



# **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 20<sup>th</sup> Annual General Meeting of Cochin Minerals and Rutile Limited will be held at 9.30 A.M. on 14<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 5<sup>th</sup> 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 01<sup>st</sup> 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

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**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 05<sup>th</sup> September 2009 to 14<sup>th</sup> 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 28<sup>th</sup> 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, Bhaba 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 20<sup>th</sup> Annual Report of your Company along with audited statements of accounts for the year ended 31st March 2009.

<b>FINANCIAL HIGHLIGHTS</b>		
	<b>Rs. in Lakhs</b>	
	<b>2009</b>	<b>2008</b>
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
<b>Appropriations</b>		
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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 3<sup>rd</sup> consecutive year, the Award for implementing pollution control measures from Govt. of Kerala - "excellence" award this year and certificate of merit for securing 1<sup>st</sup> place among the medium scale industries in the preceding 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.

Place: Aluva,  
Date : 28.07.2009

For and on behalf of the Board,  
Sd/-  
R.K. Garg,  
Chairman.

**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	51,55,549 KWH	50,29,265 KWH
Total Amount	Rs.2,32,06,979.00	Rs.1,85,63,227.00
Rate/Unit	Rs.3/KWH + Rs.270/KVA + 0.10/KWH+ Surcharge. @0.025 Ps per KWH or part thereof	Rs.3/KWH + Rs.270/KVA + 0.10/ KWH + surcharge @0.025 per KWH or part thereof
(b) Own generation		
Through diesel Generator		
Units	2,90,359 KWH	1,70,436 KWH
Units per ltr. ) of diesel oil )	3.50 units/ltr	3.43 units/ltr
Cost/unit	Rs.10.60/unit	Rs. 10.26/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)	} Low ash coal- in kiln for reduction.	}
Total cost	} Rs. 3,30,28,738.00	} Rs.1,67,29,444.00
Average rate	} Rs. 5,464.50	} Rs. 4376.94
3. Furnace Oil		
Quantity (k.ltrs.)	4585.326 KL	4410.8266 KL
Total amount	Rs.10,79,26,617.00	Rs. 7,75,20,888.12
4. Others/internal generation (please give details)		
Quantity	}	}
Total cost	} Nil	} Nil
Rate/unit	}	}

**B. Consumption per unit of production**

	Standards (if any)	Current Year	Previous Year
		1	2
Particulars of Energy			
Electricity		156.22 Units	159.47 Units
Furnace Oil		132.51 Ltrs	135.68 Ltrs
Coal		0.175 MT	0.117 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) Studies and plant level trials for usage of Ferric Chloride and Ferrous Chloride in effluent treatment and sewage treatment. At tempted River purification trials at River Pamba during pilgrimage season 2008-2009.   |
|   | (b) Studies on utilization of ETP sludge in bricks and tile manufacture.   |
| 2. Benefits derived as a result of the above R & D            | (a) Resulted in increased sale of by products  |
|   | (b) Established the feasibility of using Ferrous chloride for purifying polluted Rivers and streams.   |
|   | (c) Established the process for use of CMRL Ferrous Chloride as the most cost effective and efficient solution for colour removal and BOD and COD reduction of pulp and paper mill effluents based on research work at CPPRI with whom CMRL have signed a memorandum of understanding. Plant level trials have been undertaken at different paper mills by CMRL. |
| 3. Future plan of action                                      | (a) R & D studies to be continued for utilisation of Iron Hydroxide ETP sludge for bricks and tiles manufacture and in ceramic colour application.   |
|   | (b) R & D work to be continued for usage of Ferrous and Ferric Chloride for use in sewage treatment, effluent treatment of sea food industry and in desalination plants.   |
| 4. Expenditure on R & D                                       | :  |
| (a) Capital   | : 153.58 lakhs   |
| (b) Revenue   | : 43.39 lakhs  |
| <b>TOTAL</b>  | : <u>196.97 lakhs</u>  |
| (c) Total R & D expenditure as a Percentage of total turnover | } : <u>1.59</u>  |

**Technology absorption, adaptation and Innovation.**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
  - a) Studies are in progress for achieving consistent production of high quality Synthetic Rutile at maximum efficiency.
  - b) Inplant studies improved the efficiency of COD & Colour removal of textile processhouse, paper mill, Sea Food Industry and sewage plant effluents using Ferric Chloride and Ferrous Chloride.
  - c) Treatment of River pamba during pilgrimage season 2008-09 using our Ferrous Chloride and retring the purity of the river.
  - d) Pressure leaching cycle time in digestors brought down substantially based on inhouse research.
  - e) ETP clariflocular under flow slurry is successfully dewatered using plate filter press specifically fabricated for the purpose.
  
2. Benefits derived as a result of the above efforts, eg. product improvement, cost reduction, product development, import substitution etc. :
  - a) Higher productivity with consistent high purity of product.
  - b) Higher off-take of Ferrous Chloride and ETP cake.
  - c) Development of market for Ferrous Chloride and ETP cake leading to substantial cost reduction for effluent treatment.
  
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished. :
 

<ol style="list-style-type: none"> <li>(a) Technology imported</li> <li>(b) Year of import</li> <li>(c) Has technology been fully absorbed</li> <li>(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</li> </ol>	} } } }	N.A.    N.A.
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**FORM C**

**Foreign Exchange Earnings and Outgo**

(1) Foreign Exchange Earnings (FOB Value of export)	US\$ 2,22,87,748.00
(2) Foreign Exchange Outgo	
on Revenue Account US\$ 501232.42	
on Capital Account <u>US\$ 322608.00</u>	
	US\$ 8,23,840.42
Net Earnings	US\$ 2,14,63,907.58

**CORPORATE GOVERNANCE**  
**ANNEXURE II TO THE DIRECTORS' REPORT**

1. **Company Philosophy :**

Cochin Minerals and Rutile Limited have always focused on good Corporate Governance practices as it believes that a strong corporate governance policy is indispensable to healthy growth of business and long term value creation for the company's stake holders. Good corporate governance provides an appropriate framework for the Board and the Management to carry out the objectives that are in the interests of the Company and the shareholders. The company endeavours to enhance and protect the long term interest of all its stake holders. The company is in full compliance with all the corporate governance requirements of the guidelines on corporate governance stipulated under clause 49 of the listing agreement with the Stock Exchange.

2. **Board of Directors :**

**i) Composition :**

The company has a non-executive and independent chairman. Out of the total strength of 9 members of the Board, 8 are non-executive and 5 are independent. The composition of the Board is in conformity with the Governance requirements, which stipulate that 50 per cent of the Board should comprise non-executive directors and, if the Chairman is non-executive, 1/3 of the Board should be independent.

The names and categories of the Directors on the Board, their attendance at Board Meetings and Annual General Meeting, number of directorships in other companies and total committee membership/chairmanship are given in Table 'A'.

<b>TABLE – A – Board of Directors - Details</b>						
Name	Position	Board Meetings held during the year	Board Meetings attended	Last AGM attended or not	Directorship in other Companies	Total committee Memberships
Shri. R.K. Garg	Chairman, Non-Executive, Independent	5	5	Yes	3	2
Shri. Mathew. M. Cherian	Vice Chairman, Non-Executive	5	1	No	2	-
Shri.S.N.Sasidharan Kartha	Managing Director, Executive	5	5	Yes	4	1
Dr. A.Besant.C.Raj	Non-Executive Independent	5	4	Yes	3	8
Shri. A.J. Pai	Non-Executive Independent	5	5	Yes	4	3
Shri. Venu Nallur	Non-Executive Independent (KSIDC Nominee)	5	5	Yes	3	-
Smt. Anita Venunath	Non-Executive, Independent (IDBI Nominee)	5	2	No	-	-
Shri. G.R. Warriar	Non-Executive Independent	5	5	Yes	2	1
Smt. Jaya.S.Kartha	Non-Executive	5	5	Yes	1	-
Smt. Jolly Cherian	Non-Executive	5	1	No	-	-

**Changes in the Board of Directors :**

Dr. A. Besant C. Raj ceased to be a Director of the Company on resignation with effect from 28<sup>th</sup> July 2009. Smt. Anita Venunath ceased to be a director of the company on withdrawal of nomination by IDBI with effect from 1<sup>st</sup> September, 2008.

**ii) Meetings :**

5 (five) meetings of the Board were held during the year ended 31<sup>st</sup> March 2009. These were on 23<sup>rd</sup> May 2008, 30<sup>th</sup> July 2008, 22<sup>nd</sup> September 2008, 30<sup>th</sup> October, 2008, and 28<sup>th</sup> January 2009. The gap between any two meetings did not exceed four months.

