



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2008 COMPANY

**ANNUAL REPORT
2010-2011**

COCHIN MINERALS AND RUTILE LIMITED

BOARD OF DIRECTORS

Shri. R.K. Garg	-	Chairman
Shri. Mathew M. Cherian	-	Vice Chairman
Shri. A.J. Pai	-	Director
Shri. G.R. Warriar	-	Director
Shri. Venu Nallur	-	Director
Smt. Jaya S.Kartha	-	Director
Smt. Jolly Cherian	-	Director
Shri. Saran S. Kartha	-	Executive Director
Shri. S.N. Sasidharan Kartha	-	Managing Director

AUDITORS

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

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

LEGAL ADVISORS

M/s. Menon & Pai
Advocates,
Ernakulam.

BANKERS

1. Bank of Baroda, Aluva.
2. State Bank of India, Aluva.
3. Industrial Development Bank of India Limited, Cochin

REGISTRARS & SHARE TRANSFER AGENTS

M/s S.K.D.C. Consultants Ltd.
Kanapathy Towers
3rd Floor, 1391/A, Sathy Road,
Ganapathy, Coimbatore - 641 006
Ph: 0422-6549995, 2539835, 2539836
Fax: 0422-2539837
E-mail: info@skdc-consultants.com

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 22nd Annual General Meeting of Cochin Minerals and Rutile Limited will be held on Friday, the 26th August, 2011 at 10.00 A.M. 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 2011 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 ₹ 1.75 (One Rupee Seventy Five Paise Only) per equity share of ₹ 10/- paid up be and is hereby declared out of the current profits for the year ended 31st March 2011 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 17th August, 2011".

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. Smt. Jolly Cherian is not seeking reappointment. Shri. R.K. Garg & Shri G.R. Warriar 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."

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, Mr. Saghash Kumar KA, Chartered Accountant, Aluva be and is 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."

5 AS SPECIAL BUSINESS

To consider and to pass, with or without modification the following resolution as an ordinary resolution:

"Resolved that Shri. Nabil Mathew Cherian in respect of whom the company has received

a notice in writing under Section 257 of the Companies Act 1956 from a shareholder, proposing his candidature for the office of a director, be and is hereby appointed as director of the company subject to retirement by rotation."

By Order of the Board

Sd/-

Place : Aluva

Date : 25.07.2011

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 August 2011 to 26th August, 2011 (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 from financial year 2006-2007 are given below:

Financial Year Ended 31 st March	Date of Declaration	Last Date for claiming dividend
2007	24.09.2007	23.09.2014
2008	22.09.2008	21.09.2015
2009	14.09.2009	13.09.2016
2010	18.09.2010	17.09.2017

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. 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.
8. With respect to payment of dividend, the company provides the facility of Electronic Clearing Service (ECS) to the shareholders of the company. Shareholders holding shares in the physical form, who wish to avail ECS facility, may authorize the company with their ECS mandate in the prescribed form (enclosed) or can be obtained from our Share Transfer Agents, M/s S K D C Consultants Ltd., Coimbatore on request. Requests for payment of dividend

through ECS for the year 2010-2011 should be lodged with M/s S K D C Consultants Limited on or before 17th August, 2011.

9. The relative explanatory statements 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 appointed/reappointed are appended hereunder.

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

Item 5

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. Nabel Mathew Cherian 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. Additional information is provided hereunder.

Except Shri. Mathew M Cherian and Smt. Jolly Cherian, parents of the appointee, none of the directors is concerned or interested in the resolution.

Additional information in respect of Directors appointed/ 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 Chairman of the Technical Review Committee and Vice Chairman of Expert Appraisal 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. He was Chairman of Armament Research Board and Chairman of Recruitment and Assessment Centre, Defence Research and Development Organisation, Ministry of Defence, Government of India. 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) and Zirconium Chemicals Pvt. Ltd. and 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 45 years active professional experience in the field of Chemical industries. He has expertise in Project Development, Product Development, Detailed Engineering and Industrial Promotion activities.

