



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2008 COMPANY

**ANNUAL REPORT
2011-2012**

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. T.P. Thomaskutty	- Director
Smt. Jaya S.Kartha	- Director
Shri. Nabil Mathew Cherian	- Director
Shri. Saran S. Kartha	- Joint Managing Director
Shri. S.N. Sasidharan Kartha	- Managing Director

AUDITOR

Sagshesh Kumar K A,
Chartered Accountant
Aluva.

LEGAL ADVISORS

M/s Mathai & Mathai,
Advocates,
Ernakulam

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 Limited,
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 23rd Annual General Meeting of Cochin Minerals and Rutile Limited will be held on Friday, the 6th July, 2012 at 9.30 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 2012 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. 12 (Rupees Twelve 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 2012 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 27th June, 2012".

3. Appointment of Directors

To appoint Directors in place of Shri. Mathew M Cherian, Shri. A J Pai 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. Mathew M Cherian be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (b) "RESOLVED that the retiring Director, Shri. A J Pai 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 Auditor

To appoint the Auditor 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. Saghesh Kumar K A, Chartered Accountant, Aluva be and is hereby appointed as Auditor 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 Auditor."

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 notifications or re-enactments thereof for the time being in force, the consent of the Company be and is hereby accorded for the appointment of Sri. S.N. Sasidharan Kartha as Managing Director of the Company to hold office for a period of 5 (Five) years effective from 1st April, 2013, 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 thereof for the time being in force."

By Order of the Board

Sd/-

Place : Aluva
Date : 05.05.2012

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 27th June 2012 to 6th July, 2012 (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
2011	26.08.2011	25.08.2018

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 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 2011-2012 should be lodged with M/s S K D C Consultants Limited on or before 25th June, 2012.

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 1st April 2008 on the terms and conditions approved by the shareholders in their meeting held on 24th September 2007. The five years tenure will expire on 31st March 2013. 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 01.04.2013, 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, Smt. Jaya. S. Kartha, being his wife and Mr. Saran S Kartha, being his son are concerned or interested in the resolution.

Additional information in respect of Directors appointed/ 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 performance scaled new heights and earned several accolades. The turn-over of the Company in 1993, the first year after the initial public issue was only Rs.178 Lakhs. Today it is about Rs.239 Crores. The assets of the Company in the same period increased to Rs.6633 lakhs from 1674 lakhs.

The company was awarded the outstanding Export Award for the year 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. The Company received Industrial Excellence Award 2006 instituted by Kerala Industrial Protection Forum for achievement of business success and outstanding export performance. The company also bagged the prestigious Quality Crown award in the Golden category instituted by Business Initiative Directions (BID), Madrid, Spain in 2009. The 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.

The company also secured Excellence Award for safety for the year 2011, instituted by the Department of Factories and Boilers, Government of Kerala. The company bagged the Kerala State Safety Award consecutively for the fourth year for outstanding performance in industrial safety, health and welfare of employees.

The 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. The company's products Ferric Chloride and Ferrous Chloride got NSF/ANSI Standard 60 certification for drinking water treatment chemicals from M/s NSF International, the only Organisation designated as a collaborating centre by the World Health Organisation (WHO) for both food safety and drinking water safety and treatment.

Shri. Kartha is not only an industrialist, he is also a visionary, a philanthropist and a social, cultural and environmental wizard- a self made man of common sense and distinct individual traits and styles. He is also recipient of various awards and certificates from several social, cultural and semi-government organizations. Some of the important awards received by him are noted below:-

1. Akshaya Award from Akshaya Pustaka Nidhi in 1999
2. Man of Vision Award instituted by Pravasi Bharati, Kerala in 2008, which he shared with then CMD of Air India.
3. Shri. Kartha was conferred with an award in 2008 by H H Patriarch of Antioch, the head of Jacobite Syrian church in recognition of his yeoman service to the society.
4. CPMammu Memorial Vyavasaya Ratna Award in 2011
5. Excellence Award for outstanding Entrepreneurship instituted by Kerala State Industrial Development Corporation (KSIDC), Trivandrum in 2011 on the occasion of their Golden jubilee.

Shri. S.N. Sasidharan Kartha is the Chairman of M/s Sach Exports Pvt. Ltd, C.M.D of M/s Empower India Capital Investments Pvt. Ltd., Managing Director of Kerala Rare Earths and Minerals Limited

and Director of Zirconium Chemicals (P) Ltd. He is a member of the share transfer and Investors Grievance committee of the Board of CMRL.

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.

Shri. A J Pai

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 27 years and retired in the year 2003 as its Executive Director. He was on your Company's Board, as KSIDC nominee from 2000 to 2004 and since then as an independent director. Presently he also holds Directorship in 12 other Companies viz. M/s. Pigments India Limited (Chairman), M/s. Kerala Industrial Revitalization Board, M/s. Lakeshore Hospital and Research Centre Limited, M/s. Lulu International Shopping Mall Private Limited, M/s. Line Properties Private Ltd., Sri. Asoka Textiles Ltd., M/s Lulu Hyper Market Pvt. Ltd, Lulu Flight Kitchen (P) Ltd., Lulu Convention and Exhibition Center Pvt. Ltd., Space Travels Private Limited, L H Entertainment Company Pvt. Ltd., and Mantle Systems & Technologies Pvt. Ltd. He is a member of the Audit Committee and Remuneration Committee of Cochin Minerals and Rutile Limited.

