



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2000 COMPANY

**ANNUAL REPORT
2006-2007**

COCHIN MINERALS AND RUTILE LIMITED

BOARD OF DIRECTORS

Shri. R.K. Garg	- Chairman
Shri. Mathew M. Cherian	- Vice Chairman
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
Shri. S.N. Sasidharan Kartha	- Managing Director

AUDITORS

M/s. Lazar & George,
Chartered Accountants,
Aluva.

LEGAL ADVISORS

M/s. Matthai & Matthai,
Advocates,
Ernakulam.

BANKERS

1. Bank of Baroda, Aluva.
2. 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 18th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 9.30 A.M. on 24th September 2007 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 2007 together with Directors' Report and Auditors' Report, thereon.

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 of the Board of Directors, a dividend at the rate of Rs.1.20 (One Rupee Twenty 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 2007 and the same be paid to the equity shareholders whose name appear in the Register of Members as on the date of book closure on 15th September 2007".

3. 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."

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

AS 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 modifications or re-enactments 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 of the Company to hold office for a period of 5 (Five) years effective from 01st April 2008, 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 to 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, perquisite, dearness allowance and other allowances, as minimum remuneration not exceeding the limits specified in Part II, Section II 1(A) of Schedule XIII to the Companies Act 1956 or any statutory modifications or re-enactments there of for the time being in force."

By Order of the Board

Sd/-

Place : Aluva
Date : 16.07.2007

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 15th September 2007 To 24th September 2007 (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. The amount which remain unclaimed for the year 2000 - 2001 will be transferred to the Investor Protection Fund of the Central Government after 31st March 2008.
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. 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 directors reappointed are appended hereunder.

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 April 2003 on the terms and conditions approved by the shareholders in their

meeting held on 26th September 2002. The five years tenure will expire on 31st March 2008. The Board of Directors has taken on record the resolution passed by the Remuneration Committee to re-appoint Shri. S.N. Sasidharan Kartha for a further period of 5 years effective from 01.04.2008, subject to approval of the shareholders in the A.G.M on such remuneration and terms as set out in the relevant resolution.

As per Schedule XIII to the Companies Act 1956, the remuneration payable to managerial personnel requires approval of shareholders in general meeting. The resolution set out under 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 Shri. S.N. Sasidharan Kartha the appointee and Smt. Jaya. S. Kartha, being his wife is concerned or interested in the resolution.

Additional Information in respect of Directors re-appointed.

Shri. S.N. Sasidharan Kartha.

Shri. S.N. Sasidharan Kartha is the founder and has been the Managing Director of the Company ever since its incorporation in 1989. Under his able and dynamic leadership CMRL's performances scaled new heights and earned several accolades. The turn-over of the Company in 1993, the year of its initial public issue was only Rs.178 Lakhs. Today it is about Rs.100 Crores. The assets of the Company in the same period increased to Rs. 4497.45 Lakhs from 1673.96 Lakhs. The company was awarded the outstanding Export Award for 1997 by the Prime Minister of India, Best Export Award by KSIDC in 1998, the Export Excellence Award and Certificate for 2001 from Development Commissioner Cochin Special Economic Zone and the Award for Excellence in Export Performance from Government of India, Ministry of Commerce, for 2005. M/s. Toho Titanium Corporation and M/s. Sumitomo Titanium Corporation, the Japanese Buyers of Synthetic Rutile have given the Company their "Certificate of Appreciation" considering the Company's product and service quality. Moreover the Company is granted ISO 9001:2000 Certification by Bureau Veritas Quality International with accreditation from UKAS London, ANSI-RAB, USA and NABCB, India. The company also won the award for excellence in implementing pollution control measures from Govt. of Kerala in 2007.

Shri. S.N. Sasidharan Kartha is a Director of Sach Exports Pvt. Ltd and Kerala Rare Earths and Minerals Limited. He is a member of the share transfer and Investors Grievance committee of the Board of CMRL.

Shri. R.K. Garg

A distinguished chemical engineer, Shri.R.K. Garg has been guiding the Company since 1991, as its Chairman. He is at present the Chairman of Armament Research Board and previously Chairman of Recruitment and Assessment Centre, Defence Research and Development Organisation, Ministry of Defence, Government of India. He is Vice-Chairman and Member, Expert Appraisal Committee (Industry), Ministry of Environment & Forest, Government of India. He is also Chairman of the Registration Committee of Central Pollution Control Board. He has the distinction of heading Indian Rare Earths Ltd. as its 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 process industry. Currently Mr. Garg also holds directorships of Kerala Rare Earths and Minerals Limited (KRML), Zirconium 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 the promoters of the Company. They have considerable experience in business.

DIRECTORS' REPORT

Your Directors are pleased to present the 18th Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2007.