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

Shri. Nabel Mathew Cherian

Shri. Nabel Mathew Cherian, 28 years of age, son of Shri. Mathew M Cherian, Vice Chairman and Smt. Jolly Cherian, Director, is a B. Com Graduate with MBA (Finance) from Gannon University, USA and M S (Accounting and Taxation) from University of Hartford, U S A. He does not hold any other directorship. He also does not hold any shares in the company.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice /documents including Annual Report can be sent by e-mail to its members.

All those shareholders who have not yet registered their e-mail ids or holding shares in physical form are requested to immediately register their e-mail ids with NSDL/CDSL and/our RTA at info@skdc-consultants.com along with your Folio Number and Number of shares/client id and DP id

DIRECTORS' REPORT

Your Directors are pleased to present the 22nd Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS		
	₹ in Lakhs	
	2011	2010
Sales and Other Income	13220.67	11204.13
Profit before Interest & Depreciation	1276.10	1487.92
Interest	234.79	245.52
Depreciation	316.53	344.08
Net Profit for the year	724.78	898.32
Provision for Tax	254.05	322.26
Deferred tax asset (liability)	(13.92)	(13.14)
Profit after tax	484.65	589.20
Appropriations		
Proposed Dividend	137.02	117.45
Dividend Tax	22.76	19.96
Transfer to General Reserves	36.35	29.46
Balance Carried Forward	288.52	422.33

DIVIDEND

Your Directors are pleased to recommend a dividend on the equity shares at ₹ 1.75 per share of ₹ 10/- each for the financial year ended 31st March, 2011.

OPERATIONS

a) Production

The production of Synthetic Rutile during the year under review was 36175.000 MT as compared to 34200.000 MT in the previous year. Ferric Chloride production during the year was 15069.000 MT, as compared to 12629.000 MT in the previous year. Ferrous Chloride production during the year was 39197.000 MT as against 54859.640 MT in the previous year. The production of Iron Hydroxide (Cemox) during the year was 46020.000 MT as against 15293.000 MT in the previous year.

The production of Ferric Chloride during the year recorded an increase of 19 per cent as compared to the previous year.

b) Sales

Your company sold 37121.530 MT of Synthetic Rutile during the year as compared to last year's sales of 32358.700 MT, an increase of 15%. Ferric Chloride sales amounted to 15914.620 MT during the year compared to 12189.670 MT last year showing an increase of

31 per cent. Ferrous Chloride sales this year comes to 42348.145 MT, as against 53090.375 MT in the previous year due to market recession. Iron Hydroxide (Cemox) sales was 12018.430 MT compared to 5159.505 MT showing an increase of 133 per cent.

c) Foreign Exchange

The details of Foreign Exchange Earnings and utilization of Foreign Exchange are given below:

2010-2011	2009-2010
Export Income- USD 218,38,968 (Equivalent to ₹ 994976210)	USD - 176,99,076 (Equivalent to ₹ 834800748)
Utilisation of Foreign Exchange	
(a) USD - 10,97,111	USD - 14,25,975
(b) UK£ - 600.00	UK£ - 635.80
(c) AED - 9730.00	AED - 7837.25
(d) JPY - NIL	JPY - 560000
(e) SGD - NIL	SGD - 76
(f) EURO - NIL	EURO - 2600
Total (Equivalent to ₹ 48549149)	Total (Equivalent to ₹ 65260454)

Statement in Form 'C' is given in the Annexure - I.

d) Profit

Your company earned a profit of ₹ 1276.10 lakhs before interest, depreciation and tax and a net profit of ₹ 484.65 lakhs after tax during the year as compared to ₹ 1487.92 lakhs and ₹ 589.20 lakhs respectively in previous year. The decrease in profitability is due to increase in raw material costs during the 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. Shri. R K Garg and Shri. G R Warriar being eligible, have offered themselves to be reappointed. However, Smt. Jolly Cherian is not seeking reappointment.

