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COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2000 COMPANY

**ANNUAL REPORT
2003-2004**

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 15th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 10.00 A.M. on 22nd September, 2004 at the Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva, Ernakulam District, Kerala 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 31st March 2004 together with Directors' Report and Auditors' Report, thereon

2. Appointment of Directors

To appoint Directors in place of Shri. Mathew M Cherian, Dr. A Besant C Raj and Shri. G R Warriar who retire by rotation and being eligible have offered themselves for reappointment and in this connection :

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. Mathew M Cherian be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (b) "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."
- (c) "RESOLVED that the retiring Director, Shri. G R Warriar be and is hereby reappointed as Director of the Company subject to retirement by rotation."

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 : 31.07.2004

By Order of the Board

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

Notes:

1. A member entitled to attend and vote at the 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 11th September 2004 to 22nd September 2004 (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 given hereunder :
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 extent possible.

Additional Information Regarding Directors re-appointed**Shri. Mathew M Cherian**

Shri. Mathew M Cherian, an NRI Businessman is the co-founder and has been the Vice-Chairman of Cochin Minerals and Rutile Limited from its inception. A Diploma holder in Hotel Management from the Institute of Hotel Management & Catering, Bombay, Mr. Cherian is engaged in Hotels, Restaurants, export, import and international trade. His dynamic leadership quality and business acumen have enabled the company to scale new heights in overall performance.

Shri. Mathew M Cherian is the Managing Director of Sach Exports Pvt. Ltd, Director of Kerala Rare Earths and Minerals Limited and Chairman & Managing Director of Gersham Latex Pvt. 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 also appointed as the Chancellor of the ICAFI University by the Governments of Chattisgarh, Uttaranchal and Tripura. 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 Commonwealth Fund for Technical Co-operation, London and The Economic Development Institute of the World Bank.

Dr. Raj was a member of the Panel of Judges to evaluate Integrated Steel Plants for Prime Minister's Award. He was also appointed on the Committee of experts to evaluate the performance of public enterprises in Tamil Nadu. 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 Audit and the Remuneration Committees 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 42 years active professional experience in the field of Chemical industries. He has expertise in Project Development, Product Development, Detailed Engineering and Industrial Promotion activities.

G R Warriar is a Director of Pigments India Ltd and Kerala Rare Earths and Minerals Limited. He is a member of the Share Transfer & Investors' Grievance Committee of Cochin Minerals and Rutile Limited.

DIRECTORS' REPORT

Your Directors are pleased to present the 15th Annual Report of the Company along with audited statement of accounts for the year ended 31st March 2004.

FINANCIAL RESULTS		
	Rs. in Lakhs	
	2004	2003
Sales and Other Income	6440.12	3898.49
Profit before Interest & Depreciation	434.03	403.98
Interest	175.78	178.75
Depreciation	198.39	188.07
Preliminary Expenses	1.68	1.68
Deferred tax provision written back	9.39	-
Net Profit for the year	67.58	36.23
Deferred tax liability for earlier years	229.78	-
Profit available for appropriations	860.51	1022.72
Surplus carried to Balance Sheet	860.51	1022.72

DIVIDEND

Considering the low profitability during the year under review and an uncertain current year profitability, your directors have thought it to be prudent not to declare a dividend for the year ended 31st March 2004.

OPERATIONS

a) Production

Your Directors are pleased to report the record production attained by your company during the year. The production of Synthetic Rutile during the year under review was 25874.060 MT as compared to 17757.500 MT in the previous year – registering an increase of 45 percent. Ferric Chloride production of 15240.000 MT was higher by 28 percent of last years 11866.000 MT.

b) Sales

The growth in sales was even more significant during the year under review – both in quantity as well as in value. Your company sold 29658.660 MT of Synthetic Rutile during the year which is higher by 80.95 percent as compared to last year's sales of 16390.500 MT. Ferric Chloride sales amounted to 14778.205 MT during the year compared to 11546.675 MT last year – an increase of 28.00 percent.

