

COCHIN MINERALS AND RUTILE LIMITED

BOARD OF DIRECTORS



COCHIN MINERALS AND RUTILE LIMITED

AN ISO 9001:2008 COMPANY

ANNUAL REPORT 2010-2011

COCHIN MINERALS AND RUTILE LIMITED

BOARD OF DIRECTORS

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

AUDITORS

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

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

LEGAL ADVISORS

M/s. Menon & Pai
Advocates,
Ernakulam.

BANKERS

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

REGISTRARS & SHARE TRANSFER AGENTS

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

REGISTERED OFFICE

P.B.No. 73, VIII/224, Market Road,
Aluva - 683 101.

FACTORY

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

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 22nd Annual General Meeting of Cochin Minerals and Rutile Limited will be held on Friday, the 26th August, 2011 at 10.00 A.M. at the Priyadarshini Municipal Town Hall, Thottakkattukara, Aluva, Ernakulam District, Kerala to transact the following business:

AS ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the audited accounts of the Company for the financial year ended 31st March 2011 together with Directors' Report and Auditors' Report, thereon.

2. Declaration of Dividend

To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that pursuant to the recommendation of the Board of Directors, a dividend at the rate of ₹ 1.75 (One Rupee Seventy Five Paise Only) per equity share of ₹ 10/- paid up be and is hereby declared out of the current profits for the year ended 31st March 2011 and the same be paid to the equity shareholders whose name appear in the Register of Members as on the date of book closure on 17th August, 2011".

3. Appointment of Directors

To appoint Directors in place of Shri. R K Garg, Shri. G R Warriar and Smt. Jolly Cherian who retire by rotation. Smt. Jolly Cherian is not seeking reappointment. Shri. R.K. Garg & Shri G.R. Warriar being eligible have offered themselves for reappointment and in this connection:

To consider and if thought fit, to pass with or without modification, the following resolutions as ordinary resolutions.

- (a) "RESOLVED that the retiring Director, Shri. R K Garg be and is hereby reappointed as Director of the Company subject to retirement by rotation."
- (b) "RESOLVED that the retiring Director, Shri. G R Warriar be and is hereby reappointed as Director of the Company subject to retirement by rotation."

4. Appointment of Auditors

To appoint the Auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED that pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Saghesh Kumar KA, Chartered Accountant, Aluva be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the Company to the conclusion of the next Annual General Meeting, on a remuneration to be mutually agreed upon between the Board of Directors of the Company and the Auditors."

5 AS SPECIAL BUSINESS

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

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

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

By Order of the Board

Sd/-

Place : Aluva
Date : 25.07.2011

S.N. Sasidharan Kartha,
Managing Director.

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. Such a proxy need not be a member of the Company. The proxy in order to be valid should be duly completed, signed and stamped and the same must be received at the Registered office of the Company not less than 48 hours before the commencement of the meeting.**
2. The Share Transfer Books and Register of members of the Company shall remain closed from 17th August 2011 to 26th August, 2011 (both days inclusive).
3. Members are requested to bring their copies of the Report and Accounts to the meeting. Members are also requested to bring the attendance slip with them duly filled in and hand over the same at the entrance of the meeting venue.
4. Members holding physical shares are requested to intimate any change in address to the Company. Members who hold dematerialised shares are requested to notify any change in their particulars like change in address, bank account particulars to their respective Depository participants immediately.
5. In terms of section 205 (c) of the Companies Act, dividend amounts that have remained unclaimed/unpaid for a period of 7 years from the date they became due for payment shall be credited to the Investor Education and Protection Fund of the Central Government and no claim shall lie against the fund. The particulars of unclaimed/unpaid dividends declared from financial year 2006-2007 are given below:

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

6. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board resolution authorizing the representative to attend and vote at the meeting on their behalf.
7. Members desirous of obtaining any specific information/ clarification concerning the accounts/working of the company are requested to address their queries to the Company Secretary, so as to reach at least 3 days before the meeting to enable the company to make the information available at the meeting, to the best extent possible.
8. With respect to payment of dividend, the company provides the facility of Electronic Clearing Service (ECS) to the shareholders of the company. Shareholders holding shares in the physical form, who wish to avail ECS facility, may authorize the company with their ECS mandate in the prescribed form (enclosed) or can be obtained from our Share Transfer Agents, M/s S K D C Consultants Ltd., Coimbatore on request. Requests for payment of dividend

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

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

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

Item 5

The company has received notice pursuant to, and complying with, Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Shri. Nabel Mathew Cherian as director of the Company at the Annual General meeting. Your directors feel confident that this appointment is in the best interest of the company and as such the ordinary resolution set out at serial No. 5 of the notice is recommended for the approval of the members. Additional information is provided hereunder.

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

Additional information in respect of Directors appointed/ re-appointed

Shri. R K Garg

A distinguished chemical engineer, Shri.R.K. Garg has been guiding the Company since 1991, as its Chairman. He is Chairman of the Technical Review Committee and Vice Chairman of Expert Appraisal Committee (Industry), Ministry of Environment & Forest, Government of India. He has the distinction of heading Indian Rare Earths Ltd. as its CMD during 1986 – 90 and Director Chemical Engineering Group, Bhabha Atomic Research Centre, Bombay during 1980 -86. He was Chairman of Armament Research Board and Chairman of Recruitment and Assessment Centre, Defence Research and Development Organisation, Ministry of Defence, Government of India. Mr. Garg has rich and varied experience in chemical and chemical process industry. Currently Mr. Garg also holds directorships of Kerala Rare Earths and Minerals Limited (KRML) and Zirconium Chemicals Pvt. Ltd. and he is the Chairman of the Audit Committee and Remuneration Committee of the Board of Cochin Minerals and Rutile Limited.

Shri. G R Warriar

Shri. G R Warriar is a PG Science with MBA and Associate Member of the Institute of Chemical Engineers. He has more than 45 years active professional experience in the field of Chemical industries. He has expertise in Project Development, Product Development, Detailed Engineering and Industrial Promotion activities.

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

Shri. Nabel Mathew Cherian

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

Important Communication to Members

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

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

DIRECTORS' REPORT

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

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

DIVIDEND

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

OPERATIONS**a) Production**

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

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

b) Sales

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

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

c) **Foreign Exchange**

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

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

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

d) **Profit**

Your company earned a profit of ₹ 1276.10 lakhs before interest, depreciation and tax and a net profit of ₹ 484.65 lakhs after tax during the year as compared to ₹ 1487.92 lakhs and ₹ 589.20 lakhs respectively in previous year. The decrease in profitability is due to increase in raw material costs during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS

As per the provisions of the Companies Act, 1956, your directors Shri. R K Garg, Shri. G R Warriar and Smt. Jolly Cherian retire by rotation at the Annual General Meeting. Shri. R K Garg and Shri. G R Warriar being eligible, have offered themselves to be reappointed. However, Smt. Jolly Cherian is not seeking reappointment.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed.

