Quality International with accreditation from UKAS, London and ANSI-RAB, USA.

Mr. S.N. Sasidharan Kartha is a Director of Sach Exports Pvt. Ltd. and Kerala Rare Earths and Minerals Ltd.

Shri. S.N. Sasidharan Kartha is also a member of Share Transfer Committee and the Investors' Grievance Committee of the Board of Cochin Minerals and Rutile Ltd.

Dr. A. Besant C. Raj

Dr. A. Besant C. Raj is an MBA from the Indian Institute of Management, Ahmedabad (first batch). He also holds the doctoral degree in Business Administration from the Harvard Business School, Harvard University, USA. He has a Masters degree in Philosophy from Madras University and a Masters degree in Psychology from Banaras Hindu University.

After a distinguished teaching career, which includes being the Director of Studies at Administrative Staff College, Hyderabad, Dr. Raj founded his own Management Consultancy Company, Besant Raj International Ltd. in 1979 with his wife.

Dr. Raj is the Founder Chairman of the Institute of Chartered Financial Analysts of India. He is on several boards and till recently was on the board of Industrial Development Bank of India (IDBI). He is closely associated with several educational institutions like The Jawaharlal Nehru Institute of Development Banking of IDBI and he is the Chairman of The Madras Christian College Board.

Dr. Raj has carried out several prestigious national and international consultancy assignments, which include work with The Ford Foundation, New York, and The Common

COCHIN MINERALS AND RUTILE LIMITED

Wealth Fund for Technical Co-operation, London, The Economic Development Institute of the World Bank and the Iraq National Oil Company.

Currently Dr. Raj is a member of the Panel of Judges to evaluate Integrated Steel Plants for Prime Minister's Award. He also holds directorships of M/s. Henkel Spic India Ltd., M/s. ISPAT Industries Ltd. and Jawaharlal Nehru Institute of Development Bankings (an affiliate of IDBI). Dr. Raj is a member of the Remuneration Committee of the Board of Cochin Minerals and Rutile Limited.

Shri. G.R. Warriar

Shri. G.R. Warriar is an MBA and Associate Member of the Institute of Chemical Engineers. He has more than 40 years active professional experience in the field of chemical industries. He has expertise in Project Development, Product Development, Detailed Engineering and Industrial promotion activities.

Shri. G.R. Warriar is a director of M/s. Pigments India Ltd. and M/s. Kerala Rare Earths and Minerals Ltd. He is also a member of the Share Transfer Committee and the Investors' Grievance Committee of the Board of Cochin Minerals and Rutile Ltd.

Shri. P.C. Jayanthan Nampoothiri

Shri. P.C. Jayanthan Nampoothiri is an Associate Member of the Institute of Costs and Works Accountants of India. He has more than 30 years work experience in different levels of management in Government Organisations, Public Sector Undertakings and Private Sector. He has expertise in internal audit, costing and Management Information System. Presently he is in practice.

Shri. P.C. Jayanthan Nampoothiri is a member of the Audit Committee of the Board of Cochin Minerals and Rutile Ltd.

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DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Thirteenth Annual Report of the Company along with the audited statement of accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

	(Rs. in lakhs) 2002	(Rs. in lakhs) 2001
Sales and Other Income	5736.82	5253.62
Profit before Interest & Depreciation	1292.09	559.93
Interest	149.97	209.02
Depreciation	197.76	195.37
Net Profit during the year	939.38	153.87
Profit available for appropriation	1150.91	322.54
Appropriations		
Dividend Recommended	117.45	93.92
Dividend Tax	-	9.39
Transfer to General Reserve	46.97	7.69
Surplus carried to Balance Sheet	986.49	211.53

DIVIDEND

Your Directors are pleased to recommend a dividend on equity shares at 15 percent for the financial year ended 31st March 2002.

OPERATIONS

a) Production

You will be pleased to note that the production of Synthetic Rutile during the year was 24269.050 MT, compared to last year's production of 22381.720 MT (increase of 8.43 percent). Ferric Chloride production during the year was 13728.000 MT, compared to 5653.000 MT during last year (increase of 142.84 percent).

b) Sales

Your Company sold 21977.000 MT of Synthetic Rutile during the year as compared to last year's sales of 22619.500 MT. Ferric Chloride sales during the year was 14011.820 MT, compared to 5667.650 MT in the last year (increase of 147.22 percent). The sales turn over of the Company for the year was Rs.5716.08 lakhs, compared to last year's turn-over of Rs.5229.88 lakhs (increase of 9.30 percent).

c) Foreign Exchange

Your Company earned export income of USD 10620609.08 equivalent to Rs.5050.19 lakhs, compared to USD 98,99,362/- equivalent to Rs.4538.09 lakhs in the previous year. The utilisation of Foreign exchange during the year was USD 5048.15 (Rs.240946.00) compared to USD 15788.00 (Rs.743231.00) in last year Statement in Form "C" is given in the annexure.