The sales turn over of Rs.6399.44 lakhs achieved during the year is higher by 64.31 percent as compared to previous year turnover of Rs.3894.62 lakhs, despite the fact that the Synthetic Rutile prices were down by almost 8 percent.

c) Foreign Exchange

Your company earned export income of USD 11732854.36 (FOB) equivalent to Rs.5413.03 lakhs, compared to USD 6569909.68 equivalent to Rs.3191.57 lakhs in

the previous year. The utilisation of Foreign Exchange during the year was USD 5064.48 (Rs.4,35,275/-) compared to USD 40764.00 (Rs.2129636.00) in the previous year. Statement in Form 'C' is given in the Annexure - I.

PROFITABILITY

In spite of the commendable performance in respect of production and sales and the soft price trend of Hydrochloric Acid, one of the major inputs, a comparable improvement in profitability could not be achieved. The major reasons for the low profitability during the year were lower price of Synthetic Rutile prevailed in international market beyond the control of the company and the substantial appreciation in the value of Rupee against USD. The higher cost of the raw material Ilmenite is yet another factor that adversely affected the profitability. These are discussed in more detail in the annexed corporate governance report.

DIRECTORS

As per the provisions of the Companies Act, 1956, your directors Shri. Mathew M Cherian, Dr. A. Besant C. Raj and Shri. G R Warriar. retire by rotation at the Annual General Meeting and, being eligible, offer themselves for reappointment.

DIRECTORS' 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 2004, 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 2004 on a going concern basis.

CORPORATE GOVERNANCE

Your company has complied with the conditions of corporate governance regulations. A certificate from the auditors regarding the compliances and the corporate governance report are annexed to this report as Annexure – II.

Management Discussion and Analysis of Working Results for the year is given as Annexure – III.

ISO CERTIFICATION

Your Company continue to be ISO 9001 : 2000 certified by the prestigious agency, Bureau Veritas Quality International, with accreditation from UKAS London ANSI-RAB, USA and NABCB, India.

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.

STATUTORY APPROVALS & LICENCES

The Company has got renewed all statutory approvals and licences from various Departments/ Authorities 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

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 2004-2005.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board,

Place: Aluva,
Date : 31st July 2004

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		35,35,706 KWH	28,86,806 KWH
Total Amount		Rs. 1,30,46,996.00	Rs.1,02,48,742.00
Rate/Unit		Rs. 3/KWH	Rs.3/KWH
		Rs. 270/KVA + 10 ps/ KWH + surcharge @ 0.025 ps KWH or part thereof	Rs.270/KVA + 10 ps/ KWH +surcharge @2.50 ps KWH or part thereof.
(b) Own generation			
Through diesel generator			
Units		3,02,312.20 KWH	2,22,703 KWH
Units per ltr.) of diesel oil)		3.70 units/ltr	3.70 units/ltr
Cost/unit		Rs. 5.45/unit	Rs.5.45/unit
Through steam turbine/ Generator Units		Nil	Nil
Units per ltr. of fuel oil/gas		Nil	Nil
Cost/units			
2. Coal (specify quality and where used)		Nil	Nil
Total cost			
Average rate			
3. Furnace Oil			
Quantity (K.ltrs.)		3693.3312	2822.730
Total amount		Rs. 3,85,04,714.67	Rs.2,82,42,531.67
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		149.45 Units	173.04 Units
Furnace Oil		144.79 Ltrs	157.05 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) There is potential for sale of value added Products.
 - (b) Resulted in increase in sale of by- products.
 - (c) Based on the study, the feasibility of regeneration of Hydrochloric Acid during scarcity conditions, is being worked out.
3. Future plan of action :
 - (a) Studies on metalisation process as alternate route of Synthetic Rutile production
 - (b) Manufacture and Test Marketing of Buff Titanium Dioxide by micronising Synthetic Rutile and recovered Titanium Dioxide.
4. Expenditure on R & D :

(a) Capital	:	5.50 lakhs
(b) Revenue	:	30.40 lakhs
(c) Total	:	35.90 lakhs
		=====
(d) Total R & D expenditure as a } :		
Percentage of total turnover } :		0.557