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# **COCHIN MINERALS AND RUTILE LIMITED**

**AN ISO 9001:2000 COMPANY**

## **ANNUAL REPORT 2002-2003**

# 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 & 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.
4. UTI Bank, Ernakulam

## 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 14<sup>th</sup> Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 10.30 A.M. on 24<sup>th</sup> September, 2003 at the Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva to transact the following business:

### **AS ORDINARY BUSINESS**

#### **1. Adoption of Accounts**

To receive, consider and adopt the audited accounts of the Company for the financial year ended 31<sup>st</sup> March 2003 together with Directors' Report and Auditors' Report.

#### **2. Appointment of Directors**

To appoint Directors in place of Shri. R.K. Garg, Smt. Jaya S. Kartha and Smt. Jolly Cherian 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, Shri. R.K. Garg be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (b) "RESOLVED that the retiring Director, Smt. Jaya S. Kartha be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (c) "RESOLVED that the retiring Director, Smt. Jolly Cherian 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 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."

Place : Aluva  
Date : 28.07.2003

By Order of the Board

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 09<sup>th</sup> September 2003 to 24<sup>th</sup> September 2003 (both days inclusive).
3. 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.
4. 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.
5. The dividend amounts which remain unclaimed for the year 2000-2001 and 2001 - 2002 can be claimed from the Company.
6. Additional information in respect of directors to be reappointed is annexed hereto.
7. Members desirous of obtaining any specific information concerning the accounts/working of the company are requested to address their queries to the Company Secretary, so as to reach at least 5 days before the meeting to enable the company to make the information available at the meeting, to the best extend possible.

**Additional Information Regarding Directors Re-appointed**

A distinguished chemical engineer, Mr. R.K. Garg has been guiding the company since 1991, as its Chairman. He is at present Co-Chairman and previously Chairman of Recruitment and Assessment Centre, Defence Research and Development Organisation, Ministry of Defence, Government of India and Member, Expert Committee (Industry), Ministry of Environment & Forest, Government of India. He has the distinction of heading Indian Rare Earths Ltd. as it's CMD during 1986 – 90 and Director Chemical Engineering Group, Bhaba Atomic Research Centre, Bombay during 1980 -86. Mr. Garg has rich and varied experience in chemical and chemical process industry. Currently Mr. Garg also holds directorships of Zirconium Chemicals Pvt. Ltd., Ecochem Waste Control (India) Pvt. Ltd., Kansal Chemicals Pvt. Ltd and Inaltus.com (India) Pvt. Ltd. He is the Chairman of the Audit Committee and Remuneration Committee of the Board of Cochin Minerals and Rutile Limited.

Smt. Jaya S. Kartha and Smt. Jolly Cherian, post-graduates, are the wives respectively of Shri. S N Sasidharan Kartha, Managing Director and Shri. Mathew M Cherian, Vice Chairman of the Company, who are also promoters of the Company.

**DIRECTORS' REPORT**

Your Directors are pleased to present the 14<sup>th</sup> Annual Report of the Company along with audited statement of accounts for the year ended 31<sup>st</sup> March 2003.

<b>FINANCIAL RESULTS</b>		
	<b>Rs. in Lakhs</b>	
	<b>2003</b>	<b>2002</b>
Sales and Other Income	3898.49	5736.82
Profit before Interest & Depreciation	403.98	1292.09
Interest	178.75	149.97
Depreciation	188.07	197.79
Net Profit for the year	36.23	939.38
Profit available for appropriations	1022.72	1150.91
Dividend Recommended	-	117.45
Dividend Tax	-	-
Transfer to General Reserve	-	46.97
Surplus carried to Balance Sheet	1022.72	986.49

**DIVIDEND**

Considering the low profitability during the year under review, fund commitments in the mining project and an uncertain current year profitability, your directors have thought it to be prudent not to declare a dividend for the year ended 31<sup>st</sup> March 2003.

