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COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2000 COMPANY

ANNUAL REPORT 2004-2005

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. R.C. Choudhury I.A.S. (Retd.)	- Director
Smt. Anita Venunath	- 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.

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 16th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 10.00 A.M. on 28th September, 2005 at the Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva, Ernakulam District, Kerala 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 2005 together with Directors' Report and Auditors' Report, thereon

2. Appointment of Directors

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

B. AS SPECIAL BUSINESS

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

"Resolved that, notice having been received from a member pursuant to Section 257 of the Companies Act 1956, Shri. A.J. Pai who was appointed as an additional Director on 22.09.2004 and who holds office upto the AGM be and is hereby appointed as a director of the Company, subject to retirement by rotation".

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

"Resolved that subject to the relevant provisions of the SEBI (Delisting of Securities) Guidelines 2003 and applicable provisions, if any, of the Companies Act 1956 and other statutory regulations, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board) to get the shares of the Company delisted from the Ahmedabad Stock Exchange and the Cochin Stock Exchange".

"Further resolved that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things and execute all such deeds, documents

and instruments as may be necessary.

“Further resolved that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any director (s) or any officer (s) of the Company”.

Place : Aluva
Date : 30.07.2005

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 17th September 2005 to 28th September 2005 (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. Members desirous of obtaining any specific information/ clarification concerning the accounts/working of the company are requested to address their queries to the Company Secretary, so as to reach at least 3 days before the meeting to enable the company to make the information available at the meeting, to the best extent possible.
7. The relative explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Special Business under Item 4 and 5 and additional information in respect of Directors reappointed under Item 2 are appended hereunder

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

Item No. 4

Shri. A.J. Pai, Executive Director (Retd.), KSIDC Limited was appointed by the Board as additional Director on 22.09.2004 in terms of Section 260 of the Companies Act 1956 and as such he holds office upto the 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 Shri. A.J. Pai as Director at the Annual General Meeting. Your Directors feel confident that the Company will immensely benefit by his association as a member of the Board and recommend the resolution set out at Serial No. 4 in the notice for approval of the members. None of the directors, except Shri. A.J. Pai as appointee, is concerned or interested in the resolution.

Additional Information

Shri. A.J. Pai, a fellow member of the Institute of Chartered Accountants of India, has been in the service of KSIDC Ltd for about 25 years and retired last year as its Executive Director. He was on your Company's Board, as KSIDC nominee from 28.01.2000 to 09.07.2004. Presently he also holds Directorship in six other Companies viz. M/s. Pigments India Limited, M/s. Kerala Industrial Revitalisation Board, M/s. Western India Plywood Limited, M/s. Travancore Rayons Limited, M/s. Lake Shore Hospital and Research Centre Limited and M/s. Lulu International Shopping Mall Private Limited. He is a member of the Audit Committee and Remuneration Committee of Cochin Minerals and Rutile Limited.

Item No. 5

Presently the shares of your Company are listed at Mumbai, Ahemadabad and Cochin Stock Exchanges. As no/negligible trading takes place at Ahemadabad and Cochin Stock Exchanges, the shares are proposed to be delisted from these exchanges. Such delisting is permitted under the SEBI (Delisting of Securities) Guidelines 2003, since the shares will continue listed at the Mumbai Stock Exchange which has nation wide trading terminals. Your Directors recommend the resolution as set out at serial number 5 of the notice. None of the Directors are concerned or interested in the resolution except as shareholders.

Additional Information in respect of Directors re-appointed

Item No. 2

A distinguished chemical engineer, Mr. R.K. Garg has been guiding the Company since 1991, as its Chairman. He is at present the Chairman of Armament Research Board and Co-Chairman (previously Chairman) of Recruitment and Assessment Centre, Defence Research and Development Organisation, Ministry of Defence, Government of India and Chairman 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 Kerala Rare Earths and Minerals Limited (KRML), Zirconium Chemicals Pvt. Ltd., Eco-chem Waste Control (India) 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 the promoters of the Company. They have considerable experience in business.

DIRECTORS' REPORT

Your Directors are pleased to present the 16th Annual Report of your Company along with audited statement of accounts for the year ended 31st March 2005.

FINANCIAL RESULTS		
	Rs. in Lakhs	
	2005	2004
Sales and Other Income	5505.35	6440.12
Profit (Loss) before Interest & Depreciation	(66.50)	434.03
Interest	208.67	175.78
Depreciation	183.32	198.39
Preliminary Expenses	1.68	1.68
Excess Deferred tax provision written back	15.65	9.39
Net Profit /(Loss) for the year	(444.52)	67.58
Deferred tax liability for earlier years	-	229.78
Profit available for appropriations/(loss)	(444.52)	860.51
Surplus carried to Balance Sheet	415.99	860.51

DIVIDEND

In view of the loss incurred during the year your directors do not propose any dividend for the year ended 31st March 2005.

