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COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2008 COMPANY

ANNUAL REPORT 2008-2009

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. 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.
3. Industrial Development Bank of India Limited, Cochin

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 20th Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 9.30 A.M. on 14th September 2009 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 2009 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.1.50 (One Rupee Fifty 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 2009 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 5th September 2009".

3. Appointment of Directors

To appoint Directors in place of Shri. R K Garg, Shri. G R Warriar and Smt. Jolly Cherian 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, Shri. G R Warriar 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."

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.** To consider and to pass, with or without modification the following resolution as an

ordinary resolution.

"Resolved that Shri. Saran S Kartha who was appointed as an additional director by the Board of Directors and who holds office up to the date of this Annual General Meeting and, in respect of whom the company has received a notice in writing under Section 257 of the Companies Act 1956 from a share holder, proposing his candidature for the office of director, be and is hereby appointed as a director of the Company, not liable to retirement by rotation."

6. To consider and to pass, with or without modification the following resolution as a special 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 notifications or re-enactments there of for the time being in force, consent of the company be and is hereby accorded for the appointment of Shri. Saran S Kartha as Executive Director of the Company to hold office for a period of 5 (Five) years effective from 01st October, 2009 on a 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 enactments there of for the time being in force."
7. To consider and to pass with or without modification the following resolution as a special resolution.
"Resolved that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act 1956, a sum not exceeding one percent per annum of the net profits of the Company for the period of 5 years commencing 01.04.2008, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the non-executive directors of the Company, or some or any of them, in such amounts or proportions and in such manner as may be decided by the Board of Directors".

By Order of the Board

Sd/-

S.N. Sasidharan Kartha,
Managing Director.

Place : Aluva
Date : 28.07.2009

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 05th September 2009 to 14th September 2009 (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. In terms of section 205 (c) of the Companies Act, dividend amounts that have remained unclaimed/unpaid for a period of 7 years from the date they became due for payment shall be credited to the Investor Education and Protection Fund of the Central Government and no claim shall lie against the fund. The particulars of unclaimed/unpaid dividends declared for financial years 2001-2002 and there after are given below:

Financial Year Ended 31st March	Date of Declaration	Last Date for claiming dividend
2002	26.09.2002	25.09.2009
2003 to 2006	Nil	Nil
2007	24.09.2007	23.09.2014
2008	22.09.2008	21.09.2015

6. 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.
7. The relative explanatory statements pursuant to Section 173(2) of the Companies Act 1956 in respect of special business under items 5, 6 and 7 and additional information in respect of directors appointed/reappointed are appended hereunder.

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

Item 5

Shri. Saran S Kartha, son of Shri. S N Sasidharan Kartha, Managing Director and Smt. Jaya S Kartha, director was appointed by the Board as additional director on 27.05.2009 in terms of Section 260 of the Companies Act, 1956 and he holds office upto the Annual General Meeting. The company has received notice pursuant to, and complying with, Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Shri. Saran S Kartha as director of the Company at the Annual General meeting. Your directors feel confident that this appointment is in the best interest of the company and as such the ordinary resolution set out at serial No. 5 of the notice is recommended for the approval of the members.

Except Shri. S N Sasidharan Kartha and Smt. Jaya S Kartha, parents of the appointee, none of the directors is concerned or interested in the resolution.

Item 6

The Board of Directors in the meeting held on 28.07.2009 have resolved to appoint subject to the approval of the shareholders, Shri. Saran S Kartha, son of Shri. S N Sasidharan Kartha, Managing Director and Smt. Jaya S Kartha, Director as executive director of the company for a period of 5 years with effect from 01.10.2009 on a remuneration not exceeding the limit specified in part II, Section

II (A) of Schedule XIII to the companies act 1956 i.e. Rs. 1,50,000/- p.m. + permissible perquisites as per rules as minimum remuneration as has been approved by the remuneration committee of the Company in its meeting on 28th July, 2009. As per the said schedule XIII, remuneration payable to executive director is subject to the approval of the members in General Meeting. The approval of members is therefore, sought by way of the special resolution set out in Item 6 of the notice. 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 and Smt. Jaya S Kartha as parents of the appointee, is concerned or interested in the resolution.

Item 7

Considering the contributions and responsibilities of the non-executive directors, it is proposed that a commission not exceeding one percent per annum of the net profits of the company computed in terms of Provisions of the companies Act be paid to them for 5 financial years commencing from financial year 2008-2009. Section 309 (4) (b) of the Companies Act provides for such payment, if authorized by the shareholders by a special resolution. The resolution at SI No. 7 of the notice is, therefore, sought to be passed as a special resolution. All Directors are deemed to be concerned or interested in the resolution to the extent of the remuneration that may be received by them or by relatives.

Additional information in respect of Directors re-appointed

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 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 its CMD during 1986 - 90 and Director Chemical Engineering Group, Bhabha 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. 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.

