



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2008 COMPANY

ANNUAL REPORT
2012-2013

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

AUDITORS

Saghesh Kumar K A,
Chartered Accountant,
Aluva.

COST AUDITOR

M/s Rajendran, Mani & Varier
Cost Accountants,
Cochin Office : XXXIX/5360, Alappat Building,
Alappat Road, Ravipuram, Cochin - 682 016

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

Cochin Minerals and Rutile Limited,
P.B. No. 73, VIII/224, Market Road,
Aluva - 683 101, Kerala.
Tel : 0484 - 2626789, Fax : 0484 - 2625674
E-mail : sachexim@vsnl.com, cmrlexim@dataone.in

FACTORY

Edayar Industrial Development Area,
Muppathadom P.O.,
Aluva - 683 110.

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 24th Annual General Meeting of Cochin Minerals and Rutile Limited will be held on Tuesday, the 9th July, 2013 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 2013 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. 10 (Rupees Ten 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 2013 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 29th June, 2013".

3. Appointment of Directors

To appoint Directors in place of Shri. R K Garg, Shri. G R Warriar and Shri. Nabel Mathew 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, Shri. Nabel Mathew 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, Mr. Sagshesh Kumar KA, 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."

By Order of the Board

Sd/-

Place : Aluva
Date : 13.05.2013

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 29th June, 2013 to 9th July, 2013 (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 31st 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
2012	06.07.2012	05.07.2019

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 2012-2013 should be lodged with M/s S K D C Consultants Limited on or before 25th June, 2013.

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 47 years active professional experience in the field of Chemical industries. He has expertise in Project Development, Product Development, Detailed Engineering and Industrial Promotion activities.

Mr. 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 Committee, Remuneration Committee & Investors Grievance Committee of Cochin Minerals and Rutile Limited.

Shri. Nabel Mathew Cherian

Shri. Nabel Mathew Cherian, 30 years of age, son of Shri. Mathew M Cherian, Vice Chairman, 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 is Executive Director of Naduvile Idom Hospitality India Private Limited. He holds 1,00,000 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 24th Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS		
	₹ in Lakhs	
	Year ended 31 st March 2013	Year ended 31 st March 2012
Sales and Other Income	20,038.37	24,083.73
Profit before Interest & Depreciation	6,944.94	9,115.11
Interest	189.07	260.59
Depreciation	273.86	291.83
Net Profit for the year	6,482.01	8562.68
Provision for Tax	2,160.14	2866.65
Deferred tax asset (liability)	(12.44)	(12.16)
Profit after tax	4,334.31	5,708.19
Appropriations		
Proposed Dividend	783.00	939.60
Dividend Tax	133.07	152.42
Transfer to General Reserve	866.86	1,141.64
Balance Carried Forward	2,551.38	3,474.53

DIVIDEND

Your Directors are pleased to recommend a dividend on the equity shares at 100 per cent (Rs.10 per share) including 80 per cent (Rs. 8 per share) special dividend for the financial year ended 31st March, 2013.

OPERATIONS

a) Production

The production of Synthetic Rutile during the year under review was 18730 MT as compared to 28000MT in the previous year. Ferric Chloride production during the year was 16092 MT, as compared to 16720MT in the previous year. Ferrous Chloride production during the year was 41446.970 MT as against 42686.900 MT in the previous year. The production of Iron Hydroxide (Cemox) during the year was 23037 MT as against 35416 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 and market recession in Titanium industry.