**iii) Attendance :**

Attendance of each Director at the Board Meetings and last Annual General Meeting are given in Table "A".

**IV) Statements as mandated by clause 49:-**

- a) Apart from receiving directors sitting fees and commission as per rules, the non-executive directors do not have any material pecuniary relationship or transactions with the company or its promoters.
- b) Except Mr. S N Sasidharan Kartha, and Mrs. Jaya S Kartha (husband and Wife) and Mr. Mathew M Cherian and Mrs. Jolly Cherian (husband and wife) none of the directors of the company is related inter-se.
- c) None of the independent directors is below the age of 21 years.
- d) None of the directors of the company is a member of more than 10 committees or chairman of more than 5 committees across all companies.
- V) Share holding in the company by non-executive directors as on 31/03/2009 were as follows:

	<b>Director</b>	-	<b>Shares Held</b>
1.	Mr. Mathew M Cherian	-	923150
2.	Mrs. Jaya S Kartha	-	386740
3.	Mrs. Jolly Cherian	-	295223
4.	Mr. R K Garg	-	2500
5.	Mr. G R Warriar	-	750

**3. Code of Conduct under corporate governance regulations**

The company has adopted a code of conduct for its Board members and senior management personnel, in compliance of the corporate governance guidelines. The code is applicable to all Board members and senior management personnel, who have affirmed their compliance with the code during the year ended 31<sup>st</sup> March 2009. The declaration by the Managing Director (CEO) as regards compliance with the code is annexed.

**4. Code of conduct under insider trading regulations**

The company has adopted a code of conduct for its Board members and designated employees in compliance of the SEBI (Insider Trading) regulations. The company has obtained prescribed undertakings from all directors and designated employees as regards compliance with the code.

**5. Secretarial Standards**

Though not mandatory, the company voluntarily adheres to the secretarial standards issued by the Institute of Company Secretaries of India on important corporate practices such as Board Meetings, General Meetings, payment of dividend, maintenance of registers and records, minutes of meetings and transfer/transmission of shares.

**6. Audit Committee :**

The Audit Committee of the company during the year consisted of 3 non - executive and independent Directors, two of them having expert knowledge in Finance and Accounts. The terms of reference of the committee included the following :

- (i) Reviewing financial statements before submission to the Board.
- (ii) Reviewing quarterly working results and limited review reports of the auditors.
- (iii) Reviewing audited financial accounts and audit report before submission to the Board.
- (iv) Reviewing accounting policies and practices.
- (v) Recommending appointment of Auditors and fixing their remuneration.
- (vi) Discussion with internal auditors regarding nature, scope and findings of audit.
- (vii) Reviewing internal control and internal audit systems and their compliance thereof.

The audit committee is empowered to seek information from any employee, if necessary. No employee is denied access to the audit committee.

The audit committee met four times during the year 23<sup>rd</sup> May 2008, 30<sup>th</sup> July 2008, 30<sup>th</sup> October 2008 and 27<sup>th</sup> January 2009. The attendance record is given in "Table - B". The Company Secretary of the Company is the secretary of the Committee.

Names of Member Directors	No: of meetings held	Meeting attended
Shri. R.K. Garg (Chairman)	4	4
Shri. A.J. Pai	4	4
Dr. A. Besant C.Raj	4	3

**7. Remuneration Committee :**

The remuneration committee of the Company consists of three non-executive and independent Directors - Mr. R. K. Garg (Chairman), Dr. A. Besant. C. Raj and Mr. A. J. Pai. The remuneration committee is vested with all the necessary powers and authority to determine and recommend the remuneration payable to the executive directors. At present the Company has only one Executive Director ie. the Managing Director, who is paid the minimum remuneration as per schedule XIII or 5% of the net profits of the Company whichever is higher. No other perquisite, incentives or stock options are payable to him. The non-executive Directors are proposed to be paid one per cent commission on net profit in addition to the sitting fees paid for attending the Board Meetings. There was no requirement for the remuneration committee to meet during the year as there was no change in the terms of remuneration to the executive director. Details of remuneration paid to directors during the year are given in "Table - C".

**TABLE – C – Remuneration to Directors**

Name	Sitting Fees	Salary/ Commission	Contribution to PF	Other perks	Total
Shri. R.K. Garg	70000.00	46375.00			116375.00
Shri. Mathew.M.Chcrian	10000.00	106375.00			116375.00
Shri. S.N. Sasidharan Kartha	-	4576000.00	180000.00		4756000.00
Dr. A. Besant.C.Raj	55000.00	61375.00			116375.00
Shri. A.J. Pai	70000.00	46375.00			116375.00
Shri. Venu Nallur	50000.00	66375.00			116375.00
Shri. G.R. Warriar	50000.00	66375.00			116375.00
Smt. Anita Venunath	20000.00	-			20000.00
Smt. Jaya.S.Kartha	50000.00	66375.00			116375.00
Smt. Jolly Cherian	10000.00	106375.00			116375.00
	<b>385000.00</b>	<b>5142000.00</b>	<b>180000.00</b>		<b>5707000.00</b>

**8. Investor Grievance/ Share Transfer Committee :**

The Board of Directors of the Company has constituted an Investors Grievance and Share Transfer Committee. The Committee under the Chairmanship of a non-executive Director Shri. G. R. Warriar looks into share transfers and redressal of Share holders' complaints. Shri. K.P. Thomas, Company Secretary has been designated as the Compliance Officer. The Company during the year received 24 complaints/grievance from investors and all of them were resolved during the year. There was no Share holder complaint remaining unresolved as on 31st March 2009. The Company's shares are compulsorily traded in demat form. However, the share transfer committee met at frequent intervals 31 times during the year. There were no pending transfers as on 31<sup>st</sup> March 2009.



**9. Share Transfer System**

- a) The shares, in physical form received for transfer are processed and transfers effected generally within a period of 10 days from the date of receipt, provided the documents are valid and complete in all respects. Physical shares for demat are received by the Registrars & Transfer Agents and processed within the stipulated time. The authority for approving share transfers are delegated to the Investor Grievance and share transfer committee. Transfer of dematerialized shares is effected through the depositories, with no involvement of the company.
- b) **Share Transfer Agent**  
S.K.D.C. Consultants Limited,  
P.B. No. 2979,  
No.7, S.N. Layout, Street No.1  
(West Power House Road)  
Coimbatore - 641 012.  
Tel : (0422) 6549995

**10. General Body Meetings :**

- (a) Location and time of last 3 Annual General Meetings are given below.

Year	Location	Date	Time
2005 - 06	Aluva, Kerala	25.09.2006	10.00 AM
2006- 07	Aluva, Kerala	24.09.2007	9.30 AM
2007- 08	Aluva, Kerala	22.09.2008	10.30 AM

**(b) Postal Ballot :**

No resolution was put through postal ballot during last year.

**11. Disclosures.**

- a) Disclosure of materially significant related party transactions that may have potential conflict with the interests of the company.

No transaction of material nature has been entered into by the company with its promoters, directors, the management, subsidiaries or relatives etc. that may have potential conflict with the interests of the company.

**b) Disclosure of non-compliance**

There were no instances of non-compliance and no penalty or strictures imposed on the company by the stock exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

**c) Non – mandatory requirements**

The company has fulfilled the following non-mandatory requirements as presented in Annexure ID to clause 49 of the listing agreement.

- i) The company has constituted a remuneration committee.
- ii) The company continue in a regime of unqualified statutory financial statements.
- iii) The company ensures that independent directors of the company have the requisite qualification and experience which would be of use to the Company.

**12. Means of Communication.**

The quarterly, half yearly and annual working results of the company are published in newspapers like Financial Express and Kerala Kaumudi. The management Discussion and Analysis is included as a part of the annual report for the year ended 31<sup>st</sup> March 2009.