- i) That in the preparation of the Annual accounts for the year ended 31st March 2011, the applicable accounting standards have been followed.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit/loss of the Company for the year under review.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding against fraud and other irregularities.
- iv) That the Directors had prepared the accounts for the year ended 31st March 2011 on a going concern basis.

ISO CERTIFICATION

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

NSF Certification

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

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

AWARDS

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

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

AUDITORS

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

STATUTORY APPROVALS & LICENCES

The Company has renewed all statutory approvals and licences from various Departments/ Authorities for carrying on its normal business. The licenced capacity of Synthetic Rutile production now stands at 45,000 MT per annum.

INDUSTRIAL RELATIONS

The Labour - Management relations have been cordial. The existing long term agreement with Trade Unions of the Employees, expired in January 2011 and negotiations with Trade Unions are in progress for a new Long Term Agreement. The employee morale is quite high as can be observed from the performance.

ENERGY CONSERVATION

The statements in Form A for Energy Conservation and Form B on Technology upgradation are given in the Annexure - I. Improved practices and installation of additional equipment have resulted in better quality of product and improved efficiency.

PARTICULARS OF EMPLOYEES

No employee in the service of the Company draws annual remuneration of Rs. 24,00,000 or more per year or Rs. 2,00,000 or more per month for any part of the reporting year requiring disclosure as per Section 217 (2A) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not accepted any deposit during the year within the meaning of Section 58A of the Companies Act 1956 and the rules made there under.

DEMATERIALISATION

The shares of your Company are compulsorily dematerialised for trading. The ISIN number of the shares is INE105D01013.

LISTINGS

The shares of your Company are listed with Bombay Stock Exchange Ltd. The listing fee as required has already been paid upto and including the year 2011-2012.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of gratitude to the Banks and Financial Institutions, Central and State Government Departments and local authorities for their co-operation and support. Your directors are also grateful to the customers, suppliers and business associates for their co-operation. Your directors also like to place on record their appreciation of the valuable contributions put in by the employees of the company at all levels. Finally, your directors are deeply grateful to the members for their continued confidence and faith in the management of the company.

For and on behalf of the Board,

Sd/-

R.K. Garg,
Chairman.

Place: Aluva,
Date : 25.07.2011

Annexure -I to the Directors' Report.

Statement containing particulars, pursuant to Companies (disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors Report.

A. CONSERVATION OF ENERGY

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

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

B. Consumption per unit of production

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

B. TECHNOLOGY ABSORPTION

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, sewage treatment and desalination plant for making potable water. |
| | (b) Studies on utilization of Iron Hydroxide cake (Cemox) for manufacture of Bricks and Tiles. |
| 2. Benefits derived as a result of the above R&D | (a) Resulted in increased sale of byproducts, Ferrous Chloride, Ferric Chloride and Cemox Clay. |
| | (b) Established the process for use of CMRL ETP sludge - (Cemox) for usage as clay for Bricks and Tile Industry. |
| 3. Future plan of action | (a) Pilot plant level studies to be continued for crystallisation of Ferrous Chloride and manganese removal from Ferric Chloride to cater to specific markets. |
| | (b) R & D work to be continued for usage of Ferrous and Ferric Chloride for use in water treatment as substitute to Alum. |
| | (c) Nano Titanium Dioxide manufacturing process standardization. |
| | (d) Standardisation of process for manufacture of Iron Oxide Pigment and Ferrite Grade Oxide from Ferrous Chloride. |
| | (e) Development of processes for preparation of Ferro Titanium, Titania Slag and Pig Iron based on Electric Arc Furnace Technology using Rutile, Ilmenite etc. |
| 4. Expenditure on R & D | : |
| (a) Capital | : ₹ 82.18 lakhs |
| (b) Revenue | : ₹ 38.59 lakhs |
| Total | : <u>₹ 120.77 lakhs</u> |
| (c) Total R & D expenditure as a Percentage of total turnover | : <u>0.91</u> |

Technology absorption, adaptation and Innovation.

1. Efforts, in brief, made towards technology Absorption, adaptation and innovation. :
- a) Studies continued to improve equipment life, reduce wastage and consistent production of high quality Synthetic Rutile at maximum efficiency.
 - b) Inplant studies improved the efficiency of COD and Colour removal of textile process-house effluents and odour reduction of sewage treatment plant effluents using Ferric and Ferrous Chloride.
 - c) ETP sludge converted to cemox clay is partially substituting clay in Brick and Tile Industry.
 - d) Laboratory scale trials to remove manganese from Ferric Chloride showed satisfactory results.
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, Ferric Chloride and cemox clay.
 - c) Development of market for Ferrous Chloride and cemox clay leading to 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. :
- (a) Technology imported } N.A.
 - (b) Year of import } N.A.
 - (c) Has technology been fully absorbed } N.A.
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. }

FORM C**Foreign Exchange Earnings and Outgo**

(1) Foreign Exchange Earnings (FOB Value of export)	US\$ 2,18,38,968.06
(2) Foreign Exchange Outgo	
on Revenue Account	US\$ 5,90,668.93
on Capital Account	<u>US\$ 5,10,300.00</u>
	US\$ 11,00,968.93
Net Earnings	<u><u>US\$ 2,07,37,999.13</u></u>

CORPORATE GOVERNANCE REPORT
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, 7 are non-executive and 4 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, 1/3rd 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'.

TABLE – A – Board of Directors - Details

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	2	2
Shri. Mathew.M.Chcrian	Vice Chairman, Non-Executive	5	1	No	2	-
Shri.S.N.Sasidharan Kartha	Managing Director, Executive	5	5	Yes	4	2
Shri. A.J. Pai	Non-Executive Independent	5	5	Yes	12	2
Shri. Venu Nallur	Non-Executive Independent (KSIDC Nominee)	5	5	Yes	3	-
Shri. G.R. Warriar	Non-Executive Independent	5	5	Yes	2	4
Smt. Jaya.S.Kartha	Non-Executive	5	5	Yes	1	-
Smt. Jolly Chcrian	Non-Executive	5	1	No	-	-
Shri. Saran S Kartha	Executive Director	5	5	Yes	-	-

Changes in the Board of Directors :

There was no change in the Board of Directors during the year.

ii) Meetings :

5 (five) meetings of the Board were held during the year ended 31st March 2011. These were on 15th May 2010, 26th July 2010, 18th September 2010, 30th October, 2010, and 31st January 2011. 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), Mr. Mathew M Cherian and Mrs. Jolly Cherian (husband and wife), Mr. Saran S Kartha (Son of Mr. S N Sasidharan Kartha and Mrs. Jaya S Kartha), 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 31/03/2011 were as follows:

	Director	Shares Held
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 31st March 2011. 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 and audit:

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, transmission of shares, passing of resolutions by circulation and Board's report. The company has also undergone secretarial audit by an independent Company Secretary in whole time practice.

