

15th

ANNUAL REPORT

2001 - 2002

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INDOZINC LIMITED

601, Ravi Building, 189/191, Dr D.N. Road, Fort, Mumbai - 400 001

**BOARD OF DIRECTORS :**

Sanjay Agrawaal
Manoj Agrawal
S.K. Nuwal
B.L. Kakrecha
J. Tauro

Chairman & Managing Director
Joint Managing Director
Whole-Time Director
Director
Nominee (IDBI)

COMPANY SECRETARY:

Aditi Gupta

BANKERS :

State Bank of India

AUDITORS :

Chaturvedi SK & Fellows
B-133, Mittal Tower,
Nariman Point, Mumbai - 400 001

REGISTERED OFFICE :

601, Ravi Building,
189/191, Dr. D.N. Road, Fort,
Mumbai-1

ADMINISTRATION OFFICE :

405, Apollo Tower, 2 M.G. Road,
Indore - 452 001

PLANT (ZINC) :

Plot No. 79,
Pithampur Industrial Area III
District Dhar (Madhya Pradesh)

PLANT (CEMENT) :

Mahi Cement, Wajwana
District Banswara
Rajasthan - 327 025

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Note : The members are requested to bring their copy of this annual report alongwith them at the Annual General Meeting.

INDO ZINC LIMITED**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of INDO ZINC LIMITED will be held on Monday, the 30th September, 2002 at 4.00 p.m. at the Registered Office of the Company situated at 601, Ravi Building, 189/191, Dr. D.N. Road, Fort, Mumbai - 400 001 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2002 and Balance Sheet as at that date and the Director's Report of the and the Auditor's Report thereon.
2. To appoint a Director in place of Shri B.L. Kakrecha who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2002-2003 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Shri Suresh Sigtia in respect of whom the Company has received a Notice in writing from a member signifying his intention to propose Shri Suresh Sigtia's candidature for the office of Director as required under Section 257 of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Shri Suresh Sigtia as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Smt. Vinita Puntambekar in respect of whom the Company has received a Notice in writing from a member signifying his intention to propose Smt. Vinita Puntambekar's candidature for the office of Director as required under Section 257 of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Smt. Vinita Puntambekar as Director of the Company whose

period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED that Shri Neeraj Jajoo in respect of whom the Company has received a Notice in writing from a member signifying his intention to propose Shri Neeraj Jajoo's candidature for the office of Director as required under Section 257 of the Companies Act, 1956, approval of the members be and is hereby accorded to the appointment of Shri Neeraj Jajoo as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

**By Order of the Board
for Indo Zinc Limited**

Place : Indore
Dated : 4th Sept. 2002

(ADITI GUPTA)
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ENCLOSED PROXY FORM, IF INTENDED TO BE USED, SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.**
2. Please bring your copy of the Annual Report to the Meeting.
3. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed for attending the Meeting.
4. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect



of item No. 4 to 6 under Special Business of the notice are annexed.

5. The Register of members and Share Transfer Books of the Company will remain closed from 25th September, 2002 to 30th September, 2002 (both days inclusive).
6. Shareholders seeking any information with regard to Accounts are requested to write to the Company at least seven days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready.

ANNEXURE TO THE NOTICE

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

Items No. 4 to 6

According to Clause 49 of the Listing Agreement of the Mumbai Stock Exchange and equivalent clauses of other stock exchanges, the Company is required to broad base its Board by inclusion of non executive directors who are also independent directors having the required knowledge.

Certain Members have given due Notice under Section 257 of the Companies Act, 1956, signifying their intention to propose Shri Suresh Sigtia, Shri Neeraj Jajoo and Smt. Vinita Puntambekar for the office of Directors of the Company. They have also deposited with the Company a sum of Rs. 500/- each as required by the aforesaid Section.

Shri Suresh Sigtia is a B. Com. and has got over 32 years of vast experience in the fields of Starches, Chemicals, Ferro Alloys and Metal Industries, Shri Neeraj Jajoo is a B.E. Mechanical. He has got working experience of 15 years and since 1993, he is engaged in extracting of Zinc by solvent extraction method. This process is widely used through out the world for extraction of pure zinc metal. As the company would restart its electrolysis process for manufacturing of zinc his knowledge and experience would contribute immensely at that time and Smt. Vinita Puntambekar is a Chartered Accountant, having

around 7 years of experience in the field of finance, accounts and taxation.

If appointed, as Directors they would be liable to retire by rotation. To utilise their valuable services in a better manner and in the spirit of Clause 49 of the Listing Agreement, the Board commends the said resolutions for your approval.

Since, the candidates are proposed for the office of Directors by the members of the Company under Section 257 of the Companies Act, 1956, none of the Directors of the Company be deemed to be concerned or interested in these Resolutions.