**13. General Shareholder Information.**

Annual General Meeting	14 <sup>th</sup> September 2009 at 9:30 A.M. Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva, Ernakulam, Kerala.
Financial Year	Year ended 31 <sup>st</sup> March 2009
Book Closure Date	05.09.2009 to 14.09.2009 (both days inclusive)
Dividend	15 (Fifteen) percent
Listing	The shares of the company are listed at Mumbai Stock Exchange. Listing Fees to the exchange for the year 2009-10 has already been paid.
Stock Code	COCHRDM513353
Demat ISIN	INE 105D01013

**14. Market Price Data**

The High/Low prices of the company's share at the Mumbai Stock Exchange during each month of the Financial year 2008 - 2009 are given below:

<u>Month</u>		<u>Months' High</u> Rs.	<u>Months' Low</u> Rs.
April	2008	60.50	37.50
May	2008	56.45	47.55
June	2008	47.55	38.70
July	2008	44.45	34.90
August	2008	49.35	40.20
September	2008	46.55	32.30
October	2008	32.35	22.70
November	2008	28.50	19.00
December	2008	24.15	19.15
January	2009	26.35	22.00
February	2009	28.20	25.00
March	2009	26.30	23.15

**15. Distribution of Shareholding as on 31st March 2009.****a) Category-wise Distribution**

<u>Category</u>	<u>Percentage</u>
Promoters	54.53
Banks/FIS/mutual funds	0.11
NRIs	0.84
Private Corporate Bodies	3.77
Others	40.75
Total	100.00

## b) Value-wise Distribution

1	2	3	4	5
Value (Rs)	No. of Holders	%	Amount	%
Upto 5000	10850	93.09	14848440	18.96
5001 10000	439	3.77	3730370	4.76
10001 20000	171	1.47	2581500	3.30
20001 30000	72	0.62	1852110	2.37
30001 40000	27	0.23	987690	1.27
40001 50000	28	0.24	1326760	1.69
50001 100000	24	0.20	1882220	2.40
100001 And Above	45	0.38	51090910	65.25
<b>Total</b>	<b>11656</b>	<b>100</b>	<b>78300000</b>	<b>100</b>

16. **Dematerialisation of Shares and Liquidity.**

50.51 percent of the company's paid-up capital is held in demat form as on 31<sup>st</sup> March 2009. Trading in the shares of the company is permitted only in demat form for all investors. The company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer depository services for the company. The shares of the company are regularly traded at the Mumbai Stock Exchange and has good liquidity.

17. **Outstanding GDR/ADR/Warrants/Convertible instruments and their impact on equity.**

Not applicable to the company.

18. **Plant Locations.**

Edayar Industrial Development Area,  
Muppathadom P.O.  
Binanipuram,  
Kerala - 683110  
Tel. - 0484 - 2532186

19. **Address for Correspondence.**

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

### Annexure-III Management Discussion and Analysis

Cochin Minerals and Rutile Limited is a 100 percent Export Oriented unit in the Mineral Processing sector with manufacturing, marketing and research capabilities. The Company's products and their applications are :

**a) Main Product**

The main product is synthetic Rutile which finds application as raw material for the Titanium pigment and titanium sponge/metal industry. The annual licensed and installed capacity is 45000MT.

**b) By-Products**

The following are the by-products.

- i) Ferric Chloride which has applications as an etching agent and in Effluent Treatment.
- ii) Ferrous Chloride which is mainly used in effluent treatment.
- iii) Cemox clay used for brick and tile making.

**Raw Materials**

The main raw materials of your company are Ilmenite and Hydrochloric Acid. Both these items are indigenously available.

**Operational Performance**

The operational performance highlights for the year 2008-2009 are given below:

	<u>2008-09</u>	<u>2007-08</u>
Synthetic Rutile Production (MT)	34602.776	32660.000
Sales (MT)	35460.556	31937.350
Gross Revenue (Rs. lakhs)	12442.06	8806.42
Net Profit (Rs. lakhs)	504.45	165.68

The Company during the year under review recorded the highest ever production and sales of Synthetic Rutile and also recorded the highest ever revenue which was about 41 per cent higher as compared to the previous year. The profitability could not, however, match this performance due to the unforeseen loss of Rs. 687.90 lakhs in the foreign exchange front.

The Company could also make substantial improvement in marketing the 2 by-products viz. Ferric Chloride and Ferrous Chloride during the year. The sales turn over in respect of Ferric Chloride increased from 168.17 lakhs in the previous year to Rs. 709.37 lakhs this year and of Ferrous Chloride from Rs. 30.55 lakhs to Rs. 40.45 lakhs.

**Outlook**

The global economic slow down has cast its shadow over the global demand and price scenario for Synthetic Rutile. The demand is lower even at reduced rates. The Company's order book for 2009-2010 is yet to be closed. As a result the turnover and profitability during the year can be impacted, inspite of the better exchange rate situation.

**R & D initiative**

**CEMOX clay**

The company has been granted a licence from the Government of India, Ministry of Commerce, for manufacturing and marketing CEMOX clay a product developed by the Company's R & D, using

ferrous chloride as the major input. CEMOX is found suitable for mixing with natural clay for manufacture of Roofing Tiles, Decorative Tiles, Floor Tiles, bricks etc. This product, thus helps the nature and environment to reduce clay mining and resultant ecological problems. The product has the approval of the Pollution Control Board as material for brick making. The annual production capacity is 18000 MT.

#### **Alternate Technology Project**

Uncertainty in sourcing the required quantity of ilmenite coupled with the global economic slow down has forced your directors to decide to put on hold the implementation of the project, even though the technology transfer agreement with Regional Research Laboratory is signed and a detailed project report has been preponed. The expenditure so far incurred comes to Rs. 399.97 lakhs.

#### **Debottle-necking Scheme**

The company has implemented about 21% of the scheme incurring a capex of Rs. 346.18 lakhs. The remaining part is expected to be implemented in the current fiscal i.e. 2009-2010.

#### **Backward Integration**

The backward integration project of your company, for Beach Sand Separation and Ilmenite production which was proposed to be implemented jointly with Indian Rare Earths Limited and Kerala State Industrial Development Corporation Limited, could not make any progress during the year, as the State Government has not yet given its clearance. The progress of this project depends on the decision of the State Government. Your company has not made any investment in the project during the year.

#### **Risks, Concerns and Strength**

The risk factors, as far as your company is concerned, are the unpredictable situation in the availability and price of Ilmenite and Hydrochloric Acid, the major and critical raw materials of your company. The volatile nature of cost and foreign exchange fluctuations are also of concern.

The major strength of your company is that its products are of highest International Standards and are well accepted by the buyers. Your 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.

Skilled and dedicated work force is another strength of your company.

#### **Health, Safety and environment**

The company gives high priority to issues concerning health, safety and environment.

**Health** - The company aims to provide comprehensive health services covering preventive, promotive and curative health care to all the employees. Apart from being covered by comprehensive group health insurance scheme, the employees are also entitled to full medical reimbursements under the employees medical beneficiary scheme of the company.

**Safety** - Safety of persons overrides all other considerations. This vision drives the company continuously to look for ways to break new barriers in safety management for the benefit of all. Safety awareness programmes are regularly conducted for the employees.

**Environment** - The company aims to maintain a clean and pollution free environment. Environment impact assessment and qualitative risk analysis are conducted for all new/major expansion or diversification projects and all necessary safeguard measures are incorporated as part of the project. The

effluent treatment plants, air emission abatement units, water treatment / disposal facilities etc are maintained at better than statutory standards. The company complies with all pollution control and environment protection regulations. The company also undertakes various environment protection programmes such as tree planting, water conservation measures, water purification, energy saving initiatives etc.

The company's by-product Ferric Chloride is now widely and successfully used in water purification and effluent treatment. The company has successfully undertaken the river purification trials at pamba using Ferrous Chloride during pilgrimage season 2008-2009 and another by-product cemox clay helps in reducing the ecological problems by helping to reduce clay mining.

### **Corporate social responsibility**

The company's corporate social responsibility (CSR) philosophy revolves around its firm belief in the principles of symbiotic relationship with the local communities, recognising that the ultimate purpose of business is to serve human needs. With this vision, the company undertakes a wide range of activities to improve the living conditions of the communities living around the company. Some of the activities are:

- extending educational and medical facilities to the needy and schools in surrounding area.
- financially aiding and conducting community marriages, free eye camps and medical check up camps targeting the under privileged.
- assistances to orphanages , cultural and social events.
- supply of medical equipments to needy hospitals.
- formation of and assistance to the social welfare forum of the employees of the company which undertake a series of social welfare activities.

### **Awards and Recognitions**

(a) Excellence Award : The company during the year has won the "Excellence Award" - for pollution control measures, from the Kerala State Pollution Control Board. The company bagged the First prize in the preceding two years also for implementing effective pollution control measures.

(b) Safety Award : The 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.

### **Internal Control Systems and its Adequacy**

Your company maintains formal internal control systems and procedures which are continuously and strictly enforced. These have been designed to provide reasonable assurance with regard to providing reliable financial information, compliance with applicable statutes, safeguarding assets and ensuring adherence to Company's corporate policies. These systems and procedures, which are routinely tested and certified by your company's statutory and internal auditors and reviewed by the audit committee, are found to be adequate and effective.