FINANCIAL RESULTS		
	Rs. in Lakhs	
	2007	2006
Sales and Other Income	9714.44	8069.45
Profit before Interest & Depreciation	1414.10	626.04
Interest	224.83	244.28
Depreciation	234.73	177.32
Preliminary Expenses	-	1.68
Net Profit for the year	953.83	202.76
Provision for Tax	144.30	17.06
Fringe Benefit Tax	14.75	9.07
Deferred tax asset (liability)	(93.93)	- 8.56
Profit available for appropriations/(loss)	888.71	168.07
Appropriations		
Proposed Dividend	93.96	-
Dividend Tax	15.97	-
Transfer to General Reserves	44.44	-
Balance Carried Forward	734.34	168.07

DIVIDEND

Your Directors are pleased to recommend a dividend on the equity shares at 12 percent (Rs.1.20 per share) for the financial year ended 31st March, 2007.

OPERATIONS

a) Production

The production of Synthetic Rutile during the year under review was 32691.250 MT as compared to 28249.722 MT in the previous year. Ferric Chloride production during the year was 5680.000 MT, as compared to 11967.000 MT in the previous year. There was also Ferrous Chloride production of 47880.000 MT during the year as against 44193.050 in the previous year.

b) Sales

Your company sold 32888.350 MT of Synthetic Rutile during the year as compared to last year's sales of 29518.350 MT - an increase of 11.49%. Ferric Chloride sales amounted to 5498.955 MT during the year compared to 11795.330 MT last year. Ferrous Chloride sales this year come to 48226.800 MT, as against 43735.080 MT in the previous year. The highest ever annual sales turn over of Rs.9675.19 lakhs achieved during the year is almost 20 percent more as compared to previous year turnover of Rs.8066.29 lakhs.

c) Foreign Exchange

Your company earned export income of USD15938707.40 (FOB) equivalent to Rs.7191.90 lakhs, compared to USD 12696957.40 equivalent to Rs.5662.28 lakhs in the previous year. The utilisation of Foreign Exchange during the year was

USD 807553.11, UK pound 1476.60, JPY 10000 and AUD 32440.93 equivalent to Rs.38269689/- compared to USD 211909.03, UK pound 2124.60 JPY 400000 and AUD 2438.80 (Rs.9968262/-) in the previous year. Statement in Form 'C' is given in the Annexure - I.

d) Profit

Your company earned a profit of Rs.1414.10 lakhs before interest, depreciation and tax and a net profit of Rs.888.71 lakhs after tax during the year as compared to Rs.626.04 lakhs and Rs.168.07 lakhs respectively in previous year.

e) Alternate Technology

Your Company is in the process of implementing a project for adoption of the alternate technology of "Metallisation and Rusting" to produce Synthetic Rutile. The basic technology stated to be more efficient and environment friendly is from Regional Research Laboratory, Trivandrum and the estimated project cost is about Rs.100 crores. 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. 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 for reappointment.

CORPORATE GOVERNANCE

Your company has complied with all 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 2007, 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 2007 on a going concern basis.

ISO CERTIFICATION

Your Company continues 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 implementing pollution control measures from Govt. of Kerala. M/s. Toho Titanium Corporation and M/s. Sumitomo 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 renewed all statutory approvals and licences from various Departments/ Authorities for carrying on its normal business. The licenced capacity of Synthetic Rutile production remains at 36,000 MT per annum.

INDUSTRIAL RELATIONS

The Labour - Management relations have been cordial and a long term agreement with Trade Unions of the Employees, valid for four years was signed during the year. 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.24,00,000 or more per year or Rs.2,00,000 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 for the year 2007-2008.

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 : 16.07.2007

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 forming 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	45,76,194 KWHRs.	41,43,330
	Total Amount	Rs.1,78,58,500.00	Rs.1,61,38,242.00
	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 @0.25 ps KWH or part thereof.
(b)	Own generation		
	Through diesel Generator		
	Units	64,620 KWH	75,628 KWH
	Units per ltr.) of diesel oil)	3.70 units/ltr	3.70 units/ltr
	Cost/unit	Rs.10.15/unit	Rs.9.85/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.)	4593.0738	4355.779 KL
	Total amount	Rs.7,29,91,793.50	Rs.5,86,34,543.68
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
Particulars of Energy			
Electricity		141.96 Units	141.70 Units
Furnace Oil		140.50 Ltrs	146.30 Ltrs
Coal		0.10 MT	0.02 MT

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 and studies on metallisation and rusting of Ilmenite.
 - (c) Studies on electrolysis of Ferrous Chloride to produce Metallic Iron and Chlorine.
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) As part of commercialisation of the metalisation and rusting process for manufacture of Synthetic Rutile, CMRL entered into Technology Transfer Agreement with Regional Research Laboratory, Trivandrum (RRL-T) on 16.11.2006.
 - (b) R & D studies initiated for utilisation of Iron Hydroxide ETP sludge for bricks and tiles manufacture and in ceramic colour application.
 - (c) Further studies on usage of Ferrous Chloride in the colour removal application in paper mills in collaboration with Indian Paper Research Institute, Saharanpur.
4. Expenditure on R & D

(a) Capital	:	45.15 lakhs
(b) Revenue	:	39.37 lakhs
	:	<u>84.52 lakhs</u>
- (c) Total R & D expenditure as a Percentage of total turnover } : 0.87