**By Order of the Board
for Indo Zinc Limited**

Place : Indore
Dated : 4th Sept. 2002

(ADITI GUPTA)
Company Secretary

DIRECTORS' REPORT

To

The Members,

INDO ZINC LIMITED

Your Directors have pleasure in presenting the Fifteenth Annual Report on the affairs of the Company together with Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	Rs. In Lacs	
	2001-02	2000-01
Sales & other income	24.42	22.57
Gross Profit / (Loss)	(39.67)	(198.58)
Less: Depreciation	32.52	38.26
Profit/(Loss) before tax	(72.19)	(236.84)
Less: Provision for income Tax	---	---
Profit/(Loss) After tax	(72.19)	(236.84)
Add: Extra ordinary items		
Preoperative expenditure		
during construction relating	---	---
to abandoned project	(8.54)	(11.70)
Add/(less):Balance brought forward	(3238.29)	(2989.75)
Balance Carried to balance sheet	(3319.02)	(3238.29)

DIVIDEND

During the year under review, there was no production in the Company as it has been declared sick by the Board of Industrial & Financial Reconstruction of India. Looking to the present conditions your Directors are unable to recommend any dividend for the year 2001-2002.

OPERATIONS

During the year under review the sales & other Income of the Company is Rs. 24.42 lacs against Rs. 22.57 lacs in the year 2000-2001. However, your Directors are pleased to inform you that the Company is going to recommence its operations in current year as your Company has also started taking initiatives to restart the same as soon as possible.

FUTURE PROSPECTS

Your Directors are pleased to inform you that the One Time Settlement proposal submitted to the Operating Agency

(IDBI) is in advance stage and State Bank of India has conveyed its approval to support the same to IDBI and BIFR. Management of the Company has decided to restart the production and for that Company has renewed mostly all the Government consents/permissions and licenses which are required to restart Company's operations and some of the renewals are in process. Now, your Directors are very confident that the Company may turn around and its future prospects will be bright.

DIRECTORS

According to Clause 49 of the Listing Agreement of the Mumbai Stock Exchange and equivalent clauses of other stock exchanges, the Company is required to broad base its Board by inclusion of non executive directors who are also independent directors having the required knowledge.

Certain Members have given due Notices under Section 257 of the Companies Act, 1956, signifying their intention to propose Shri Suresh Sigtia, Shri Neeraj Jajoo and Smt. Vinita Puntambekar for the office of Directors of the Company.

Shri Suresh Sigtia is a B.Com. and has got over 32 years of vast experience in the fields of Starches, Chemicals, Ferro Alloys and Metal Industries, Shri Neeraj Jajoo is a B.E. Mechanical. He has got working experience of 15 years and since 1993, he is engaged in extracting of Zinc by solvent extraction method. This process is widely used through out the world for extraction of pure zinc metal. As the company would restart its electrolysis process for manufacturing of zinc his knowledge and experience would contribute immensely at that time Smt. Vinita Puntambekar is a Chartered Accountant, having around 7 years of experience in the field of finance, accounts and taxation. It would be feasible to appoint them as Directors of the Company at the ensuing Annual General Meeting.

Shri B.L. Kakrecha was a Whole-Time Director of the Company but due to certain pre-occupations, he had put his willingness to resign from the post. Board accepted his resignation from the post of Whole-Time Director with effect from 04.09.2002. This year he also retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment as Director.

AUDITORS

M/s Chaturvedi S K & Fellows, Chartered Accountants, Mumbai hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**FIXED DEPOSIT**

During the year under review the Company has not accepted any fixed deposits from the public under Section 58A of the Companies Act, 1956, and Deposit Rules thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption is not given as the plant was totally closed during the year. There were no earnings in foreign exchange but outgo in foreign exchange during the year is Rs. 1.11 lacs

PARTICULARS OF EMPLOYEES

None of the employees were in receipt of remuneration which qualify for disclosure Under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance to the provisions of the Section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- (i) in the preparation of Annual Accounts the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

DEMATERIALISATION OF SHARES

As Securities & Exchange Board of India (SEBI) has made it compulsory that the shares should be in dematerialised form, Company has taken effective steps to enter into the agreement with National Securities & Depositories Ltd. (NSDL) and Central Depositories & Services Ltd. (CDSL) and your Director's are hopeful that this agreement will tie up within short period of time.

CORPORATE GOVERNANCE

Clause 49 of the Listing Agreement of Stock Exchanges requires more transparency into the affairs of all the listed companies. Accordingly, management of the Company has taken initiatives to comply with the provisions of Corporate Governance. Board of the Company recommends to appoint three more candidates as non-executive and independent directors at this Annual General Meeting. On the election of the candidates as Directors, further necessary steps in this regard will be implemented shortly.