PROFITABILITY

Your Company could achieve high level of profitability during the year ended 31st March 2002 due to certain favourable conditions - higher product prices coupled with higher production, availability of HCl at slightly lower prices prevailing for major part of the year, and overall cost control. The net profit for the year amounted to Rs.942.68 lakhs as compared to Rs.153.87 lakhs during the previous year. The profitability would have been still higher but for the reversal in trend starting from the beginning of the 4th quarter of the year.

COCHIN MINERALS AND RUTILE LIMITED

These favourable conditions are, however, not expected to be continued in the current year. The global economic slowdown has badly affected the worldwide demand for Synthetic Rutile and its international prices are softening. Moreover from the start of the 4th quarter of the year under report, there has been substantial increase in the price of HCl coupled with erratic supplies.

EXPORT AWARD

Your Company was awarded a Trophy for topping exports during the year 2000-2001 by the Ministry of Commerce, Govt. of India.

DIVERSIFICATION

Your Company along with Indian Rare Earths Limited (IREL) and Kerala State Industrial Development Corporation Ltd (KSIDC), have promoted "Kerala Rare Earths and Minerals Limited" (KRML), for implementing a project in Kerala for Beach Sand Ilmenite Mining and Mineral Separation. The project cost is estimated to be around Rs. 100/- crores. Investment in this venture so far amounts to about Rs. 800 lakhs towards acquisition of land and other preliminary works. The project is scheduled to be completed within a period of two years, subject to receiving necessary statutory clearances in time.

DIRECTORS

As per the provisions of the Companies Act 1956, your Directors Shri. G.R. Warriar, Dr. A. Besant C. Raj and Shri. P.C. Jayanthan Nambuthiri retire by rotation in the Annual General Meeting and, being eligible, offer themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed.

- i) That in the preparation of the Annual accounts for the year ended 31st March 2002, the applicable accounting standards have been followed.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year under review.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding against fraud and other irregularities.
- iv) That the Directors had prepared the accounts for the year ended 31st March 2002 on a going concern basis.

CORPORATE GOVERNANCE

As per the implementation schedule prescribed by Stock Exchanges, your Company is required to comply with the provisions of the corporate governance regulations within financial year ending 31st March 2003. Your Company has already complied with all the mandatory provisions and will ensure full compliance well in time.

AUDIT COMMITTEE

In terms of Section 292A of the Companies Act, 1956 and in compliance of clause 49 of the Listing Agreements, your Company has constituted an Audit Committee of three members, all being Non-Executive Directors.

AUDITORS

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

ISO 9002 ACCREDITATION

Your Company continue to be ISO 9002 Certified by the prestigious agency, Bureau Veritas Quality International, with accreditation from UKAS, London and ANSI-RAB, USA.

STATUTORY APPROVALS & LICENCES

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

INDUSTRIAL RELATIONS

The Labour - Management relations have been cordial and a long term agreement with Trade Unions of the Employees is in force. The employee morale is quite high as can be observed from the performance.

ENERGY CONSERVATION AND TECHNOLOGY DEVELOPMENT

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

PARTICULARS OF EMPLOYEES

No employee in the service of the Company draws annual remuneration of Rs.12,00,000 or more per year or Rs.1,00,000 or more per month for any part of the reporting year as per Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not accepted any deposit during the year within the meaning of Section 58A of the Companies Act 1956 and the rules made there under.

DEMATERIALISATION

The shares of your Company are compulsorily dematerialised for trading. The ISIN number of the shares is INE105D01013.

LISTINGS

The shares of your Company are listed with Cochin, Mumbai and Ahmedabad Stock Exchanges. The listing fees as required have already been paid to all the Stock Exchanges upto and including the year 2002-2003.

ACKNOWLEDGEMENTS

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 : 29.07.2002

Sd/-
R.K. Garg,
Chairman