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 15th May 2010, 26th July 2010, 30th October 2010 and 31st January 2011. The attendance record is given in "Table – B". The Company Secretary of the Company is the secretary of the Committee.

Table B – Audit Committee Attendance

Names of Member Directors	No: of meetings held	Meeting attended
Shri. R.K. Garg (Chairman)	4	4
Shri.A.J. Pai	4	4
Shri. G R Warriar	4	4

7. Remuneration Committee :

The remuneration committee of the Company consists of three non-executive and independent Directors – Mr. R. K. Garg (Chairman), Mr. A. J. Pai and Mr. G R Warriar. 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 two Executive Directors ie. Mr. S N Sasidharan Kartha, the Managing Director and Mr. Saran S Kartha, Executive Director. The Managing Director 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. Mr. Saran S Kartha, Executive Director is paid remuneration not exceeding the limits specified in Part II, Section III (A) of Schedule XIII to the Companies Act, 1956, or any other statutory modifications or enactments thereof for the time being in force. No other perquisite, incentives or stock options are payable to him. The non-executive Directors are paid one per cent commission on net profit of the company. 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 directors. Details of remuneration paid to directors during the year are given in "Table – C".

TABLE – C – Remuneration to Directors (Amount in ₹)

Name	Sitting Fees	Salary/ Commission	Contribution to PF	Total
Shri. R.K. Garg	95000.00	103143.00	-	198143.00
Shri. Mathew.M.Chcrian	15000.00	103143.00	-	118143.00
Shri. S.N. Sasidharan Kartha	-	3430000.00	180000.00	3610000.00
Shri. A.J. Pai	95000.00	103143.00	-	198143.00
Shri. Venu Nallur	75000.00	103142.00	-	178142.00
Shri. G.R. Warriar	95000.00	103143.00	-	198143.00
Smt. Jaya.S.Kartha	75000.00	103143.00	-	178143.00
Smt. Jolly Chcrian	15000.00	103143.00	-	118143.00
Shri. Saran S Kartha	-	1800000.00	216000.00	2016000.00
	465000.00	5952000.00	396000.00	6813000.00

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. Suresh Kumar P, General Manager (Finance) & Company Secretary has been designated as the Compliance Officer. The Company during the year received 20 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 2011. The Company's shares are compulsorily traded in demat form. However, the Share Transfer committee met at frequent intervals 30 times during the year. There were no pending transfers as on 31st March 2011.

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) REGISTRARS/SHARE TRANSFER AGENTS

M/s S.K.D.C. Consultants Ltd.,
 Kanapathy Towers,
 3rd Floor,
 1391/A-1, Sathy Road,
 Ganapathy,
 Coimbatore – 641 006
 Ph: 0422- 6549995, 2539835, 2539836
 Fax: 91 422-2539837
 E-mail: info@skdc-consultants.com

10. General Body Meetings :

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

Year	Location	Date	Time
2007-08	Aluva, Kerala	22.09.2008	10.30 AM
2008 - 09	Aluva, Kerala	14.09.2009	9.30 AM
2009 - 10	Aluva, Kerala	18.09.2010	2.15 PM

- (b) Special resolution/s passed in the last 3 Annual General Meetings

2007 - 08 - NIL

2008 - 09 - (I) for payment of remuneration to Executive Director

(II) for payment of commission to non-Executive Directors

2009 - 10 - NIL

- (c) Postal Ballot :

No resolution was put through postal ballot during last year. None of the business proposed in the ensuing AGM require passing a special resolution through postal ballot.

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) **Compliance of Clause 5A**

The company have no share certificate which have remained unclaimed by the shareholders.

- d) **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 31st March 2011.

13. General Shareholder Information.

Annual General Meeting

26th August 2011 at 10.00 A.M

Priyadarshini Municipal Town Hall, Thottakkattukara,
Aluva, Ernakulam, Kerala.

Financial Year

Year ended 31st March 2011

Book Closure Date

17.08.2011 to 26.08.2011 (both days inclusive)

Dividend 17.50 percent
 Listing The shares of the company are listed at Bombay Stock Exchange Ltd. Listing Fees to the Exchange for the year 2011-12 has already been paid.
 Stock Code COCHRDM513353
 Demat ISIN INE105D01013

14. Market Price Data

The High/Low prices of the company's share at the Bombay Stock Exchange Ltd. during each month of the Financial year 2010 – 2011 are given below:

<u>Month</u>		<u>Months' High</u> ₹	<u>Months' Low</u> ₹
April	2010	71.45	67.05
May	2010	67.70	58.80
June	2010	62.25	59.50
July	2010	63.80	60.65
August	2010	63.25	57.80
September	2010	60.80	55.85
October	2010	77.85	57.40
November	2010	77.00	66.15
December	2010	70.30	62.35
January	2011	68.40	58.85
February	2011	63.50	54.55
March	2011	58.40	51.20

15. Distribution of Shareholding as on 31st March 2011.

a) Category-wise Distribution

<u>Category</u>	<u>Percentage</u>
Promoters	54.23
Banks/FIS/mutual funds	0.11
NRIs	0.63
Private Corporate Bodies	3.60
Others	41.43
Total	100.00

b) Value-wise Distribution

<u>1</u> Value (₹)	<u>2</u> No. of Holders	<u>3</u> %	<u>4</u> Amount	<u>5</u> %
Upto 5000	10633	94.18	12884800	16.45
5001 10000	345	3.06	2895290	3.70
10001 20000	139	1.23	2113390	2.70
20001 30000	61	0.54	1565290	2.00
30001 40000	15	0.13	552700	0.71
40001 50000	24	0.21	1129390	1.44
50001 100000	26	0.23	2017290	2.58
100001 And Above	47	0.42	55141850	70.42
Total	11290	100	78300000	100

16. Dematerialisation of Shares and Liquidity.

51.45 percent of the company's paid-up capital is held in demat form as on 31st March 2011. 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 Bombay Stock Exchange Ltd. and has good liquidity.

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

Not applicable to the company.

17. 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, cmrlexim@dataone.in

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 the 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 is an effective coagulant for drinking water and Effluent Treatment.
- ii) Ferrous Chloride is coagulant for drinking water and effluent treatment.
- iii) Iron Hydroxide (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.

However, in the current year, the company is facing a major challenge in the procurement of the raw material, ilmenite. The supply from the domestic market is quite restricted. In the international market also the supply position is not good and the prices are highly volatile. Your company is making efforts to procure the material from various sources.

Another step taken by the company in respect of ensuring long term availability of raw material (ilmenite), the company has applied for lease of mining areas in the offshore region for which bids have been invited by the Indian Bureau of Mines.