APPRECIATION

The Board of Directors express their appreciation of the dedicated efforts put in by Executives and staff members at all levels of the Company. The Board record their gratitude to the Financial Institutions, Bankers, Shareholders for their assistance, co-operation and continued support which have been a source of strength to the Company. The Board of Directors also wish to thank the Central and the State Governments for their continued guidance and support.

**For & On Behalf of the Board
For Indo Zinc Limited**

Place : Indore
Dated : 4th Sept. 2002

(SANJAY AGRAWAAL)
Chairman & Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF INDO ZINC LIMITED

We have audited the attached Balance Sheet of INDO ZINC LTD. as at 31st March, 2002 and also the Profit and Loss Account of the Company 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 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 from 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraph 4 of the said Order.

Further to our comments in the Annexure referred to 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 purpose 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 the books.
- c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Profit and Loss Account and the Balance Sheet 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 representation received from the directors as on 31.03.2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from

being appointed as a director in terms of provisions of section 274(1)(g) of the Companies Act, 1956.

- f)
 - (i) The accounts of the company have been prepared on going concern basis despite it being a sick industrial company within the meaning of the clause (o) of sub section (1) of Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985. Its reference to BIFR is registered as case No.277/98. The management has submitted proposal to the Operating Agency for rehabilitation of the Company and for settlement of dues of the financial institutions and others. Major participating financial institutions have expressed their intention to support the proposal. In anticipation of approval of its rehabilitation proposal, the management has taken steps for restarting of production activity at its Zinc plant. The plant & machinery are being repaired/ serviced, power supply has been restored, preliminary clearance from Pollution Control Board has been obtained and application for import of raw material submitted to the Government. In view of these steps taken by the management, the accounts of the Company have been prepared on the basis that the company is a going concern though there is substantial erosion of its net worth and severe impairment of its liquidity and the viability of company's operations depends upon substantial financial support from outside.
 - (ii) No provision has been made for interest on term loans from financial institutions since 01.04.1998 and on working capital facilities from bank since 01.01.1999 due to expression of intention by major financial institutions and bank to revise the rate thereof as part of the rehabilitation package to the Company. Pending finalisation and approval of the rehabilitation proposal, it is not possible to ascertain with reasonable certainty the liabilities of the Company towards financial institutions and bank on interest account. The interest liability, as may be arrived at as part of the package, shall be provided for in the year of the settlement. The liabilities of the Company towards financial institutions and bank are subject to reconciliation and confirmation.
 - (iii) No provision has been made for bonus for the year Rs. 45011 and bonus for the previous year Rs.34205.
 - (iv) Balances of debtors, creditors and loans & advances are subject to confirmation.

Had the company made necessary provision for items mentioned in points no.(iii) above, the loss for

INDO ZINC LIMITED

the year would have been Rs.8,117,827 (as against the reported figure of Rs.8,072,816), accumulated loss for the year would have been Rs.331,981,515 (as against the reported figure of Rs. 331,902,299) and the current liabilities would have been higher by Rs.79,216.

- g) Subject to above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the notes to accounts 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, 2002 and
- (ii) in the case of Profit & Loss Account, of the loss for the year ended on that date.

**For Chaturvedi SK & Fellows
Chartered Accountants**

Place : Mumbai
Dated : 4th Sept. 2002

(S.K. Chaturvedi)
Partner

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date on the accounts of INDO ZINC LIMITED for the year ended 31st March, 2002.

1. The company has maintained proper records of its fixed assets to show full particulars including quantitative details and situation of fixed assets. We have been reported that no physical verification of the fixed assets could be carried out during the year by the management due to closure of the plant. We are not in a position to comment on the materiality or other wise of the discrepancies and its accounting treatment.
2. None of the fixed assets have been revalued during the year.
3. No physical verification of the stocks of finished goods, stores, spare parts, trading material and raw material could be done by the management during the year due to closure of the plant.
4. As no physical verification of the stocks of finished goods, stores, spare parts, trading material and raw material could be conducted by the management during the year, we are not in a position to comment on the reasonableness and adequacy of the procedures of physical verification.
5. As reported above, in the absence of physical verification of stocks we are not in a position to comment on the discrepancies between the physical stocks and the book records and accounting treatment thereof.
6. On the basis of our examination of stock records, we are of the opinion that valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has not accepted any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 except an interest free unsecured loan of Rs. 20 lakhs from a Director. We have been informed that there is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
8. According to the information and explanation given to us, the company has not granted unsecured loans / advances to companies or other parties listed in the register maintained u/s 301 of the Companies Act, 1956. We have been informed that there is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
9. The employees and other parties to whom interest free loans or advances in the nature of loans have been given by the company are repaying the principal amount as stipulated.
10. 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 with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for sale of goods.
11. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, material or services made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
12. Since no physical verification of stocks has been conducted by the management during the year, the extent of unserviceable or damaged stores, raw material and finished goods is not ascertained.
13. The company has not accepted any deposits from the public during the year.