



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2000 COMPANY

**ANNUAL REPORT
2005-2006**

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. Venu Nallur	- 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 17th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 10.00 A.M. on 25th September 2006 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 2006 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."

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, on a remuneration to be mutually agreed upon between the Board of Directors of the Company and the Auditors."

By Order of the Board

Place : Aluva

Date : 31.07.2006

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 16th September 2006 to 25th September 2006 (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. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board resolution authorizing the representative to attend and vote at the meeting on their behalf.
8. Additional information in respect of Directors reappointed are appended hereunder.

Additional Information

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 and Director of Kerala Rare Earths and Minerals Limited.

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 set up 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 was also appointed as the Chancellor of the ICAFI University by the

Governments of Chattisgarh, Uttaranchal and Tripura. He has been on several boards including the board of Industrial Development Bank of India (IDBI). He is currently on the boards of M/s. Henkel India Ltd., Ispat Industries Ltd. and SPEL Semi Conductor Ltd. He is closely associated with several educational institutions like The Jawaharlal Nehru Institute of Development Banking of IDBI and is the Chairman of The Madras Christian College Board. He is a noted author of several books on Management, Finance and the Economy.

Dr. Raj has carried out several prestigious national and international consultancy assignments, which include work with The Ford Foundation, New York, 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 Ministers Award. He was also appointed on the Committee of experts to evaluate the performance of public enterprises in Tamil Nadu.

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 17th Annual Report of your Company along with audited statement of accounts for the year ended 31st March 2006.

FINANCIAL RESULTS		
	Rs. in Lakhs	
	2006	2005
Sales and Other Income	8069.45	5505.35
Profit (Loss) before Interest & Depreciation	626.04	(66.50)
Interest	244.28	208.67
Depreciation	177.32	183.32
Preliminary Expenses	1.68	1.68
Net Profit /(Loss) for the year	202.76	(460.17)
Provision for Tax	17.06	-
Fringe Benefit Tax	9.07	-
Deferred tax asset (liability)	8.56	(15.65)
Profit available for appropriations/(loss)	168.07	(444.52)

DIVIDEND

In spite of the improved performance during the year under report, your directors are not recommending any dividend with a view to conserve fund for the proposed alternate technology project and for repayment of loans.

OPERATIONS

a) **Production**

The production of Synthetic Rutile during the year under review was 28249.722 MT as compared to 24609.40 MT in the previous year. Ferric Chloride production during the year was 11967.000 MT, compared to 15639.000 MT in the previous year.

b) **Sales**

Your company sold 29518.350 MT of Synthetic Rutile during the year as compared to last year's sales of 24159.050 MT - an increase of 22.18%. Ferric Chloride sales amounted to 11795.330 MT during the year compared to 15919.410 MT last year. The highest ever annual sales turn over of Rs.8066.290 lakhs achieved during the year is 46.88 percent more as compared to previous year turnover of Rs.5491.70 lakhs.

c) **Foreign Exchange**

Your company earned export income of USD12696957.04 (FOB) equivalent to Rs.5662.28 lakhs, compared to USD 10929099.28 equivalent to Rs.4914.80 lakhs in the previous year. The utilisation of Foreign Exchange during the year was USD 43166.20, UK pound 2124, JPY 400000 and AUD 2438.80 equivalent to Rs.2314196.00 compared to USD 5064.48 and UK pound 1426 (Rs.178904.00) in the previous year. Statement in Form 'C' is given in the Annexure - I.

d) **Profit**

Your company made a profit of Rs.626.04 lakhs before interest, depreciation and tax and a net profit of Rs.168.07 lakhs after tax during the year as compared to loss of

Rs.66.50 lakhs and Rs.444.52 lakhs respectively in previous year.

More detailed discussions are given in the 'Management Discussion and Analysis' in Annexure – III.

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, have offered themselves to be reappointed.

Mr. R.C. Choudhury I.A.S. (Retd.) nominated to the Board by KSIDC ceased to be a director with effect from 05.09.2005 on withdrawal of nomination and Shri. Venu Nallur, Executive Director, Kerala State Industrial Development Corporation Limited, was nominated to the Board as KSIDC nominee director on the same date.

CORPORATE GOVERNANCE

Your company has complied with the conditions of corporate governance regulations, as contained in revised 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 the Working Results for the year is given as Annexure – III.

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 2006, 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 2006 on a going concern basis.

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. M/s. Toho Titanium Corporation, the Japanese buyers, have given their 'Certificate of Appreciation' considering the company's product and service quality.

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. The licenced capacity of the company has got enhanced to 36000 MT of Synthetic Rutile p.a. from 30000 MT p.a.

INDUSTRIAL RELATIONS

The Labour - Management relations have been cordial and a long term agreement with Trade Unions of the Employees which was in force is due for renewal in fiscal 2006-07 and negotiations are underway. 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 and higher production.

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 Mumbai Stock Exchange. The listing fees as required has already been paid upto and including the year 2006-2007.

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 : 31.07.2006

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		41,43,330 KWH	36,18,721 KWH
Total Amount		Rs.1,61,38,242.00	Rs.1,38,71,945.00
Rate/Unit		Rs.3/KWH + Rs.270/KVA + 10 ps/ KWH + surcharge @0.025 ps KWH or part thereof	Rs.3/KWH + Rs.270/KVA + 10 ps/ KWH +surcharge @0.025 ps KWH or part thereof.
(b) Own generation			
Through diesel Generator			
Units		75,628 KWH	1,88,054 KWH
Units per ltr.) of diesel oil)		3.70 units/ltr	3.70 units/ltr
Cost/unit		Rs.9.85/unit	Rs.6.05/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.)		4355.78	3709.5164 KL
Total amount		Rs.5,86,34,543.68	Rs. 3,77,53,805.83
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		141.70 Units	157.92 Units
Furnace Oil		146.30 Ltrs	152.86 Ltrs
Coal		0.02 MT	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 and sewage treatment.
 - (c) Pilot plant studies on Ilmenite metallization and Rusting 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 taken up with University Institute of Chemical Technology Mumbai under Prof. V.C. Malshe continues.
3. Future plan of action
 - (a) Feasibility studies and commercialisation of 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.
 - (c) Utilisation of Iron Hydroxide ETP sludge for brick manufacture and in cement clinker manufacture
4. Expenditure on R & D

(a) Capital	:	81.83 lakhs
(b) Revenue	:	35.33 lakhs
(c) Total	:	117.16 lakhs