b) Sales

Your company could sell 14826.450 MT of Synthetic Rutile during the year as compared to last year's sales of 28083.450 MT. The decrease in sales was due to low level of production and market recession during the year as already stated. Ferric Chloride sales amounted to 16300.955 MT during the year as compared to 16594.140 MT last year. Ferrous Chloride sales this year amounted to 41456.410 MT (including export of 3072 MT) as against 42719.936 MT (including export sales 1464 MT) in the previous year. Iron Hydroxide (Cemox) sales was 34768.920 MT compared to 10588.845 MT in the previous year showing an increase of 228.35%

c) Foreign Exchange

Your company earned export income of US\$353,45,546.40 equivalent to Rs.192,21,26,571.00 compared to US\$430,95,394.90(FOB) equivalent to Rs.210,17,99,853 in the previous year. The utilization of Foreign exchange during the year was US\$89,85,939.23 UK£ 4267 and AED 100 equivalent to Rs.4,97,123,589 compared to US\$1757018.88, UK£218, AED300, JPY1,55,400/- equivalent to Rs.8,29,58,775 in the previous year. The increase in foreign exchange utilization during the year was due to import of ilmenite due to short supply of ilmenite in the domestic market.

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

d) Profit

Your company earned a profit of Rs. 6944.94 lakhs before interest, depreciation and tax and a net profit of Rs.4334.31 lakhs after tax during the year as compared to Rs. 9115.11 lakhs and Rs. 5708.19 lakhs respectively in previous year. Even though the profit this year as compared to the earlier year has been lower due to lower sales resulting from recession in the Titanium Industry, higher sales realization has been main factor for the profit.

DIRECTORS

As per the provisions of the Companies Act, 1956, your directors Shri. R K Garg, Shri. G R Warriar and Shri. Nabel Mathew Cherian retire by rotation at the Annual General Meeting and being eligible, have offered themselves for reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of the Working Results for the year and outlook for the current 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 2013, 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 2013 on a going concern basis.

CRISIL RATING

Your company has been awarded a CRISIL rating of 'SME 1' from CRISIL Limited which indicates 'HIGHEST' level of credit worthiness of the company.

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 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 one among the 39 companies certified by them.

Eco-friendly Company

Your company has been declared as a model Eco-friendly Company for the first time in Kerala by the State Government. The Kerala State Pollution control Board has also appreciated our eco-friendly practices and inimitable achievements of our company for taking various steps for converting the entire materials co-generated during our manufacturing process into value added by-products and thereby being a model plant in Kerala State.

AWARDS

Your Directors are pleased to report that your company bagged the Award for implementing pollution control measures from Government of Kerala for the 6th consecutive year – "Excellence Award for 4 years 2008 to 2011 and certificate of merit for securing 1st place among the medium scale industries in the preceding 2 years.

The company has secured Excellence Award for safety for the second year in succession instituted by the Department of Factories and Boilers, Government of Kerala. The company bagged the Kerala State safety Award consecutively for the fifth 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.

COST AUDIT

In exercise of the powers conferred by sub-section (1) of section 233 B of the Companies Act, 1956, the Central Government has directed that an audit of the cost accounting records of the company be conducted for the financial year ended 31st March, 2013 by a Cost Accountant. Accordingly, the Board has appointed M/s Rajendran, Mani & Varier, Cost Accountants to conduct cost audit of the company for the financial year ended March 31, 2013.

STATUTORY APPROVALS & LICENCES

The Company has renewed all statutory approvals and licences from various Departments/ Authorities for carrying on its normal business. The licenced and installed 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 2015 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 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.

LISTING

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 2013-2014.

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 contribution 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 : 13.05.2013

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.

FORMA

(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	3819610 KWH	46,52,425 KWH
Total Amount	Rs. 1,82,73,404.42	Rs. 1,76,15,634.00
Rate/Unit	(Rs.4.10/KWH + Rs. 300/KVA + 0.10/KWH + Surcharge @0.025 Ps per KWH + Fuel surcharge@ 0.020 Ps/ KWH or Part thereof)	(Rs.3/KWH + Rs. 270/KVA + 0.10/KWH + Surcharge @0.025 Ps per KWH or part thereof)

(b) Own generation

Through diesel Generator		
Units	1,45,105.40 KWH	99,038.00 KWH
Units per ltr.) of diesel oil)	3.06 units/ltr	3.17 units/ltr
Cost/unit	₹ 16.47 /unit	₹ 15.36 /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)	(1) Low ash coal- in kiln for reduction.	