Operational Performance

The operational performance highlights for the year 2010-2011 are given below:

	<u>2010-2011</u>	<u>2009-2010</u>
Synthetic Rutile (Beneficiated Ilmenite)		
Production (MT)	36175.000	34200.000
Sales (MT)	37121.530	32358.700
Gross Revenue (₹ lakhs)	13220.67	11204.13
Net Profit (₹ lakhs)	484.65	589.20

The Company could also make substantial improvement in marketing the main by-products viz. Ferric Chloride and Ferrous Chloride during the year. The sales turn over in respect of Ferric Chloride increased from 776.28 lakhs in the previous year to ₹ 1005.90 lakhs this year and of Ferrous Chloride from ₹ 44.21 lakhs to ₹ 46.35 lakhs.

Outlook

There has been improvement in the global demand and price scenario for Synthetic Rutile. There is also growing demand noticed for Ferric Chloride in the sea water desalination plant in Gulf countries and for Ferrous chloride in sewage treatment plants in African Countries. Except for uncertainty in the availability of ilmenite in the required quantity, your company should be able to maintain satisfactory performance in the current fiscal i.e. 2011-2012. Your Directors are concerned about the shortage in availability and resultant price escalation of Ilmenite.

Alternate Technology Project

Non availability at economic rates of 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 prepared. The expenditure so far incurred comes to ₹ 499.70 lakhs.

Debottle-necking Scheme

The company has implemented about 30% of the scheme incurring a capex of ₹ 494.29 lakhs. The remaining part is expected to be implemented in the current fiscal i.e. 2011-2012.

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 to mining lease. 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 continues to be certified ISO 9001 : 2008 by the prestigious agency Bureau Veritas Quality International, with accreditation from UKAS London, ANSI-RAB, USA and NABCB, India. The Company also received certification from NSF International for our products Ferric Chloride, Ferrous Chloride and Ferrous chloride with hydrated Titania (Catalyst) that these products conform to NSF/ANSI standard 60 for drinking water treatment.

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 and energy saving initiatives etc.

The company's by-product Ferric Chloride is now widely and successfully used in water purification and effluent treatment. 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 for the third consecutive year. The company bagged the First prize in the preceeding two years also for implementing effective pollution control measures.

(b) Safety Award

The company had bagged the safety award instituted by the Department of Factories and Boilers, Government of Kerala for the third consecutive year from the State government for outstanding performance in industrial safety

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. The existing long term agreement with Trade Unions of the Employees, expired in January 2011 and negotiations with Trade Unions are in progress for a new Long Term Agreement. Not a single man-hour was lost during the year due to industrial relation problems. The employee strength of your company as on 31st March 2011 was 378.

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 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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,
28.06.2011

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 2011 received Affirmations from the Board Members and Sr. Management Personnel as regards compliance with the code, as applicable to them.

ALUVA,
22.06.2011

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 31st March, 2011 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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 31st March, 2011;
 - (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,
28.05.2011

**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 2011 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 books 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,
28.05.2011

BALANCE SHEET AS AT 31.03.2011

(₹ in Thousands)

	Schedule No.	As at 31.03.2011	As at 31.03.2010
I SOURCES OF FUNDS			
(1) <u>Shareholders' funds</u>			
(a) Share Capital	1	78,300.00	78,300.00
(b) Reserves and Surplus			
i) Reserves	2	21,385.63	17,750.75
(ii) Surplus in Profit and Loss Account		2,41,853.90	213,001.94
(2) Deferred Tax Liability		5,811.17	7,203.70
(3) <u>Loan funds</u>			
(a) Secured Loans	3	147,967.19	201,625.89
(b) Unsecured Loans	4	68,789.62	90,329.38
TOTAL		564,107.51	608,211.66
II APPLICATION OF FUNDS			
(1) <u>Fixed Assets</u>	5		
(a) Gross Block		601,914.49	586,359.38
(b) Less Depreciation		382,632.98	352,796.19
(c) Net Block		219,281.51	233,563.19
(d) Capital Work in Progress		51,624.41	50,794.86
(2) Investments	6	138,386.04	138,386.04
(3) <u>Current Assets, loans and advances :</u>	7		
(a) Inventories		94,293.68	125,161.49
(b) Sundry Debtors		79,961.25	57,150.87
(c) Cash and Bank Balances		22,158.73	44,087.24
(d) Loans and Advances		55,309.76	44,557.05
Less : Current Liabilities & Provisions	8		
(a) Liabilities		77,256.02	69,390.53
(b) Provisions		19,651.85	16,098.55
Net Current Assets		154,815.55	185,467.57
TOTAL		564,107.51	608,211.66

Place : Aluva
28.05.2011As per Annexed Report of even date
For LAZAR & GEORGE
Chartered Accountants
Sd/-
Sagshesh Kumar K. A.
PartnerSd/- R.K. Garg Chairman
Sd/- Mathew M Cherian Vice-Chairman
Sd/- S.N. Sasidharan Kartha Managing Director
Sd/- G.R. Warriar DirectorSd/- Jaya S. Kartha Director
Sd/- Jolly Cherian Director
Sd/- Saran S. Kartha Executive DirectorSd/- Suresh Kumar P.
General Manager (Finance) &
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(₹ in Thousands)

	Schedule No.	For the year ended 31.03.2011	For the year Ended 31.03.2010
INCOME			
Sales	9	1,320,031.63	1,118,742.86
Other Income	10	2,035.54	1,670.56
Stock Differential	11	(9,168.89)	46,098.96
		<u>1,312,898.28</u>	<u>1,166,512.38</u>
EXPENDITURE			
Raw Material Consumed	12	634,112.57	512,228.60
Power, Fuel, Water, Chemicals, Stores & Spares and Packing Materials Consumed	13	288,801.85	263,270.27
Payments to Employees	14	96,026.79	90,269.42
Repairs and Maintenance	15	28,261.71	25,803.77
Excise Duty and Sales Tax Paid		39,699.11	32,222.35
Foreign Exchange Loss on sales realisation		2,174.47	5,788.26
Administrative Expenses	16	23,611.17	25,530.80
Selling and Distribution Expenses	17	72,600.16	62,295.85
		<u>1,185,287.83</u>	<u>1,017,409.32</u>
PROFIT BEFORE INTEREST AND DEPRECIATION		127,610.45	149,103.06
Less:			
Depreciation	5	31,653.35	34,408.46
Interest	18	23,479.47	24,551.98
Provision for Bad Debts			310.87
NET PROFIT/(LOSS) FOR THE PERIOD		72,477.63	89,831.75
Provision for Taxation		25,405.00	32,226.00
Deferred Tax Liability written off		(1,392.53)	(1,314.72)
NET PROFIT AFTER TAXES		48,465.16	58,920.47
Add: NET PROFIT AS PER PREVIOUS BALANCE SHEET		213,001.94	170,768.55
BALANCE IN PROFIT AND LOSS ACCOUNT		<u>2,61,467.10</u>	<u>2,29,689.02</u>