Shri. G R Warriar

Shri. G R Warriar is a PG Science with MBA and Associate Member of the Institute of Chemical Engineers. He has more than 44 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

Smt.Jolly Cherian

Smt. Jolly Cherian, a Post Graduate, is the wife of Shri. Mathew M Cherian, Vice Chairman of the Company, who is also the promoter of the Company. She has considerable experience in business.

Shri. Saran S Kartha

Shri. Saran S Kartha, 22 years of age, son of Shri. S N Sasidharan Kartha, Managing Director and Smt. Jaya S Kartha, director is a graduate Engineer (Mechanical). He was appointed as additional director of the company by the Board of directors on 27.05.2009 and he does not hold any other directorship. He holds 34270 shares in the company.

DIRECTORS' REPORT

Your Directors are pleased to present the 20th Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2009.

FINANCIAL HIGHLIGHTS		
	Rs. in Lakhs	
	2009	2008
Sales and Other Income	12442.06	8806.42
Profit before Interest & Depreciation	1576.27	636.59
Interest	286.58	221.01
Depreciation	332.96	224.30
Net Profit for the year	953.46	191.27
Provision for Tax	366.00	110.88
Fringe Benefit Tax	16.25	12.48
Deferred tax asset (liability)	66.76	(97.76)
Profit available for appropriation	504.45	165.68
Appropriations		
Proposed Dividend	117.45	93.96
Dividend Tax	19.96	15.97
Transfer to General Reserves	25.22	8.28
Balance Carried Forward	341.82	47.47

DIVIDEND

Your Directors are pleased to recommend a dividend on the equity shares at Rs. 1.50 per share of Rs. 10/- each for the financial year ended 31st March, 2009.

OPERATIONS**a) Production**

The production of Synthetic Rutile during the year under review was 34602.776 MT as compared to 32660.000 MT in the previous year. Ferric Chloride production during the year was 11743.000 MT, as compared to 4542.950 MT in the previous year. Ferrous Chloride production during the year was 51400.000 MT as against 44775.000 MT in the previous year.

The production of Ferric Chloride and Ferrous Chloride during the year recorded increase of 158 per cent and 15 per cent respectively as compared to the previous year.

b) Sales

Your company sold 35460.556 MT of Synthetic Rutile during the year as compared to last year's sales of 31937.350 MT, an increase of 11 per cent. Ferric Chloride

sales amounted to 11751.435 MT during the year compared to 4927.025 MT last year showing an increase of 138 %. Ferrous Chloride sales this year comes to 50394.100 MT, as against 44490.590 MT in the previous year showing an increase of 13.26 per cent. The highest ever turnover of Rs. 123,64.89 lakhs achieved during the year is almost 41 percent more as compared to the previous turnover of Rs. 8771.46 lakhs.

c) Foreign Exchange

Your company earned export income of USD 222,87,748.00 (FOB) equivalent to Rs. 9669.55 lakhs, compared to USD 16022927.50 equivalent to Rs. 6491.87 lakhs in the previous year. The utilisation of Foreign Exchange during the year was USD 823840.42 equivalent to Rs.36724749/- compared to USD 879377.69 UK pound 635.80 JPY 497000, AED 140 (37349084) and EURO 5180 in the previous year. Statement in Form 'C' is given in the Annexure - I.

d) Profit

Your company earned a profit of Rs. 1576.27 lakhs before interest, depreciation and tax and a net profit of Rs. 504.45 lakhs after tax during the year as compared to Rs. 636.59 lakhs and Rs. 165.68 lakhs respectively in previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of the Working Results for the year are given as Annexure - III.

DIRECTORS

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

CORPORATE GOVERNANCE

Your company has complied with all the conditions of corporate governance regulations, as contained in the revised clause 49 of the listing agreement. The corporate governance report and the certificate from the auditors regarding the compliances are annexed to this report as Annexure II and IV.

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 2009, 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 2009 on a going concern basis.

ISO CERTIFICATION

The company has now been granted ISO 9001 : 2008 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 bagged for the 3rd consecutive year, the Award for implementing pollution control measures from Govt. of Kerala - "excellence" award this year and certificate of merit for securing 1st place among the medium scale industries in the preceeding 2 years. Your company has also won the certificate of excellence for outstanding performance in industrial safety for the year 2008 from the Government of Kerala, Department of Factories and Boilers.

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 now stands at 45,000 MT per annum.

INDUSTRIAL RELATIONS

The Labour - Management relations have been cordial and a long term agreement with Trade Unions of the Employees, valid till 2011 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 of product and improved efficiency.

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 requiring disclosure 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 2009-2010.

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.

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For and on behalf of the Board,
Sd/-

Place: Aluva,
Date : 28.07.2009

R.K. Garg,
Chairman.