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.

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 2011, 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 2011 on a going concern basis.

ISO CERTIFICATION

Your Company continues to be ISO 9001 : 2008 certified by the prestigious agency, Bureau Veritas Quality International, with accreditation from UKAS London, ANSI-RAB, USA and NABCB, India.

N S F Certification

Your company's products, Ferric Chloride and Ferrous Chloride got NSF/ANSI Standard 60 certification for drinking water treatment chemicals from M/s N S F International, the only organization designated as a Collaborating Center by the World Health Organization (WHO) for both food safety and drinking water safety and treatment.

The afore-said products of your company are the only NSF(National Sanitation Foundation) certified products of its kind in Asia. While in the case of Ferrous Chloride, our Company is one among 8 companies in the world who got certified by N S F International and in the case of Ferric Chloride, we are among the 39 companies certified by them.

AWARDS

Your Directors are pleased to report that your company bagged the Award for implementing pollution control measures from Government of Kerala for the 5th consecutive year – "Excellence Award for 3 years 2010, 2009 and 2008 and certificate of merit for securing 1st place among the medium scale industries in the preceding 2 years.

Your company had also bagged Safety Award instituted by the Department of Factories and Boilers, Government of Kerala for the third consecutive year for outstanding performance in industrial safety.

AUDITORS

Mr. Saghesh Kumar K A, Chartered Accountant, Aluva was appointed statutory Auditor of the Company by the Board, in place of M/s Lazar & George, Chartered Accountants, erstwhile auditors who communicated their inability/unwillingness to continue. Mr. Saghesh Kumar K.A, Chartered Accountant, being eligible, has offered to be reappointed at the Annual General Meeting.

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. The existing long term agreement with Trade Unions of the Employees, expired in January 2011 and negotiations with Trade Unions are in progress for a new Long Term Agreement. 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 Bombay Stock Exchange Ltd. The listing fee as required has already been paid upto and including the year 2011-2012.

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 : 25.07.2011

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.

A. CONSERVATION OF ENERGY

Energy Conservation is an on-going activity and it is being closely monitored to a specific programme of reduction

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 Total Amount Rate/Unit	Current Year 51,92,528 K W H ₹ 1,96,46,724.00 (₹ 3/K W H+ ₹ 270/KVA + 0.10/KWH + Surcharge @0.025 Ps per KWH or part thereof)	Previous Year 48,52,693 K W H ₹ 1,79,93,627.68 (₹.3/KWH + ₹.270/KVA + 0.10/KWH + Surcharge @0.025 Ps per KWH or part thereof)
(b)	Own generation Through diesel Generator Units Units per ltr.) of diesel oil) Cost/unit Through steam turbine/ Generator Units Units per ltr. of fuel oil/gas Cost/units Coal (specify quality and where used) Total cost Average rate Furnace Oil Quantity (k.ltrs.) Total amount Others/internal generation (please give details) Quantity Total cost Rate/unit	 88,899.00 KWH 3.38 units/ltr ₹ 12.48/ unit Nil Nil (1) Low ash coal- in kiln for reduction. (2) Indian coal- gassifier (3) Indonesian coal – Boiler ₹ 4,53,75,498.00 ₹ 4,659.88 3812.038 KL ₹ 10,18,74,524.43 Nil	 71,510.80 KWH 3.26 units/ltr ₹ 11.65 /unit Nil Nil ₹ 3,28,83,828.00 ₹ 4,316.89 4013.027 KL ₹ 9,62,89,968.88 Nil

B. Consumption per unit of production

	Standards (if any)	Current Year	Previous Year
Particulars of Energy		1	2
Electricity		145.99 Units	144.53 Units
Furnace Oil		105.00 Ltrs.	117.00 Ltrs
Coal		0.298 MT	0.205 MT