### **Human Resources**

Your company values its human resources as the greatest asset and maintains harmonious industrial relations. A long term agreement with the workers is in force. Not a single man-hour was lost during the year due to industrial relation problems. The employee strength of your company as on 31<sup>st</sup> March 2009 was 375.

## ANNEXURE-IV

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of Cochin Minerals and Rutile Limited

We have examined the compliance of conditions of Corporate Governance by Cochin Minerals and Rutile Limited for the year ended on 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LAZAR & GEORGE  
CHARTERED ACCOUNTANTS

Sd/-

K.A. SAGHESH KUMAR  
Partner

ALUVA,  
20-07-2009.

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**Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct in terms of Clause 49 of the Listing Agreement**

This is to confirm that the company has adopted a code of conduct for its Board Members and Senior Management Personnel and that the company has in respect of the Financial Year ended 31st March 2009 received Affirmations from the Board Members and Sr. Management Personnel as regards compliance with the code, as applicable to them.

ALUVA,  
16.07.2009

Sd/-  
S N Sasidharan Kartha  
Managing Director

**AUDITORS' REPORT****TO THE MEMBERS OF 'COCHIN MINERALS AND RUTILE LIMITED'**

We have audited the attached Balance Sheet of "COCHIN MINERALS AND RUTILE LIMITED", as at 31<sup>st</sup> March, 2009 and also the Profit and Loss Account and the Cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub section (4A) of Section 227 of 'The Companies Act, 1956' and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the accounting policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
    - (ii) in the case of the Profit and Loss Account, of the Profit, of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow statement, of the Cash Flows of the Company for the year ended on that date.

For LAZAR & GEORGE  
CHARTERED ACCOUNTANTS

Sd/-

K.A. Saghesh Kumar  
Partner

ALUVA,  
27.05.2009



**ANNEXURE TO AUDITORS' REPORT REFERRED TO IN PARAGRAPH 1**  
**OF OUR REPORT OF EVEN DATE**

1. In respect of Fixed Assets
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) The fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company has not been affected.
2. In respect of inventories
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable.
  - b) In our opinion, the procedure of physical verification of Inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business
  - c) The company has maintained proper records of Inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to book records.
3. The company has not granted or taken any loan, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act. Therefore, clause 4 (iii)(a), (iii)(b), 4 (iii)(c) & 4 (iii)(d) of the companies (Auditors Report) order 2003 are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit no major weakness have been observed in the internal control system.
5. In respect of Transaction covered under section 301 of the Companies Act, 1956
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement, that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion the transaction made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Companies Act, have been made at prices which are reasonable having regard to the prevailing market price.
6. In our opinion and according to the information and explanations to us the company has not accepted any deposits from the public therefore provisions of 58A and 58AA of the Companies Act, 1956 and rules thereunder are not applicable to the company.
7. In our opinion the company has an adequate internal audit system, commensurate with the size and nature of its business.

8. As informed to us the Central Government has not prescribed the maintenance of cost records by the company under section 209(i)(d) of the Companies Act, 1956.
9. In respect of statutory dues
  - a) According to the information and explanations given to us, and the book and records examined by us, there are no undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty cess and other statutory dues and have been generally regularly deposited with the appropriate authorities. According to information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2009 for a period more than six months from the date of becoming payable.
  - b) According to the intimation and Explanation given to us, and the book and records examined by us, there are no disputed statutory dues of sales tax, income tax service tax customs duty, wealth tax, excise duty and Cess
10. The Company has no accumulated losses at the end of this financial year and has not incurred cash losses during this financial year or in the immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or banks.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of Security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore Clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investment.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, the term loans were used for the purposes for which these loans were raised.
17. On the basis of an overall examination of the Balance Sheet and cash Flow of the Company and the information and explanation given to us, we report that the Company has not utilised any funds raised on short term basis for long term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the Register under Section 301 of the Act.
19. The Company has not issued any debenture. Therefore, Clause 4 (xix) of the Companies (Audit Report) Order 2003 is not applicable to the Company.
20. The Company has not raised any money through a Public Issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For LAZAR & GEORGE  
CHARTERED ACCOUNTANTS

Sd/-

K.A Saghesh Kumar

Partner

ALUVA,  
27.05.2009

**BALANCE SHEET AS AT 31.03.2009**

(Rs. in Thousands)

	Schedule No.	As at 31.03.2009	As at 31.03.2008
<b>I SOURCES OF FUNDS</b>			
(1) Shareholders' funds			
(a) Share Capital	1	78,300.00	78,300.00
(b) Reserves and Surplus			
(i) Reserves	2	14,804.73	12,282.49
(ii) Surplus in Profit and Loss Account		170,768.55	136,586.96
(2) Deferred Tax Liability		8,518.42	1,842.77
(3) Loan funds			
(a) Secured Loans	3	296,489.33	224,491.38
(b) Unsecured Loans	4	49,753.77	10,934.03
<b>TOTAL</b>		<b>618,634.80</b>	<b>464,437.63</b>
<b>II APPLICATION OF FUNDS</b>			
(1) Fixed Assets	5		
(a) Gross Block		559,555.99	446,708.83
(b) Less Depreciation		319,109.62	286,857.98
(c) Net Block		240,446.37	159,850.85
(d) Capital Work in Progress		49,476.73	99,286.89
(2) Investments	6	138,386.04	138,386.04
(3) Current Assets, loans and advances :	7		
(a) Inventories		63,450.01	72,414.64
(b) Sundry Debtors		76,760.38	26,711.68
(c) Cash and Bank Balances		98,771.31	18,425.06
(d) Other Current Assets		0.00	8.29
(e) Loans and Advances		45,103.43	42,815.82
Less : Current Liabilities & Provisions	8		
(a) Liabilities		68,057.63	75,289.12
(b) Provisions		25,701.84	18,172.52
Net Current Assets		190,325.66	66,913.85
(4) Miscellaneous Expenditure to the extent not written off or adjusted			0.00
<b>TOTAL</b>		<b>618,634.80</b>	<b>464,437.63</b>

Place : Aluva  
27.05.2009As per Annexed Report of even date  
For **LAZAR & GEORGE**  
Chartered AccountantsSd/-  
R.K. Garg  
ChairmanSd/-  
S.N. Sasidharan Kartha  
Managing DirectorSd/-  
GR. Warriar  
DirectorSd/-  
Dr. A. Besant C. Raj  
DirectorSd/-  
**Saghesh Kumar K. A.**  
PartnerSd/-  
A.J. Pai  
DirectorSd/-  
Venu Nallur  
DirectorSd/-  
Jaya S Kartha  
DirectorSd/-  
Suresh Kumar P.  
General Manager (Finance)Sd/-  
K.P. Thomas  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009**

(Rs. in Thousands)

	Schedule No.	For the year ended 31.03.2009	For the year Ended 31.03.2008
<b>INCOME</b>			
Sales	9	1,236,488.71	877,146.16
Other Income	10	7,717.21	3,495.43
Stock Differential	11	(18,846.37)	13,207.18
		<b><u>1,225,359.55</u></b>	<b><u>893,848.77</u></b>
<b>EXPENDITURE</b>			
Raw Material Consumed	12	497,640.62	444,123.55
Power, Fuel, Water, Chemicals, Stores & Spares and Packing Materials Consumed	13	280,253.91	189,513.57
Payments to Employees	14	87,055.82	76,097.51
Repairs and Maintenance	15	25,343.90	20,866.33
Excise Duty and Sales Tax Paid		28,786.09	37,613.22
Foreign Exchange Loss net of premium		68,790.29	
Administrative Expenses	16	21,589.58	18,225.90
Selling and Distribution Expenses	17	58,272.59	43,749.85
		<b><u>1,067,732.80</u></b>	<b><u>830,189.93</u></b>
<b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>		<b>157,626.75</b>	<b>63,658.84</b>
Less: -			
Depreciation	5	33,296.43	22,430.67
Interest	18	28,658.06	22,100.73
Provision for Bad Debts		326.72	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>95,345.54</b>	<b>19,127.44</b>
Provision for Taxation		36,600.00	11,088.00
Deferred Tax Liability written off		6,675.64	(9,776.26)
Fringe Benefit Tax		1,625.00	1,247.71
<b>NET PROFIT AFTER TAXES</b>		<b>50,444.90</b>	<b>16,567.99</b>
Add: NET PROFIT AS PER PREVIOUS BALANCE SHEET		136,586.96	131,840.22
<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>		<b><u>187,031.86</u></b>	<b><u>148,408.21</u></b>