**OPERATIONS****a) Production**

The production of Synthetic Rutile during the year was 17757.500 MT, compared to last year's production of 24269.050 MT. The low level of production during the year is mainly because of the build up of inventory due to postponement of shipments by overseas buyers. Ferric Chloride production during the year was 11866.000 MT compared to 13728.000 MT during last year.

**b) Sales**

Your company during the year sold 16390.500 MT of Synthetic Rutile (last year 21977.000 MT) and 11546.675 MT of Ferric Chloride (last year 14011.820 MT). The sales turn-over for the year was Rs.3894.62 lakhs compared to Rs.5716.08 lakhs achieved last year.

**c) Foreign Exchange**

Your company earned export income of USD 6569909.68 equivalent to Rs.3191.57 lakhs, compared to USD 10620609.08 equivalent to Rs.5050.19 lakhs in the previous year. The utilisation of Foreign Exchange during the year was USD 40764.00 (Rs.2129636.00) compared to USD 5048.15 (Rs.240946.00) in the previous year. Statement in Form 'C' is given in the annexure.

**INDUSTRIAL RELATIONS**

The Labour - Management relations have been cordial and a long term agreement with Trade Unions of the Employees is in force.

**ENERGY CONSERVATION & TECHNOLOGY ABSORPTION**

The statements in Form A for Energy Conservation and Form B on Technology upgradation are given in the annexure - I. 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 2003-2004.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their deep sense of gratitude to the Banks and Financial Institutions, Central and State Government department and local authorities for their co-operation and support. Your directors are also grateful to the customers, suppliers and business associates for their cooperation and support. Your directors also like to place on record their appreciation of the efforts put in by the employees of the company at all levels. Finally, your directors are deeply grateful to the members of the company for their continued confidence and faith in the management of the company.

For and on behalf of the Board,

Place: Aluva,  
Date : 28<sup>th</sup> July 2003

Sd/-  
R.K. Garg,  
Chairman.

**Annexure -I to the 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	28,86,806 KWH	33,93,300 KWH
	Total Amount	Rs.1,02,48,742.00	Rs.1,00,31,002.00
	Rate/Unit	Rs.3/KWH	Rs.2.50/KWH
		Rs.270/KVA + 10 ps/	Rs.270/KVA
		KWH +surcharge	+ surcharge @2.50 ps.
		@2.50 ps KWH or	KWH or part
		part thereof.	thereof.

**(b) Own generation**

Through diesel generator

Units	2,22,703 KWH	59,070 KWH
Units per ltr. ) of diesel oil )	3.70 units/ltr	3.3 units/ltr.
Cost/unit	Rs.5.45/unit	Rs.5.15/unit

Through steam turbine/

Generator Units	}	Nil
Units per ltr. of	}	Nil
fuel oil/gas	}	
Cost/units	}	

**2. Coal (specify quality and where used)**

}	Nil
}	
}	
Total cost	}
Average rate	}

**3. Furnace Oil**

Quantity (k.ltrs.)	2822.730 KL	3534.915 KL
Total amount	Rs.2,82,42,531.67	Rs.3,47,18,273.70

**4. Others/internal generation (please give details)**

Quantity	}	
Total cost	}	Nil
Rate/unit	}	

**B. Consumption per unit of production**

	Standards (if any)	Current Year	Previous Year
		1	2
Products (with details) unit			
Electricity		173.04 Units	139.82 Units
Furnace Oil		157.05 Ltrs	145.65 Ltrs.
Coal (specify quality)		Nil	Nil
Others (specify)		Nil	Nil