Smt. Jaya S Kartha

Smt. Jaya S. Kartha, a Post Graduate is the wife of Shri. S. N. Sasidharan Kartha, Managing Director. She is also one of the promoters of the Company and is a director of M/s Empower India Capital Investments Pvt. Ltd. and has considerable experience in business.

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 23rd Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS		
	₹ in Lakhs	
	Year ended 31 st March 2012	Year ended 31 st March 2011
Sales and Other Income	24083.73	13220.67
Profit before Interest & Depreciation	9115.11	1276.10
Interest	260.59	234.79
Depreciation	291.83	316.53
Net Profit for the year	8562.68	724.78
Provision for Tax	2866.65	254.05
Deferred tax asset (liability)	(12.16)	(13.92)
Profit after tax	5708.19	484.65
Appropriations		
Proposed Dividend	939.60	137.02
Dividend Tax	152.42	22.76
Transfer to General Reserves	1141.64	36.35
Balance Carried Forward	3474.53	288.52

DIVIDEND

Your Directors are pleased to recommend a dividend on the equity shares at 120% (Rs. 12 per share) including 100 per cent (Rs. 10 per share) special dividend for the financial year ended 31st March, 2012.

OPERATIONS

a) Production

The production of Synthetic Rutile during the year under review was 28000MT as compared to 36175.000 MT in the previous year. Ferric Chloride production during the year was 16720 MT, as compared to 15069 MT in the previous year. Ferrous Chloride production during the year was 42686.900 MT as against 39197 MT in the previous year. The production of Iron Hydroxide (Cemox) during the year was 35416 MT as against 46020 MT in the previous year.

The main reason for decrease in production of Synthetic Rutile is short supply of main raw material, ilmenite from the domestic as well as in international market.

b) Sales

Your company could sell 28083.450 MT of Synthetic Rutile during the year as compared to last year's sales of 37121.530 MT. The decrease in sales was due to low level of production during the year as already explained. Ferric Chloride sales amounted to 16594.140 MT during the year as compared to 15914.620 MT last year showing an increase of 4.27 per cent. Ferrous Chloride sales this year amounted to 42719.936 MT (including export of 1464 MT) as against 42348.145 MT (export sales 44.300 MT) in the previous year. Iron Hydroxide (Cemox) sales was 10588.845 MT as compared to 12018.430 MT in the previous year.

c) Foreign Exchange

Your company earned export income of US\$430,95,394.90 equivalent to Rs.210,17,99,853/- compared to US\$218,38,968(FOB) equivalent to Rs. 9949.76 lakhs in the previous year. The utilization of Foreign Exchange during the year was US\$ 1757018.88, UK£218, AED300, JPY1,55,400 equivalent to Rs. 8,29,58,775/- compared to US\$10,97,111 UK£600, AED9730 equivalent to Rs.485.49 lakhs in the previous year. The increase in foreign exchange (statement in Form C is given in the Annexure - I) utilization during the year was due to import of Lime due to short supply of high quality lime in the domestic market.

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

d) Profit

Your company earned a profit of Rs. 9115.11 lakhs before interest, depreciation and tax and a net profit of Rs. 5708.19 lakhs after tax during the year as compared to Rs. 1276.10 lakhs and Rs. 484.65 lakhs respectively in previous year. **The profit during the year has been at all time high.**

The main factors for the increase in profitability are higher sales realization and depreciation of Rupee during the year.

DIRECTORS

As per the provisions of the Companies Act, 1956, your directors Shri. Mathew M Cherian, Shri. A J Pai and Smt. Jaya S Kartha retire by rotation at the Annual General Meeting and being eligible, have offered themselves for reappointment.

Smt. Jolly Cherian ceased to be a Director of the company with effect from 26.08.2011 and Shri. Nabil Mathew Cherian was appointed as a Director of the company with effect from 26.08.2011.

Mr. Venu Nallur nominated to the Board by K S I D C ceased to be a director with effect from 17.12.2011 on withdrawal of nomination and Shri. T P Thomaskutty, Executive Director, Kerala State Industrial Development Corporation Limited was nominated to the Board as KSIDC Nominee on the same date.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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 2012, 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 2012 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.

NSF Certification

Your company's products, Ferric Chloride and Ferrous Chloride have got NSF/ANSI Standard 60 certification for drinking water treatment chemicals from M/s NSF 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 in Asia. While in the case of Ferrous Chloride, our Company is one among the 8 companies in the world who got certified by NSF 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.

The company during the year has secured Excellence Award for safety instituted by the Department of Factories and Boilers, Government of Kerala. The company bagged the Kerala State safety Award consecutively for the fourth year for outstanding performance in industrial safety, health and welfare of employees.

AUDITORS

Mr. Saghesh Kumar K A, Chartered Accountant, Aluva who was appointed as Auditor of the Company for the year under review, retire at the Annual General Meeting and being eligible, has offered to be reappointed at the Annual General Meeting.