Place : Aluva  
27.05.2009As per Annexed Report of even date  
For **LAZAR & GEORGE**  
Chartered AccountantsSd/-  
R.K. Garg  
ChairmanSd/-  
S.N. Sasidharan Kartha  
Managing DirectorSd/-  
GR. Warriar  
DirectorSd/-  
Dr. A. Besant C. Raj  
DirectorSd/-  
**Saghesh Kumar K. A.**  
PartnerSd/-  
A.J. Pai  
DirectorSd/-  
Venu Nallur  
DirectorSd/-  
Jaya S Kartha  
DirectorSd/-  
Suresh Kumar P.  
General Manager (Finance)Sd/-  
K.P. Thomas  
Company Secretary

## PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31.03.2009

	As on 31.03.2009	(Rs. in Thousands) As on 31.03.2008
Balance in P&L Account		
1 As per Last Balance Sheet	136,586.96	131,840.22
2 Profit for the year	<u>50,444.90</u>	<u>16,567.99</u>
	187,031.86	148,408.21
Less: Proposed Dividend(15%)	11,745.00	9,396.00
Dividend Tax	1,996.06	1,596.85
Transfer to General Reserve (5 %)	<u>2,522.25</u>	<u>828.40</u>
Balance in Profit & Loss Account	<u><u>170,768.55</u></u>	<u><u>136,586.96</u></u>

### SCHEDULE-1

	As on 31.03.2009	(Rs. in Thousands) As on 31.03.2008
<b>SHARE CAPITAL</b>		
<u>Authorised</u>		
1,00,00,000 Equity Shares of Rs. 10/- each	<u>100,000.00</u>	<u>100,000.00</u>
<u>Issued and Subscribed</u>		
78,30,000 Equity Shares of Rs.10/- each fully called up	<u>78,300.00</u>	<u>78,300.00</u>
	<u><u>78,300.00</u></u>	<u><u>78,300.00</u></u>

### SCHEDULE-2

	As on 31.03.2009	(Rs. in Thousands) As on 31.03.2008
<b>RESERVES AND SURPLUS</b>		
Capital Reserve	44.30	44.30
Investment Subsidy - State	1,500.00	1,500.00
General Reserve	<u>13,260.43</u>	<u>10,738.19</u>
	<u><u>14,804.73</u></u>	<u><u>12,282.49</u></u>

### SCHEDULE-3

	As on 31.03.2009	(Rs. in Thousands) As on 31.03.2008
<b>SECURED LOANS</b>		
a) IDBI - IDBI Term Loan	127,000.00	92,600.00
b) KSIDC - KSIDC Term Loan	15,179.40	24,175.47
c) <b>Bank of Baroda, Aluva</b>		
Cash Credit from Bank of Baroda, Aluva against hypothecation of raw materials, stock in process and finished goods, Stores, Spares & Consumables	154,309.93	107,715.91
	<u>296,489.33</u>	<u>224,491.38</u>

### SCHEDULE-4

	As on 31.03.2009	(Rs. in Thousands) As on 31.03.2008
<b>SUMITOMO TRADE ADVANCE</b>		
a) <b>Trade Advance</b>		
Advance received from Sumitomo Corpn.	49,753.77	10,934.03
	<u>49,753.77</u>	<u>10,934.03</u>

**SCHEDULE 5****FIXED ASSETS****(Rs. in Thousands)**

		<b>GROSS BLOCK</b>				<b>DEPRECIATION</b>				<b>NET-BLOCK</b>	
Sl No	ASSETS	At Cost As on 1st April 2008	Additions during 1.4.08-31.03.09	Deductions during 1.4.08-31.03.09	Gross Block as at 31st March 2009	As on 1st April 2008	Deductions during 1.4.08-31.03.09	Depreciation for the period 1.4.08-31.03.09	Depreciation as on 31 <sup>st</sup> March 2009	Net Fixed Assets as on 31 <sup>st</sup> March 2009	Net Fixed Assets as on 31 <sup>st</sup> March 2008
1	Land & Develop.	18,434.69	2,000.00	-	20,434.69	0.00	-	-	0.00	20,434.69	18,434.69
2	Buildings	81,906.19	5,519.25	-	87,425.44	41,131.60	-	4,627.29	45,758.89	41,666.55	40,774.59
3	Plant & Machinery	315,028.16	101,660.52	-	416,688.68	223,625.28	-	26,100.02	249,725.30	166,963.38	91,402.87
4	Furniture, Office Equipments & other Assets	13,384.89	2,276.54	-	15,661.43	9,761.65	-	963.15	10,724.80	4,936.63	3,623.24
5	Vehicles & material handling equipments	17,954.90	2,535.94	1,145.09	19,345.75	12,339.45	1,044.79	1,605.97	12,900.63	6,445.12	5,615.46
		<b>446,708.83</b>	<b>113,992.25</b>	<b>1,145.09</b>	<b>559,555.99</b>	<b>286,857.98</b>	<b>1,044.79</b>	<b>33,296.43</b>	<b>319,109.62</b>	<b>240,446.37</b>	<b>159,850.85</b>

SCHEDULE - 6

## INVESTMENTS

(Rs. in Thousands)

As on 31.03.2009

As on 31.03.2008

A) Quoted

Non-trade, Fully Paid 6,000 Nos. of Equity Shares of Bank of Baroda @ Rs.85/- each (Market value Rs.234.55 per share)	510.00	510.00
(Market value 31.03.08 Rs.283.35 per share)		
Investment in KEIL - Share Capital	1750.00	1750.00
Investment in Kerala Rare Earths and Minerals Limited		
i) Share Capital	100.00	100.00
ii) Share Application Money pending allotment	136,026.04	136,026.04
	<u>138,386.04</u>	<u>138,386.04</u>

SCHEDULE - 7

## CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in Thousands)

As on 31.03.2009

As on 31.03.2008

CURRENT ASSETSA. Inventories

(At cost as certified by the Management)

a) Stores, Spares & Packing Materials	12,061.33	16,741.74
Fuel and Chemicals	3,238.62	4,468.78
Finished Goods	2,060.31	21,225.15
Raw Materials	43,747.14	27,954.83
Work in Progress	2,342.61	2,024.14
	<u>63,450.01</u>	<u>72,414.64</u>
b) <u>Sundry Debtors (Unsecured, Considered Good)</u>		
a) Debtors outstanding for a period exceeding 6 months	316.13	453.81
b) Other debts	76,444.25	26,257.87
	<u>76,760.38</u>	<u>26,711.68</u>
c) <u>Cash and Bank Balances</u>		
Cash in hand	156.16	269.59
<u>Bank Balance</u>		
a) With scheduled banks on call accounts	81,162.52	13,577.05
b) With scheduled banks on unpaid dividend	1,550.33	1,330.29
c) With scheduled banks on deposit account	15,902.30	3,248.13
	<u>98,771.31</u>	<u>18,425.06</u>

d) <u>Other Current Assets</u>		
Interest accrued	0.00	8.29
	<u>0.00</u>	<u>8.29</u>
<b>B. LOANS AND ADVANCES</b>		
a) Advances recoverable in cash or in kind or for value to be received	25,686.70	20,600.85
b) Input Tax Credit and CST, duty receivable	13,319.32	17,870.81
c) Balance with Customs	5,131.77	2,594.32
d) Entry Tax	1.26	1,629.42
e) Tax Deducted at Source	358.52	51.92
f) Interest Suspense	605.86	68.50
	<u>45,103.43</u>	<u>42,815.82</u>

**SCHEDULE - 8**

(Rs. in Thousands)

**CURRENT LIABILITIES AND PROVISIONS**

	As on 31.03.2009	As on 31.03.2008
<b>A Current Liabilities</b>		
1) Sundry Creditors	53,356.24	64,962.33
2) Advance from Customers	273.10	244.68
3) Other Liabilities	14,428.29	10,082.11
	<u>68,057.63</u>	<u>75,289.12</u>
<b>B Provisions</b>		
1) Proposed Dividend	11,745.00	9,396.00
2) Dividend Tax	1,996.06	1,596.85
3) Provision for Taxation	9,463.00	3,307.61
4) Provision for Annual Leave Encashment	2,497.78	3,872.06
	<u>25,701.84</u>	<u>18,172.52</u>