Place : Aluva
28.05.2011

As per Annexed Report of even date
For LAZAR & GEORGE
Chartered Accountants
Sd/-
Sagshesh Kumar K. A.
Partner

Sd/- R.K. Garg Chairman
Sd/- Mathew M Cherian Vice-Chairman
Sd/- S.N. Sasidharan Kartha Managing Director

Sd/- G.R. Warriar Director
Sd/- A.J. Pai Director

Sd/- Jaya S. Kartha Director

Sd/- Jolly Cherian Director

Sd/- Saran S. Kartha Executive Director

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

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31.03.2011

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
Balance in P&L Account		
1 As per Last Balance Sheet	21,3001.94	1,70,768.55
2 Profit for the year	<u>48,465.16</u>	<u>58,920.47</u>
	2,61,467.10	2,29,689.02
Less: Proposed Dividend(17.5%)	13,702.50	11,745.00
Dividend Tax	2,275.81	1,996.06
Transfer to General Reserve	<u>3,634.89</u>	<u>2,946.02</u>
Balance in Profit & Loss Account	<u><u>2,41,853.90</u></u>	<u><u>2,13,001.94</u></u>

SCHEDULE - 1

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
SHARE CAPITAL		
<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 31.03.2011	(₹ in Thousands) As on 31.03.2010
RESERVES AND SURPLUS		
<u>Capital Reserve</u>	44.30	44.30
Investment Subsidy - State	1,500.00	1,500.00
<u>General Reserve</u>	<u>19,841.33</u>	<u>16,206.45</u>
	<u><u>21,385.63</u></u>	<u><u>17,750.75</u></u>

SCHEDULE - 3

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
SECURED LOANS		
a) IDBI - IDBI Term Loan	97,999.60	138,400.00
b) KSIDC - KSIDC Term Loan	0.00	162.00
c) Bank of Baroda		
Bank of Baroda Term Loan	31,000.00	15,000.00
d) Cash Credit from Bank of Baroda, Aluva against hypothecation of raw materials, stock in process and finished goods and Stock, Spares & Consumables	<u>18,967.59</u>	<u>48,063.89</u>
	<u><u>147,967.19</u></u>	<u><u>201,625.89</u></u>

(₹ in Thousands)

FIXED ASSETS**SCHEDULES**

Sl. No.	ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
		At cost as on 1st April 2010	Additions during 1.4.10-31.03.11	Deductions during 1.4.10-31.03.11	Gross Block as at 31st March 2011	As on 1st April 2010	Deductions during 1.4.10-31.03.11	Depreciation for the period 1.4.10-31.03.11	Depreciation as on 31st March 2011	Net Fixed Assets as on 31st March 2011	Net Fixed Assets as on 31st March 2010	
1	Land & Develop.	24276.39	-	-	24276.39	-	-	-	-	24276.39	24276.39	
2	Buildings	87425.44	4343.90	-	91769.34	49925.54	3822.89	53748.43	38020.91	37499.90	37499.90	
3	Plant & Machinery	438322.07	10721.61	-	449043.68	277304.52	25111.42	302415.94	146627.74	161017.55	161017.55	
4	Furniture, Office Equipments & other Assets	17198.80	1067.87	-	18266.67	11707.80	1088.59	12796.39	5470.28	5490.99	5490.99	
5	Vehicles & material Handling equip.	19136.68	1726.61	2304.88	18558.41	13858.33	1630.45	13672.22	4886.19	5278.36	5278.36	
		586359.38	17859.99	2304.88	601914.49	352796.19	1816.56	382632.98	219281.51	233563.19	233563.19	
	Previous year	5,59,556.00	27,748.30	944.92	5,86,359.38	3,19,109.61	721.89	3,52,796.19	2,33,563.19	2,40,446.37	2,40,446.37	

SCHEDULE - 4

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
UNSECURED LOAN		
TRADE ADVANCE		
Advance received from Sumitomo Corpn.	68,789.62	90,329.38
	<u>68,789.62</u>	<u>90,329.38</u>

SCHEDULE - 6

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
INVESTMENTS		
Fully Paid 6,000 Nos. of Equity Shares of Bank of Baroda @ Rs.85/- each (Market value Rs.963.15 per share)	510.00	510.00
(Market value 31.03.10 Rs.642.90 per share) Investment in KEIL - Share Capital	1,750.00	1,750.00
Investment in Kerala Rare Earths and Minerals Ltd		
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

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
CURRENT ASSETS LOANS AND ADVANCES		
CURRENT ASSETS (Loans & Advances)		
A. <u>Inventories</u> (At cost as certified by the Management)		
a) Stores, Spares & Packing Materials	19,869.36	13,697.99
Fuels and Chemicals	7,303.48	3,870.39
Finished Goods	26,786.87	49,442.62
Raw Materials	25,787.85	57,091.23
Work in Progress	14,546.12	1,059.26
	<u>94,293.68</u>	<u>125,161.49</u>
b) <u>Sundry Debtors (Unsecured, Considered Good)</u>		
a) Debtors outstanding for a period exceeding 6 months	905.79	725.39
b) Other debts	79,055.46	56,425.48
	<u>79,961.25</u>	<u>57,150.87</u>
c) <u>Cash and Bank Balances</u>		
Cash balance in hand	554.94	138.15
<u>Bank Balance</u>		
b) With scheduled banks on call accounts	18,404.03	41,843.79

c) With scheduled banks on unpaid dividend account	2,166.49	1,717.9
c) With scheduled banks on deposit account	1,033.27	387.3
	<u>22,158.73</u>	<u>44,087.2</u>

B. LOANS AND ADVANCES

a) Advances recoverable in cash or in kind or for value to be received	39,300.95	34,331.5
b) Input Tax Credit & CST duty, receivable	9,092.34	5,872.9
c) Cenvat Credit receivable	6,183.98	3,449.2
d) Brokerage Receivable	8.22	
e) Income Tax Advance	165.86	549.9
f) Interest Suspense	558.41	352.9
	<u>55,309.76</u>	<u>44,557.0</u>

SCHEDULE - 8

(₹ in Thousands)
As on 31.03.2011

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities & Provisions

A Current Liabilities		
1) Sundry Creditors	59,880.67	52,814.4
2) Advance from Customers	2,221.11	564.2
3) Other Liabilities	14,894.35	15,385.6
4) Interest Accrued But not due	259.89	626.2
	<u>77,256.02</u>	<u>69,390.5</u>
B Provisions		
1) Proposed Dividend	13,702.50	11,745.0
2) Dividend Tax	2,275.81	1,996.0
3) Provision for Taxation	857.27	
4) Provision for AL encashment	2,816.27	2,357.4
	<u>19,651.85</u>	<u>16,098.5</u>