**FORM B**  
(See rule 2)

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY.**

**Research and development ( R & D )**

1. Specific areas in which R&D carried out by the Company
  - (a) Studies on diversified products of SR and micronised Rutile as coating additive
  - (b) Studies and plant level trials of usage of Ferric Chloride and Ferrous Chloride in effluent treatment.
  - (c) Studies on Hydrochloric Acid re-generation from leach liquor.
2. Benefits derived as a result of the above R & D
  - (a) Consistency in quality of synthetic Rutile at enhanced rate of production.
  - (b) Pilot scale production of Hydrochloric Acid and recovery of Ferrous Sulphate.
3. Future plan of action :
  - (a) Development of basic engineering design of Hydrochloric Pilot Plant and specifications for a Hydrochloric Acid regeneration plant.
  - (b) Studies on metalisation process as alternate route of Synthetic Rutile production
  - (c) Buff Titanium Dioxide by micronising Synthetic Rutile and recovered Titanium Dioxide marketing trials of this product.
4. Expenditure on R & D :
  - (a) Capital : Nil
  - (b) Revenue : 27.63 lakhs
  - (c) Total : 27.63 lakhs
  - (d) Total R & D expenditure as a Percentage of total turnover } : 0.71 %



**Technology absorption, adaptation Innovation.**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
  - a) Optimise the operation of HT Separators for consistent high quality output of purified Ilmenite with minimum wastage.
  - b) Consistent production of high quality RI at maximum reduction efficiency and consistent high rate of output.
  - c) COD & Colour removal of textile process house and paper mill effluents with Ferric Chloride and Ferrous Chloride treatment.
2. Benefits derived as a result of the above : efforts, eg. product improvement, cost reduction, product development, import substitution etc.
  - a) Higher productivity at consistent high purity of product.
  - b) Higher off-take and production of Ferric Chloride
  - c) Development of market for Ferrous Chloride
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.
 

(a) Technology imported	}	
(b) Year of import	}	
(c) Has technology been fully absorbed	}	
(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	}	N.A.

**FORM C**

**Foreign Exchange Earnings and Outgo**

(1) Foreign Exchange Earnings (FOB Value of export)	US \$	65,69,909.68
(2) Foreign Exchange Outgo		
on Revenue Account	US \$ 10721.95	
on Capital Account	US \$ 32740.00	43461.95
Net Earnings		US \$ 65,26,447.73

## **CORPORATE GOVERNANCE**

### **ANNXURE II TO THE DIRECTORS' REPORT**

#### **1. Company Philosophy :**

CMRL believes that high standards of corporate governance practices are indispensable for sustainable corporate growth and long term value creation for the Company's stake holders. We believe that good corporate governance should be capable of balancing individual interest with corporate goals and ensuring accepted norms of propriety, equity, fair play and a sense of justice. CMRL has always focused on good corporate governance practices and has complied with the corporate governance code as enshrined in clause 49 of the Listing Agreements with Stock Exchanges.

#### **2. Board of Directors :**

##### **a) Composition :**

The Board of Directors of CMRL consists of 9 members as follows :

Executive	-	1(one)
Non – Executive	-	8(eight)
Independent	-	5(five)

The Chairman of the Board is non-executive and independent. The composition of the Board of Directors complies with Clause 49 requirements :

Details are given in "Table . A"

<b>Table A – Board of Directors - Details</b>						
<b>Names of Directors</b>	<b>Position</b>	<b>Board Meeting held during the year</b>	<b>Board Meeting attended</b>	<b>Last AGM attended or not</b>	<b>Directorship in other Companies</b>	<b>Total Committee Memberships</b>
<b>R.K.Garg</b>	Chairman – Non-Executive Independent	6	5	Yes	3	2
<b>Mathew.M.Chريان</b>	Vice-Chairman – Non-Executive	6	3	Yes	3	-
<b>S.N.Sasidharan Kartha</b>	Mg. Director Executive	6	6	Yes	2	1
<b>A.Besant.C.Raj</b>	Non-Executive Independent	6	5	Yes	3	10
<b>A.J.Pai</b>	Non-Executive Independent KSIDC (share holder) Nominee	6	3	No	12	3
<b>G.R. Warriar</b>	Non-Executive Independent	6	6	Yes	2	1
<b>P.C.J. Namboothiri</b>	Non-Executive Independent	6	6	Yes	Nil	1
<b>Jaya.S.Kartha</b>	Non-Executive	6	6	Yes	Nil	-
<b>Jolly Cherian</b>	Non-Executive	6	4	Yes	Nil	-