**SCHEDULE - 9****SALES**

(Rs. in Thousands)

	For the year ended 31.03.2009		For the year ended 31.03.2008	
	Quantity (in MT)	Value (in Rs.)	Quantity (in MT)	Value (in Rs.)
Synthetic Rutile	35,460.556	1,159,081.46	31,937.350	853,544.92
Ferric Chloride	11,751.435	70,936.98	4,927.025	16,816.64
Ferrous Chloride	50,394.100	4,044.74	44,490.590	3,055.41
Synthetic Rutile Low Grade	111.830	2,425.53	467.255	3,729.19
		<u>1,236,488.71</u>		<u>877,146.16</u>



**SCHEDULE - 10****OTHER INCOME****(Rs. in Thousands)**

	As on 31.03.2009	As on 31.03.2008
Interest on Deposit	1,543.05	380.31
Sales on Ilmenite Tailings/used oil(scrap)	1,063.82	2,276.30
Interest on Bonds	-	47.50
Dividend on BOB Share	48.00	18.00
Profit/Loss on sale of vehicle	167.20	236.35
Quality Bonus from Ishihara Techno Corpn	230.92	97.58
Exchange Difference in Sales realisation	2,363.94	222.11
Profit on cancellation of FWD contract	-	61.25
Exchange Difference in BOB EEFC	2,178.16	(3.01)
Exchange Difference in Trade Adv. Repty	122.12	156.34
Subsidy on Biogas Plant Installed	-	2.70
	<b>7,717.21</b>	<b>3,495.43</b>

**SCHEDULE - 11****STOCK DIFFERENTIAL****(Rs. in Thousands)**

	As on 31.03.2009	As on 31.03.2008
<u>Opening Stock</u>		
Finished Goods	21,225.15	5,566.66
Work in Progress	2,024.14	4,475.45
	<b>23,249.29</b>	<b>10,042.11</b>
<u>Less : Closing Stock</u>		
Finished Goods	2,060.31	21,225.15
Work in Progress	2,342.61	2,024.14
	<b>4,402.92</b>	<b>23,249.29</b>
Stock Differential Increase/(Decrease)	<b>(18,846.37)</b>	<b>13,207.18</b>

**BREAK UP OF OPENING AND CLOSING STOCK OF FINISHED GOODS**

	OPENING STOCK		CLOSING STOCK	
	Quantity (in MT)	Value (Rs.)	Quantity (in MT)	Value (Rs.)
Synthetic Rutile	910.170	20,694.54	52.390	1,418.96
	(187.520)	(4,620.70)	(910.170)	(20,694.54)
Ferric Chloride	573.000	513.32	564.565	596.54
	(957.075)	(939.07)	(573.000)	(513.32)
Ferrous Chloride	486.385	17.29	1,492.285	44.81
	(201.975)	(6.88)	(486.385)	(17.29)
		<b>21,225.15</b>		<b>2,060.31</b>
		<b>(5,566.65)</b>		<b>(21,225.15)</b>

**SCHEDULE - 12**

	(Rs. in Thousands)	
	As on 31.03.2009	As on 31.03.2008
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	27,954.83	27,328.33
Add: Purchases	513,432.93	444,750.05
	<u>541,387.76</u>	<u>472,078.38</u>
Less : Closing Stock	43,747.14	27,954.83
	<u><b>497,640.62</b></u>	<u><b>444,123.55</b></u>

**PARTICULARS OF MAJOR RAW MATERIALS AND FUEL CONSUMED**

	Quantity (in MT)	Value (Rs.)
Ilmenite	60,534.891	305,730.27
	(56,771.728)	(244,104.07)
Coke, Charcoal	7,068.114	38,623.71
	(6,627.925)	(29,010.05)
Hydrochloric Acid	82,595.000	147,703.12
	(76,628.500)	(168,700.40)
Chlorine	1,126.700	5,583.52
	(419.400)	(2,309.03)
		<u>497,640.62</u>
		<u>(444,123.55)</u>

**Fuel**

Furnace Oil (Kilo Litres)	4,585.326	107,926.62
	(4,410.827)	(77,520.89)
Diesel (Kilo Litres)	249.561	8,415.99
	(237.792)	(7,620.12)
		<u>116,342.61</u>
		<u>(85,141.01)</u>

(Figures in brackets indicate previous year's figures)

**SCHEDULE - 13****CONSUMPTION OF POWER, FUEL, WATER, STORES, SPARES AND PACKING MATERIALS**

	(Rs. in Thousands)	
	As on 31.03.2009	As on 31.03.2008
Power and Water	24,136.16	20,150.38
Fuel	116,342.60	85,141.01
Chemicals (ETP)& Sludge handling	90,371.83	59,464.49
Stores, Spares, consumables and Packing Materials	49,403.32	24,757.69
	<u><b>280,253.91</b></u>	<u><b>189,513.57</b></u>

SCHEDULE - 14

## PAYMENTS TO EMPLOYEES

(Rs. in Thousands)

	As on 31.03.2009	As on 31.03.2008
Salaries & Allowances	61,300.91	55,145.19
Contribution to Provident & other funds	8,020.19	6,281.20
Staff Welfare and Canteen Expenses	17,734.72	14,671.12
	<u>87,055.82</u>	<u>76,097.51</u>

SCHEDULE - 15

## REPAIRS AND MAINTENANCE

(Rs. in Thousands)

	As on 31.03.2009	As on 31.03.2008
Repairs to Building	5,839.02	3,540.18
Repairs to others (including vehicle)	2,364.97	2,255.83
Repairs to Plant and Machinery	17,139.91	15,070.32
	<u>25,343.90</u>	<u>20,866.33</u>

SCHEDULE - 16

## ADMINISTRATIVE EXPENSES

(Rs. in Thousands)

	As on 31.03.2009	As on 31.03.2008
Laboratory and factory general expenses	1,008.90	1,096.04
Insurance	2,132.34	2,029.89
Rates & Taxes	985.25	1,291.97
Postage, Telephone & Telex	1,013.54	1,126.76
Printing and Stationery	650.38	591.24
Rent	90.00	80.85
Traveling Expenses	2,191.66	3,341.55
Auditors' Remuneration:		
1. Statutory Audit	27.50	27.50
2. Tax Audit	7.50	7.50
Managerial Remuneration	4,756.00	1,680.00
Director's Sitting Fee/ Commission	951.00	525.00
Legal and Professional Charges	3,110.29	2,147.77
Miscellaneous Expenses	2,705.27	3,026.65
Advertisement Expenses	1,926.90	1,232.18
ISO Expenses	33.05	21.00
	<u>21,589.58</u>	<u>18,225.90</u>

**SCHEDULE - 17**

(Rs. in Thousands)

**SELLING AND DISTRIBUTION EXPENSES**

	As on 31.03.2009	As on 31.03.2008
1. Shipping transportation and freight clearing and forwarding, including Terminal Handling Charges	37,057.44	28,619.31
2. Sales Commission	8,066.13	4,643.53
3. Sales Promotion Expenses	13,149.02	10,487.01
	<u>58,272.59</u>	<u>43,749.85</u>

**SCHEDULE - 18**

(Rs. in Thousands)

**INTEREST AND FINANCE CHARGES**

	As on 31.03.2009	As on 31.03.2008
1. Interest on Term Loans	12,623.35	7,857.46
2. Interest on Cash Credit/Packing Credit	7,872.12	7,059.45
3. Bank Charges	6,653.15	5,770.52
4. Hire Purchase Interest	135.68	102.60
5. Interest on Trade Advance	1,373.76	1,310.70
	<u>28,658.06</u>	<u>22,100.73</u>

**SCHEDULE - 19**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ATTACHED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009.**

1. Significant Accounting Policies
  - a) Accounting Convention
 

The financial statements are prepared under historical cost convention and in accordance with the relevant accounting standards, except where stated otherwise. Revenues are recognised and expenses accounted on their accrual with necessary provisions for all known liabilities and losses, unless otherwise stated.
  - b) Fixed Assets and Depreciation
    - i) Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of self constructed fixed assets comprise those costs that relate directly to the specific assets and those that are attributable to the construction activity in general and can be allocated to the specific asset. Financing Costs relating to borrowed funds attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition are capitalised.
    - ii) Depreciation on fixed assets has been determined in the manner and at the rates

specified in the schedule XIV of the Companies Act, 1956, on the written down value method.

c) Investments

Investments are stated at cost. Earnings on investments are accounted on accrual basis, except dividend on shares.

d) Inventories

- i) The stock of raw materials, works in process and consumable stores have been valued at cost. Here cost means in the case of raw materials and consumable stores weighted average cost and for work in process technically estimated cost.
- ii) Finished goods have been valued at the lower of cost (weighted average) or net realisable value.

e) Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of transaction. Payments made in foreign currency are converted at the rate prevailing on the date of remittance. Gain/loss arising out of fluctuation is accounted for on realisation.

f) Retirement and Other Benefits

Retirement benefits are accounted for on accrual basis.