SCHEDULE - 9

SALES

(₹ in Thousands)
For the period ended 31.03.2011

	For the period ended 31.03.2011		For the period ended 31.03.2010	
	Quantity (in MT)	Value (in ₹)	Quantity (in MT)	Value (in ₹)
Synthetic Rutile (Beneficiated Ilmenite)	37121.530	1,214,535.63	32358.700	1,036,415.5
Ferric Chloride	15914.620	100,589.91	12189.670	77,627.5
Ferrous Chloride	42348.145	4,635.16	53090.375	4,421.1
Synthetic Rutile Low Grade	1.500	40.15		
Iron Hydroxide (Cemox)	12018.430	230.78	5,159.505	278.7
		<u>1,320,031.63</u>		<u>1,118,742.8</u>

SCHEDULE - 10

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
OTHER INCOME		
Interest on Deposit	368.65	354.83
Sales of Ilmenite Tailings	395.21	310.38
Dividend on BOB Share	90.00	54.00
Profit/Loss on sale of vehicle	279.19	212.97
Quality Bonus—Ishihara Techno Corpn	902.49	738.38
	<u>2,035.54</u>	<u>1,670.56</u>

SCHEDULE - 11

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
STOCK DIFFERENTIAL		
<u>Opening Stock</u>		
Finished Goods	49,442.62	2,060.32
Work in Progress	1,059.26	2,342.60
	<u>50,501.88</u>	<u>4,402.92</u>
<u>Less : Closing Stock</u>		
Finished Goods	26,786.87	49,442.62
Work in Progress	14,546.12	1,059.26
	<u>41,332.99</u>	<u>50,501.88</u>
Stock Differential	<u>(9,168.89)</u>	<u>46,098.96</u>
Increase/(Decrease)		

BREAK UP OF OPENING AND CLOSING STOCK OF FINISHED GOODS

	OPENING STOCK		CLOSING STOCK	
	Quantity (in MT)	Value (₹)	Quantity (in MT)	Value (₹)
Synthetic Rutile (Beneficiated Ilmenite)	1893.690	47,923.37	947.160	26,123.52
	(52.390)	(1,418.96)	(1893.690)	(47,923.37)
Ferric Chloride	1003.900	1,156.75	158.275	162.76
	(564.565)	(596.54)	(1003.895)	(1,156.75)
Ferrous Chloride	3261.550	109.85	110.405	3.55
	(1492.285)	(44.81)	(3,261.55)	(109.85)
Iron Hydroxide (Cernox)	10133.495	252.65	44,135.065	497.04
			(10,133.495)	(252.65)
		<u>49,442.62</u>		<u>26,786.87</u>
		<u>(2,060.31)</u>		<u>(49,442.62)</u>

SCHEDULE - 12

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
RAW MATERIALS CONSUMED		
Opening Stock	57,091.23	43,747.15
Add: Purchases	602,809.19	525,572.68
	659,900.42	569,319.83
Less : Closing Stock	25,787.85	57,091.23
	<u>634,112.57</u>	<u>512,228.60</u>

PARTICULARS OF MAJOR RAW MATERIALS AND FUEL CONSUMED

	Quantity (in MT)	Value (₹)
Ilmenite	63,224.336	402,746.81
	(61,338.190)	(355,226.65)
Coke & Coal	10,659.776	49,673.27
	(8,837.621)	(38,151.01)
Hydrochloric Acid	87,229.915	172,418.30
	(78,560.50)	(113,183.51)
Chlorine	1,448.100	9,274.19
	(1,206.00)	(5,667.43)
		<u>634,112.57</u>
		(512,228.60)
<u>Fuel</u>		
Furnace Oil (Kilo Litres)	3,812.038	101,874.52
	(4,013.027)	(96,289.97)
Diesel (Kilo Litres)	274.157	10,896.90
	(238.214)	(8,191.73)
		<u>112,771.42</u>
		(104,481.70)

SCHEDULE - 13

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
CONSUMPTION OF POWER, FUEL, WATER, STORES & SPARES AND PACKING MATERIALS		
Power and Water	20,413.58	18,803.89
Fuel	112,771.43	104,481.70
Chemicals (ETP) & Sludge handling	97,028.85	91,610.20
Stores, Spares, consumables and Packing Materials	58,587.99	48,374.48
	<u>288,801.85</u>	<u>263,270.27</u>

SCHEDULE - 14

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
PAYMENTS TO EMPLOYEES		
Salaries & Allowances	73,188.77	69,638.85
Contribution to Provident & other funds	9,592.93	8,529.19
Staff Welfare and Canteen Expenses	13,245.09	12,101.38
	<u>96,026.79</u>	<u>90,269.42</u>

SCHEDULE - 15

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
REPAIRS AND MAINTENANCE		
Repairs to Building	6,549.19	6,010.47
Repairs to others (including vehicle)	2,867.83	2,522.38
Repairs to Plant and Machinery	18,844.69	17,270.92
	<u>28,261.71</u>	<u>25,803.77</u>

SCHEDULE - 16

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
ADMINISTRATIVE EXPENSES		
Laboratory and factory general expenses	805.99	1,245.38
Insurance	1,963.69	1,831.51
Rates & Taxes	863.80	776.82
Postage, Telephone & Telex	898.69	992.79
Printing and Stationery	786.71	705.20
Rent	15.00	60.00
Travelling Expenses	2,295.88	2,306.32
Auditors' Remuneration:		
1. Statutory Audit	60.00	60.00
2. Tax Audit	15.00	15.00
Remuneration to MD	3,610.00	4,480.00
Remuneration to ED	2,016.00	1,008.00
Director's Sitting Fee / Commission	1,187.00	896.00
Legal and Professional Charges	2,906.95	2,544.86
AGM Expenses	1,546.07	1,263.44
Stock Exchange Listing Expenses	15.00	15.00
Share Transfer Expenses	212.59	238.00
Subscription & Other Contribution	225.89	926.52
Research and Development expenses	320.00	125.00
Other Welfare Expenses	2,582.05	2,997.28
Advertisement expenses	1,284.86	2,896.23
ISO Expenses	147.45	147.45
	<u>23,611.17</u>	<u>25,530.80</u>

SCHEDULE - 17

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
SELLING AND DISTRIBUTION EXPENSES		
Shipping transportation and freight clearing and forwarding, including Terminal Handling Charges	52,993.09	40,998.00
Sales Commission	3,339.06	8,232.00
Sales Promotion Expenses	16,268.01	13,064.00
	<u>72,600.16</u>	<u>62,295.00</u>

SCHEDULE - 18

	As on 31.03.2011	(₹ in Thousands) As on 31.03.2010
INTEREST AND FINANCE CHARGES		
Interest on Term Loans	15,637.80	15,531.00
Interest on Cash Credit/Packing Credit	1,236.25	3,528.00
Bank Charges	5,559.38	4,442.00
Interest on Trade advance	1,046.04	1,049.00
	<u>23,479.47</u>	<u>24,551.00</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 31ST MARCH 2011