OPERATIONS

a) Production

The production of Synthetic Rutile during the year under review was 24609.400 MT as compared to 25874.060 MT in the previous year. Ferric Chloride production during the year was 15639.000 MT, compared to 15240.000 MT in the previous year.

b) Sales

Your company sold 24159.050 MT of Synthetic Rutile during the year as compared to last year's sales of 29658.660 MT. Ferric Chloride sales amounted to 15919.410 MT during the year compared to 14778.205 MT last year.

The sales turn over of Rs.5491.70 lakhs achieved during the year is less by 14.18 percent as compared to previous year turnover of Rs.6399.44 lakhs.

c) Foreign Exchange

Your company earned export income of USD10929099.28 (FOB) equivalent to Rs.4914.80 lakhs, compared to USD 11732854.36 equivalent to Rs.5413.03 lakhs in the previous year. The utilisation of Foreign Exchange during the year was USD 1272.00 and UK pound 1426 equivalent to Rs.178904.00 compared to USD 5064.48 (Rs.435275/-) in the previous year. Statement in Form 'C' is given in the Annexure - I.

d) Working Result

After a gap of almost a decade of continuous profitability, your company has incurred a net loss this year. The net loss during the year ended 31st March 2005 amounts to Rs.444.52 lakhs as compared to the net profit of Rs.67.58 lakhs achieved in the previous

year. The major reason for this rather unexpected situation is the sharp increase in the cost of inputs viz. Ilmenite and Hydrochloric Acid. Moreover, there were supply bottle necks and supply disruption for the raw materials during the year, affecting the capacity utilisation which was 82.03% during the year under report as compared to 86.25 percent in the previous year.

The above factors are discussed in more detail in the Management Discussion & Analysis given in Annexure III.

DIRECTORS

As per the provisions of the Companies Act, 1956, your directors Shri. R.K. Garg, Smt. Jolly Cherian and Smt. Jaya S. Kartha retire by rotation at the Annual General Meeting and being eligible, have offered themselves to be reappointed.

Shri. Venu Nallur who was nominated to the Board by KSIDC on 09.07.2004 in place of Shri. A.J. Pai ceased to be director on 31.01.2005, on withdrawal of nomination by KSIDC. Mr. A.J. Pai was co-opted as an additional director with effect from 22.09.2004. Mr. P.C. J. Namboothiri ceased to be a director, on his resignation, with effect from 22.09.2004. Mr. R.C. Choudhury I.A.S. (Retd.) has been nominated to the Board by KSIDC with effect from 31.01.2005 and Smt. Anita Venunath, Assistant General Manager, IDBI, has been nominated to the Board by IDBI with effect from 07.03.2005.

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 2005, 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/loss 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 2005 on a going concern basis.

CORPORATE GOVERNANCE

Your company has complied with the conditions of corporate governance regulations, as contained in clause 49 of the listing agreement. 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.

AWARDS

Your directors are pleased to report that your Company won the 'Award for Excellence in Export Performance' from Govt. of India, Ministry of Commerce and Industry, for the years

2001-2002 and 2003-2004.

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 2005-2006. As no/negligible trading in the shares takes place at Ahmedabad and Cochin Stock Exchanges, the shares are proposed to be delisted from these exchanges, subject to approval of the share holders at the AGM.

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,

Sd/-

R.K. Garg,
Chairman

Place: Aluva,
Date : 30.07.2005

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 Unit		Current Year	Previous Year
		36,18,721 KWH	35,35,706 KWH
		Rs.1,38,71,945.00	Rs.1,30,46,996.00
		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 @0.025 ps KWH or part thereof.
(b) Own generation			
Through diesel Generator			
Units		1,88,054 KWH	3,02,312.20 KWH
Units per ltr.) of diesel oil)		3.70 units/ltr	3.70 units/ltr
Cost/unit		Rs.6.05/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.)		3709.5164	3693.3312 KL
Total amount		Rs.3,77,53,805.83	Rs. 3,85,04,714.67
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		157.92 Units	149.45 Units
Furnace Oil		152.86 Ltrs	144.79 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) Continued studies on diversified products of SR and micronised Rutile as coating additive
 - (b) Continued studies and plant level trials of usage of Ferric Chloride and Ferrous Chloride in effluent treatment.
 - (c) Studies on Ilmenite metallization as part of Synthetic Rutile process change.
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) Sponsored project on utilization of micronised Synthetic Rutile in coatings is taken up with National Institute of Chemical Technology Mumbai under Prof. V.C. Malshe
3. Future plan of action
 - (a) Pilot as well as commercial scale studies on metalisation and rusting process as alternate process 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	:	5.80 lakhs
(b) Revenue	:	37.92 lakhs
(c) Total	:	43.72 lakhs
=====		
(d) Total R & D expenditure as a }	:	
Percentage of total turnover }	:	0.79