The company's liability towards gratuity of employees is covered by a group gratuity policy with the Life Insurance Corporation of India and the premium is charged to the profit and loss account. The accrued liability is actuarially assessed and intimated by the Life Insurance Corporation of India annually.

The company contributes to Employees Provident Fund Scheme maintained by the Central Government.

Provision for leave encashment as per Company rules is made on the basis of actuarial valuation.

Short term employee benefits are charged off in the year in which the related service is rendered

g) Revenue Recognition

Sales are recognised on despatch of goods from factory/ware house. Sales include Excise duty and Sales tax and are net off discount.

Dividend income on investments is accounted for when the right to receive the payment is established.

Interest income is recognised on a time proportionate basis considering the amount outstanding and rate applicable.

h) Research and Development Expenses

Revenue expenditure on Research and Development are charged to Profit and Loss account in the year in which the same are incurred.

i) Taxation

Provision for current tax is made on the basis of assessable Income under the Income tax 1961. Deferred tax resulting from Timing Difference between book profit and taxable profit is accounted on the basis of the rules & laws that have been enacted or substantially enacted as on the balance sheet date.

j) Borrowing Cost

Borrowing Costs are charged to Profit and Loss account except in cases where the

borrowing costs are directly attributable to the acquisition, construction, production of qualifying asset. The qualifying asset is one that necessarily takes substantial time to get ready for intended use.

## 2. Notes on Accounts

- a) Term Loans from financial Institutions are secured by pari passu charge by way of hypothecation of all the Company's immovable properties such as land, building, plant and machinery etc. and movables (Save and except inventories of all nature book debts and other current assets which form part of the primary security towards the working capital advances in the ordinary course of the business) including movable machinery, machinery spares, tools & accessories, present and future and second charge on the Company's stocks of raw-materials, consumable stores, book debts and such other movables. The Managing Director, Mr. S.N. Sasidharan Kartha and Vice Chairman, Mr. Mathew .M. Cherian have personally guaranteed the whole amount of such loans.
- b) Cash Credit/Packing Credit advances from Bank of Baroda are secured by a second charge on the fixed assets and first charge on all the Company's stock of raw-materials, consumable stores, finished goods, work in progress, debtors etc. both present and future and guaranteed personally by the Managing Director, Mr. S. N. Sasidharan Kartha and Vice Chairman, Mr. Mathew M Cherian.

### c) Contingent Liabilities Not Provided for

- i) Bank Guarantees issued on behalf of the Company by Bank of Baroda outstanding as on 31/03/2009 is Rs.1,10,33,139/- (Rs. 1,10,33,139/- as on 31/03/2008) for which the Company has given counter guarantee.

- ii) Bills discounted not maturing on:

31/03/2009	-	Rs.4,69,15,859.00
31/03/2008	-	Rs.8,48,18,472.00

### d) Managerial Remuneration

Remuneration to Managing Director

	<b>31/03/2009</b>	<b>31/03/2008</b>
	(Rs)	(Rs)
Salary	Rs.45,76,000.00	Rs.15,00,000.00
PF Contribution	Rs. 1,80,000.00	Rs. 1,80,000.00
<b>Total</b>	<b>Rs.47,56,000.00</b>	<b>Rs.16,80,000.00</b>

- e) Previous year's figures have been regrouped wherever necessary so as to be in conformity with the current year's layout.

- f) Details pursuant to clause 4C of Part II of Schedule VI to the Companies Act, 1956.

		<b>For the Year ended 31/03/2009</b>	<b>For the year ended 31/03/2008</b>
Synthetic Rutile	MT	45000.00	36000.00
	Licensed Capacity	45000.000	36000.000
	Installed Capacity	45000.000	36000.000

		Actual Production	34602.776	32660.000
Ferric Chloride	MT	Licensed Capacity	24000.000	24000.000
		(90% Solid)	(90% Solid)	
		Installed Capacity	25000.000	25000.000
		(40% Soln.)	(40% Soln.)	
		Actual Production	11,743.00	4542.950
		(40% Soln.)	(40% Soln.)	
Recovered	MT	Licensed Capacity	1000.000	1000.000
Titanium Dioxide		Installed Capacity	1000.000	1000.000
		Actual Production	0.000	0.000
Ferrous Chloride	MT	Licensed Capacity	72000.000	72000.000
		Installed Capacity	72000.000	72000.000
		Actual Production	51400.000	44775.000

## g) Earnings in Foreign Currency

			<b>For the Year ended 31.03.2009</b>	<b>For the year ended 31.03.2008</b>
Export of Goods }	Indian		Rs.96,69,55,254.00	Rs.64,91,87,131.00
calculated on }	US\$		(2,22,87,748.00)	(1,60,22,927.50)
FOB Basis }				

## h) (i) CIF Value of Imports

			<b>For the Year ended 31.03.2009</b>	<b>For the Year ended 31.03.2008</b>
Capital }	Indian Rs		-	Rs. 4,51,412.00
Goods }	JPY		-	(4,10,000.00)
	EURO		-	(5,180.00)

			<b>For the Year ended 31.03.2009</b>	<b>For the Year ended 31.03.2008</b>
Consumables	Indian Rs.		1,92,26,763.00	1,72,50,036.00
	US\$		(4,20,486.50)	(4,28,015.090)

## (ii) Expenditure in Foreign Currency

			<b>For the Year ended 31.03.2009</b>	<b>For the Year ended 31.03.2008</b>
a) Foreign }	Indian Rs.		-	4,39,382.00
Travel }	US\$		-	(9500)
(Directors) }	AED		-	(140)

(including loss on exchange rate variation)

- |    |  |                               |   |  |
|----|--|-------------------------------|---|--|
| b) | Other Expenses   | Indian<br>US\$<br>JPY<br>UK £ | Rs.21,81,471.00<br>(47264.88)<br>-<br>- | Rs.1,18,284.00<br>(877.00)<br>(87000.00)<br>(635.80) |
| c) | Trade advance<br>Repayment<br>(Principal and Interest) | Indian Rs.<br>US \$           | 1,53,16,515.00<br>(3,56,089.04)         | 1,90,89,970.00<br>(4,40,984.79)                      |
- i) Excise Duty payable on Stock of Finished Goods Rs.1,77,664/- (previous year Rs.1,17,351.00) is provided for and included in the value of stock of finished goods.
- j) Outstanding Dues as on 31.03.2009
- |    |  |                   |
|----|--|-------------------|
| a) | Outstanding dues to SSI Units                                      | Rs.1,10,136.00    |
| b) | Outstanding dues to other than SSI Units                           | Rs.5,32,46,108.78 |
| c) | SSI Units to whom the Company owed a sum for more than thirty days | Nil               |
- k) Details of related Party Disclosures.

Sl: No	Name of the related party	Transaction Value (Rs in 000's)	Nature of transaction	Relationship
1	Sach Exports Pvt Ltd	4,537.82 (3449.90)	Supply of goods ie. Raw material, Packing material, curry powder and cement on cash basis.	Key mgmt personnel

- l) Unpaid dividend amounts for 2002-03 Rs.4,06,602/- and 2006-07 Rs.5,35,935/- and 2007-08 Rs. 6,07,791/- are deposited in separate accounts with the company's bank and are included in other liabilities.
- m) There was no loans and advances in the nature of loans given to subsidiaries and associates etc.
- n) There was no investment by any loanee in the shares of the company.
- o) Details of Auditors' Remuneration.