I. 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 rate 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 Act 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 paripassu 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 31/03/2011 is ₹ 28,29,785/- (₹ 15,30,385/- as on 31/03/2010) for which the Company has given counter guarantee.

ii) Bills discounted not maturing on:

31/03/2011	-	₹ 7,30,22,977.40
31/03/2010	-	₹ 5,80,42,871.30

d) **Managerial Remuneration**

a) **Remuneration to Managing Director**

	31/03/2011	31/03/2010
	(₹)	(₹)
Salary	34,30,000.00	43,00,000.00
PF Contribution	1,80,000.00	1,80,000.00
Total	<u>36,10,000.00</u>	<u>44,80,000.00</u>

b) **Remuneration to Executive Director**

	31/03/2011	31/03/2010
	(₹)	(₹)
Salary	18,00,000.00	9,00,000.00
PF Contribution	2,16,000.00	1,08,000.00
Total	<u>20,16,000.00</u>	<u>10,08,000.00 *</u>

* (Paid for the period 01.10.2009 to 31.03.2010)

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.

		For the Year ended		For the year ended	
		31/03/2011		31/03/2010	
Synthetic Rutile (Beneficiated Ilmenite)	MT	Licensed Capacity	45000.000	45000.000	45000.000
		Installed Capacity	45000.000	45000.000	45000.000
		Actual Production	36175.000	34200.000	34200.000
Ferric Chloride	MT	Licensed Capacity	24000.000	24000.000	24000.000
		(90% Solid)		(90% Solid)	
		Installed Capacity	25000.000	25000.000	25000.000
		(40% Soln.)		(40% Soln.)	
		Actual Production	15069.000	12629.000	12629.000
		(40% Soln.)		(40% Soln.)	
Recovered Titanium Dioxide	MT	Licensed Capacity	1000.000	1000.000	1000.000
		Installed Capacity	1000.000	1000.000	1000.000
		Actual Production	0.000	0.000	0.000
Ferrous Chloride	MT	Licensed Capacity	72000.000	72000.000	72000.000
		Installed Capacity	72000.000	72000.000	72000.000
		Actual Production	39197.000	54859.640	54859.640
Iron Hydroxide(Cemox)	(MT)	Licensed Capacity	18000.000	18000.000	18000.000
		(Dry Basis)		(Dry Basis)	
		Installed Capacity	18000.000	18000.000	18000.000
		(Dry Basis)		(Dry Basis)	
		Actual Production	46020.000	15293.000	15293.000
		(Dry basis -30%)	(13806.000)	(4587.900)	(4587.900)

g) Earnings in Foreign Currency

		For the Year ended		For the Year ended	
		31.03.2011		31.03.2010	
Export of Goods } calculated on } FOB Basis }	Indian ₹.	99,49,76,210.00	83,48,00,748.00	83,48,00,748.00	83,48,00,748.00
	US\$	(2,18,38,968.06)	(1,76,99,076.12)	(1,76,99,076.12)	(1,76,99,076.12)

h) (i) CIF Value of Imports

		For the Year ended		For the Year ended	
		31.03.2011		31.03.2010	
Capital) Goods)	Indian ₹.	-	2,98,511.00	2,98,511.00	2,98,511.00
	JPY	-	(5,60,000.00)	(5,60,000.00)	(5,60,000.00)
		For the Year ended		For the Year ended	
		31.03.2011		31.03.2010	
Consumables	Indian ₹.	1,89,02,836.00	-	-	-
	US\$	(410797.60)	-	-	-
Raw Materials	Indian ₹	-	4,45,07,810.00	4,45,07,810.00	4,45,07,810.00
	US\$	-	(9,52,650.05)	(9,52,650.05)	(9,52,650.05)

(ii) Expenditure in Foreign Currency

		For the Year ended 31.03.2011	For the Year ended 31.03.2010
a) Foreign } Travel } (Directors) }	Indian ₹ SGD AED US\$	1,87,491.00 - (9730.00) (1040.00)	1,31,202.00 (76.00) (7,837.25) -
(including loss on exchange rate variation)			
b) Other Expenses	Indian ₹. US\$ EURO UK £	68,73,029.00 (152011.28) - (600.00)	2,86,624.00 (1194.00) (2600.00) (635.80)
c) Trade advance Repayment (Principal and Interest)	Indian ₹. US\$	2,25,85,793.00 (5,33,262.05)	2,00,36,307.00 (4,72,131.10)

i) Excise Duty payable on Stock of Finished Goods ₹ 11,26,415.00 (previous year ₹ 15,09,141.00 is provided for and included in the value of stock of finished goods.

j) Outstanding Dues as on 31.03.2011

a) Outstanding dues to SSI Units ₹ 3,13,235.00

b) Outstanding dues to other than SSI Units ₹ 5,95,67,431.78

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 (₹ in 000's)	Nature of transaction	Relationship
1	Sach Exports Pvt. Ltd.	4143.08 (3,773.26)	Supply of goods ie. Packing material chilly powder and cement on cash basis.	Key mgmt personnel

l) Unpaid dividend amounts for 2006-07 ₹ 4,53,510/-, 2007-08 ₹ 5,68,461/-, 2008-09 ₹ 6,54,255/- and 2009-10 ₹ 4,90,261/- 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

	2010-11 (₹.)	2009-10 (₹.)
Statutory Audit	60,000.00	60,000.00
Tax Audit	15,000.00	15,000.00
Total	75,000.00	75,000.00

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)

	2010-11	2009-10
Profit after tax as per profit and Loss Account.	₹ 4,84,65,159.72	₹ 5,89,20,470.13
Weighted averaged number of Equity share outstanding.	78,30,000	78,30,000
Earnings per share.	₹ 6.19	₹ 7.52

Place : Aluva
28.05.2011

As per Annexed Report of even date
For **LAZAR & GEORGE**
Chartered Accountants
Sd/-
Sagshesh Kumar K. A.
Partner

Sd/- R.K. Garg Chairman
Sd/- Mathew M Cherian Vice-Chairman
Sd/- S.N. Sasidharan Kartha Managing Director
Sd/- G.R. Warriar Director
Sd/- A.J. Pai Director

Sd/- Jaya S. Kartha Director
Sd/- Jolly Cherian Director
Sd/- Saran S. Kartha Executive Director
Sd/- Suresh Kumar P. General Manager (Finance) & 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 31.03.2011
II. Capital raised during the year		₹ (in Thousands)
Public issue		Nil
Rights issue		Nil
Bonus issue		Nil
Private placement		Nil
III. Position of mobilisation & deployment of Funds		
Total liabilities		564107.51
Total assets		564107.51
Sources of funds		
Paid up capital		78300.00
Reserves & Surplus		263239.53
Secured loans		147967.19

COCHIN MINERALS AND RUTILE LIMITED

Unsecured loans	68789.62
Deferred Tax Liability	5811.17
Application of funds	
Net fixed assets	270905.92
Investments	138386.04
Net current assets	154815.55
Miscellaneous expenditure	Nil
Accumulated losses	Nil
IV. Performance of the Company	
Turnover/other income	1322067.17
Total expenditure	1249589.54
Profit/(loss) before tax	72477.63
Profit/(loss) after tax	48465.16
Earnings per share in Rs.	6.19
Dividend rate %	17.5%

V. Generic names of four principal product of the Company

(as per monetary terms)

Item Code No. (ITC Code)

26.14

28.27

28.23

28.27

28.21

Product Description

Beneficiated Ilmenite

(Synthetic Rutile)

Ferric Chloride

Recovered TitaniumDioxide

Ferrous Chloride

Iron Hydroxide (Cemox)

Place : Aluva

28.05.2011

As per Annexed Report of even

For LAZAR & GEORGE

Chartered Accountants

Sd/-

Sagshesh Kumar K. A.