	2008-09 (Rs)	2007-08 (Rs)
Statutory Audit	27,500.00	27,500.00
Tax Audit	7,500.00	7,500.00
Total	35,000.00	35,000.00

- p) In the opinion of the management, all the Current Assets, Loans and Advances have a value on realisation in ordinary course of business at least equal to the amount at which these are stated.



q) Earnings per Share :  
(AS - 20)

	2008-09 (Rs)	2007-08 (Rs)
Profit after tax as per profit and Loss Account.	Rs.5,04,44,899.86	Rs. 16,567,992.57
Weighted averaged number of Equity share outstanding.	78,30,000.00	78,30,000.00
Earnings per share.	6.44	2.12

Place : Aluva  
27.05.2009

As per Annexed Report of even date  
For **LAZAR & GEORGE**  
Chartered Accountants

Sd/-  
R.K. Garg  
Chairman

Sd/-  
S.N. Sasidharan Kartha  
Managing Director

Sd/-  
GR. Warriar  
Director

Sd/-  
Dr. A. Besant C. Raj  
Director

Sd/-  
**Sagshesh Kumar K. A.**  
Partner

Sd/-  
A.J. Pai  
Director

Sd/-  
Venu Nallur  
Director

Sd/-  
Jaya S Kartha  
Director

Sd/-  
Suresh Kumar P.  
General Manager (Finance)

Sd/-  
K.P. Thomas  
Company Secretary

### **Balance sheet abstract and Company's general business profile as required in Part IV of Schedule VI of the Companies Act, 1956**

Balance sheet abstract and Company's general business profile as required in Part IV of Schedule VI of the Companies Act, 1956 is appended herein below:

**I. Registration Details** : Registration No. 05452 of 1989  
State Code No. 09  
Balance Sheet Date 31.03.2009

**II. Capital raised during the year** **Rs. (in Thousands)**

Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Private placement	Nil

**III. Position of mobilisation & deployment of Funds**

Total liabilities	618634.80
Total assets	618634.80
<b>Sources of funds</b>	
Paid up capital	78300.00
Reserves & Surplus	185573.28
Secured loans	296489.33

Unsecured loans	49753.77
Deferred Tax Liability	8518.42
<b>Application of funds</b>	
Net fixed assets	289923.11
Investments	138386.04
Net current assets	190325.65
Miscellaneous expenditure	Nil
Accumulated losses	Nil
<b>IV. Performance of the Company</b>	
Turnover/other income	1244205.92
Total expenditure	1148860.38
Profit/(loss) before tax	95345.54
Profit/(loss) after tax	50444.90
Earnings per share in Rs.	6.44
Dividend rate %	15%

**V. Generic names of four principal product of the Company  
(as per monetary terms)**

Item Code No. (ITC Code)	Product Description
26.14	Beneficiated Ilmenite (Synthetic Rutile)
28.27	Ferric Chloride
28.23	Recovered TitaniumDioxide
28.27	Ferrous Chloride

Place : Aluva  
27.05.2009

As per Annexed Report of even date  
For **LAZAR & GEORGE**  
Chartered Accountants

Sd/-  
R.K. Garg  
Chairman

Sd/-  
S.N. Sasidharan Kartha  
Managing Director

Sd/-  
GR. Warriar  
Director

Sd/-  
Dr. A. Besant C. Raj  
Director

Sd/-  
**Sagshesh Kumar K. A.**  
Partner

Sd/-  
A.J.Pai  
Director

Sd/-  
Venu Nallur  
Director

Sd/-  
Jaya S Kartha  
Director

Sd/-  
Suresh Kumar P.  
General Manager (Finance)

Sd/-  
K.P. Thomas  
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2009

	(Rs. in Thousands)	
	2008-2009	2007-2008
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit/(Loss) Before Tax And Extraordinary Items	95,345.54	19127.43
Adjustments For:		
Add: Depreciation	33,296.43	22430.68
Interest Expense	28,658.06	22100.73
Bad Debts	326.72	0.00
Less: Dividend	48.00	18.00
Profit/(Loss) On Sale Of Vehicle	167.20	236.35
Interest Income On:		
Deposit	1,543.05	380.31
Bond		47.50
Exchange Rate Difference In Bob EEFC	2,178.15	(3.01)
Operating Profit Before Working Capital Changes	153690.35	62979.69
Adjustments For :		
(Increase)/Decrease In Trade And Other Receivables	(52,654.74)	24323.11
(Increase)/Decrease Inventories	8,964.62	(16878.96)
Increase/(Decrease) In Trade Payables	37,988.26	74409.44
Cash Generated From Operations	147988.49	144833.28
Interest On Income Tax Refund		
Cash Flow Before Extra Ordinary Items	147988.49	144833.28
Cash Flow After Extra Ordinary Item	147988.49	144833.28
Interest Paid (Excluding Interest On Term Loans)	(14,525.27)	(12829.97)
Income Tax Paid	(32,069.62)	(12732.58)
<b>Net Cash Generated From Operating Activities</b>	<b>101393.60</b>	<b>119270.73</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase Of Fixed Assets	(64,182.09)	(98574.76)
Sale Of Fixed Assets	267.50	352.52
Purchase Of Investments	-	-
Sale Of Investments	-	500.00
Dividend	48.00	18.00
Interest On Investments :		
Deposit	1,543.05	380.32
Bond	0.00	47.50
<b>Net Cash Generated/(Used) In Investing Activities</b>	<b>(62323.54)</b>	<b>(97276.42)</b>
<b>C. Cash Flow From Financing Activities</b>		
Unsecured Loans	52,762.50	
Proceeds From Issue Of Share Capital		-
Proceeds From Long Term Borrowings:	60000.00	60000.00

Unsecured Loans (Directors)		
From Financial Institutions (IDBI, UTI)		
Accrued Interest		
Repayment Of Unsecured Loan From Customer	(13,942.76)	(17136.04)
Repayment Of Long Term Borrowings		
Financial Institutions	(34,596.07)	(29301.30)
Interest On Delayed Payment On Share Final Call		
Dividend Paid	(10992.85)	(10992.85)
Interest Paid On Term Loan	(14,132.79)	(10786.91)
<b>Net Cash Generated/(Used) In Financing Activities</b>	<b>39098.03</b>	<b>(8217.10)</b>
Net Increase/(Decrease) In Cash And Cash Equivalents	78168.09	13777.21
Cash And Cash Equivalents As At 1.4.2008	18,425.06	4650.86
Less Adjustment For Prior Period Item		
Adjusted Cash And Cash Equivalents As At 01.04.2008	18,425.06	4650.86
Adjusted Cash And Cash Equivalents As At 31.3.2009	96593.15	18428.07
Exchange Rate Loss	2178.16	(3.01)
Cash And Cash Equivalents As At 31.3.2009	98771.31	18425.06

## Notes:

A. Profit/(Loss) as per Profit & Loss Account	95345.54	19127.43
Add: Preliminary expenses written off		
	<b>95345.54</b>	<b>19127.43</b>

B. Cash and cash equivalent at the end of the period include Term Deposit of Rs. 15,902,325.00.00 (31st March 2008 Rs. 3,248,128.00) kept with Bank of Baroda, Aluva, as margin for Bank guarantees issued in favour of the Company. This amount is not easily available.

Place : Aluva  
27.05.2009

As per Annexed Report of even date  
For **LAZAR & GEORGE**  
Chartered Accountants

Sd/-  
R.K. Garg  
Chairman

Sd/-  
S.N. Sasidharan Kartha  
Managing Director

Sd/-  
GR. Warriar  
Director

Sd/-  
Dr. A. Besant C. Raj  
Director

Sd/-  
**Saghesh Kumar K. A.**  
Partner

Sd/-  
A.J. Pai  
Director

Sd/-  
Venu Nallur  
Director

Sd/-  
Jaya S Kartha  
Director

Sd/-  
Suresh Kumar P.  
General Manager (Finance)

Sd/-  
K.P. Thomas  
Company Secretary



# COCHIN MINERALS AND RUTILE LIMITED

P.B. NO.73, VIII/224, MARKET ROAD,

ALUVA

## FORM OF PROXY

Folio No./DP-ID No .....

No. of Shares held .....

I/We .....

of .....

being a member/members of the above named Company hereby appoint .....

of .....

or failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on 14<sup>th</sup> September, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Signature  
across the stamp

Re. 1  
R. Stamp

**Note:-** This instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time of holding the meeting.

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## COCHIN MINERALS AND RUTILE LIMITED

P.B. NO.73, VIII/224, MARKET ROAD,

ALUVA

### ATTENDANCE SLIP

Please complete this attendance slip before you come to the meeting and hand it over at the entrance of the Meeting Hall

1. Name of Share Holder .....  
(In Block Letters)
2. Member's Register Folio/D.P-ID Number .....
3. Name of Proxy (in Block Letters) .....  
(To be filled in if the proxy attends instead of Member)
4. No. of shares held .....

I hereby record my presence at the Twentieth Annual General Meeting at the **Priyadarshini Municipal Town Hall** at Thottakkattukara, Aluva, Ernakulam District, on 14<sup>th</sup> September 2009.

Member's/proxy's Signature