Partner

Sd/-
R.K. Garg
Chairman

Sd/-
Mathew M Cherian
Vice-Chairman

Sd/-
S.N. Sasidharan Kartha
Managing Director

Sd/-
G.R. Warriar
Director

Sd/-
A.J. Pai
Director

Sd/-
Jaya S. Kartha
Director

Sd/-
Jolly Cherian
Director

Sd/-
Saran S. Kartha
Executive Director

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	(₹ in Thousands)	
	2010-2011	2009-2010
A. Cash Flow From Operating Activities:		
Net Profit/(Loss) Before Tax And Extraordinary Items	72,477.63	89,831.75
Adjustments For:		
Add: Depreciation	31,653.36	34,408.46
Interest Expense	23,479.47	24,551.98
Bad Debts	0.00	310.87
Less: Dividend	90.00	54.00
Profit/(Loss) On Sale Of Vehicle	279.19	212.97
Interest Income On:		
Deposit	368.65	354.83
Bond	-	-
Exchange Rate Difference In Bob EEFC	(4.90)	(629.39)
Operating Profit Before Working Capital Changes	1,26,877.52	149,110.65
Adjustments For :		
(Increase)/Decrease In Trade And Other Receivables	(33,563.10)	20,036.45
(Increase)/Decrease Inventories	30,867.81	(61,711.48)
Increase/(Decrease) In Trade Payables	(20,405.70)	(105,679.66)
Cash Generated From Operations	1,03,776.53	1,755.96
Cash Flow Before Extra Ordinary Items	1,03,776.53	1,755.96
Cash Flow After Extra Ordinary Item	1,03,776.53	1,755.96
Interest Paid (Excluding Interest On Term Loans)	(6,795.63)	(7,970.92)
Income Tax Paid	(24,547.73)	(41,880.43)
Net Cash Generated From Operating Activities	72,433.17	(48,095.39)
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(18,689.53)	(29,066.45)
Sale of Fixed Assets	767.50	436.00
Purchase of Investments	-	-
Sale of Investments	-	-
Dividend	90.00	54.00
Interest on Investments :		
Deposit	368.65	354.83
Bond	0.00	0.00
Net Cash Generated/(Used) In Investing Activities	(17,463.38)	(28,221.62)
C. Cash Flow From Financing Activities		
Unsecured Loans	16,000.00	59,562.50
Proceeds From Issue of Share Capital	-	-
Proceeds From Long Term Borrowings:	-	47,500.00

Unsecured Loans (Directors)	-	-
From Financial Institutions (IDBI, UTI)	-	-
Accrued Interest		
Repayment Of Unsecured Loan From Customer	(21,539.76)	(18,986.90)
Repayment Of Long Term Borrowings		
Financial Institutions	(40,562.40)	(36,117.39)
Interest On Delayed Payment On Share Final Call		
Dividend Paid	(13,741.06)	(13,741.06)
Interest Paid On Term Loan	(17,050.19)	(15,954.82)
Net Cash Generated/(Used) In Financing Activities	(76,893.41)	22262.33
Net Increase/(Decrease) In Cash And Cash Equivalents	(21,923.62)	(54054.68)
Cash And Cash Equivalents as at 1.4.2010	44,087.24	98,771.31
Less Adjustment For Prior Period Item		
Adjusted Cash And Cash Equivalents as at 01.04.2010	44,087.24	98,771.31
Adjusted Cash And Cash Equivalents as at 31.3.2011	22,163.62	44,716.63
Exchange Rate Loss	(4.90)	(629.39)
Cash And Cash Equivalents as at 31.3.2011	22,158.72	44,087.24

Notes:

A. Profit/(Loss) as per Profit & Loss Account	72,477.63	89831.75
Add: Preliminary expenses written off	-	-
	72,477.63	89831.75

B. Cash and cash equivalent at the end of the period include Term Deposit of ₹ 10,33,268.00 (31st March 2010 ₹ 3,87,330.00) 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
28.05.2011

As per Annexed Report of even date
For **LAZAR & GEORGE**
Chartered Accountants
Sd/-
Sagshesh Kumar K. A.
Partner

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

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

To
M/s. S.K.D.C Consultants Ltd.,
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road,
Ganapathy, Coimbatore - 641 006

**Unit: COCHIN MINERALS AND RUTILE LIMITED
ELECTRONIC CLEARING SERVICE (CREDIT CLEARING)**

1. Particulars of the shareholder

- a) Regd. Folio No. : _____
b) Name of the first Regd. Holder (in block letters) : _____

2. Particulars of the Bank

- a) Name of your Bank : _____
b) Address of the Branch : _____
c) Account No. (as appearing in the Cheque Book) : _____
d) Ledger Folio No. (if any) of the bank account : _____

- e) Account Type (Savings Account, Current Account or Cash Credit) : **PLEASE TICK RELEVANT BOX**
- | | | |
|---------|---------|-------------|
| SAVINGS | CURRENT | CASH CREDIT |
|---------|---------|-------------|

- f) Nine Digit code number of the bank and branch appearing on the MICR cheque issued by the bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number) :
- | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

DECLARATION

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effective at all for reasons of incomplete or incorrect information, I would not hold the Company responsible.

(Signature of the first Regd. Holder)
as per specimen signature with the Company

Place: _____ Name: _____

Date: _____ Address: _____

_____ Pin Code _____

- Note: 1. Please send the form to the address mentioned above.
2. ECS Mode of payment is valid only for payments upto Rs.5,00,000/-
3. In case the scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of warrants.



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 22nd Annual General Meeting of
the Company to be held on Friday, the 26th day of August, 2011 at 10.00 A.M. and at any
adjournment thereof.

Signed this..... day of..... 2011.

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.

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 Twenty Second Annual General Meeting at the Priyadarshini
Municipal Town Hall at Thottakkattukara, Aluva, Ernakulam District, on Friday, the 26th day of August,
2011 at 10.00 A.M.

Member's/proxy's Signature