

**16<sup>th</sup>**

# **ANNUAL REPORT**

**2002 - 2003**

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**INDO ZINC LIMITED**

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

**INDO ZINC LIMITED**



**BOARD OF DIRECTORS :**

Sanjay Agrawaal  
Manoj Agrawal  
S.K. Nuwal  
B.L. Kakrecha  
J. Tauro  
Neeraj Jajoo  
Vinita Puntambekar  
Aditi Gupta

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

**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 Sixteenth Annual General Meeting of the Members of INDO ZINC LIMITED will be held on Monday, the 29th September, 2003 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 and Loss Account for the year ended March 31, 2003 and Balance Sheet as at that date and the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Shri Sanjay Agrawaal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Surendra Kumar Nuwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2003-2004 and to fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 1956, and the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003 (hereinafter referred to as "Delisting Guidelines") and subject to the approval(s) of the stock exchange(s) where the shares of the Company are listed and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permission and sanction, which may be agreed to by the Board of Directors of the Company (the Board which term shall be deemed to include any committee thereof), consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from the The Delhi Stock Exchange Limited, the Ahmedabad Stock Exchange Association and Madhya Pradesh Stock Exchange, Indore.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting

of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent, that the members shall be deemed to have given their approval expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all necessary steps in this regard in order to comply with all legal and procedural formalities and further to authorize any of its Committee or any of its Directors or any of the Officer of the Company to do all such acts, deeds or things to give full effect to the aforesaid resolution."

By Order of the Board  
sd/-

ADITI GUPTA  
Company Secretary

Place: Indore  
Dated: 11.08.2003

**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. 5 under Special Business of the notice is annexed.
5. The Register of members and Share Transfer Books of the Company will remain closed from 25th September, 2003 to 29th September, 2003 (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.

**INDO ZINC LIMITED****ANNEXURE TO THE NOTICE**

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

**Items No. 5**

The Company's equity shares are currently listed at Delhi Stock Exchange Association Limited, The Ahmedabad Stock Exchange, Madhya Pradesh Stock Exchange, Indore in addition to the Stock Exchange, Mumbai (BSE). With the extensive networking of the BSE and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the equity shares of the Company across the Country. The bulk trading in the Company's equity shares in any case takes place on the BSE and the trading in the Company's equity shares on all the other Stock Exchanges is not significant.

The Company's equity shares, is one of the script which the Securities and Exchange Board of India (SEBI) has specified for compulsory settlement in dematerialized form by all investors.

It is also observed that the listing fees payable to other Stock Exchanges (Other than BSE) is disproportionately higher as compared to the extremely low historical trading volumes of the Company's Equity Shares on those Stock Exchanges, therefore, your Company proposes this resolution as part of its cost reduction measures. As per the applicable SEBI guidelines, no exit option is given to the shareholders of the regions of these three exchanges.

The proposed delisting of the Company's equity shares from the said Stock Exchanges, as and when the same takes place, will not adversely affect the investors. The Company's equity shares will continue to be listed on the BSE. The delisting will take effect after all approvals, permissions and sanctions are received.

Your Directors accordingly commend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution.

By Order of the Board  
For Indo Zinc Limited

sd/-

ADITI GUPTA  
Company Secretary

Place: Indore  
Dated: 11.08.2003

**DIRECTORS' REPORT**

To

The Members,

INDO ZINC LIMITED

Your Directors have pleasure in presenting the Sixteenth Annual Report on the affairs of the Company together with Audited Accounts for the year ended 31st March, 2003.

**FINANCIAL RESULTS**

	Rs. In Lacs	
	<u>2002-03</u>	<u>2001-02</u>
Sales & other income	963.78	24.42
Gross Profit / (Loss)	255.84	(39.57)
Less: Deprecation	28.49	32.52
Profit/(Loss) before tax	227.35	(72.19)
Less: Provision for income Tax	---	---
Profit / (Loss) After tax	227.35	(72.19)
Less : Extra ordinary items		
Preoperative expenditure during construction relating to abandoned project	8.35	(8.54)
Add/(less):Balance brought forward	(3319.02)	(3238.29)
Balance Carried to balance sheet	(3100.02)	(3319.02)

**DIVIDEND**

As your Company is a Sick Company registered with the Board of Industrial & Financial Reconstruction of India and as there is heavy accumulated losses, therefore, your Directors are unable to recommend any dividend for the year 2002-2003.

**OPERATIONS**

The sales and other income for the financial year under review were Rs. 963.78 lacs against Rs. 24.42 lacs for the previous financial year. The Company also registered the profit after tax of Rs. 219 lacs, during the current financial year as against the losses of Rs. 80.73 lacs in the previous financial year.

**FUTURE PROSPECTS**

Your Directors have pleasure to inform you that the Company has recommenced its commercial production from September, 2002 & now looking to the rising trend in non ferrous market, your Directors are hopeful that your Company will register satisfactory performance and will turnaround in near future.

**INDO ZINC LIMITED****DIRECTORS**

Mr. Suresh Sigtia who was appointed as Director at the last Annual General Meeting of the Company held on 30.09.2002, ceased to be Director on the Board of the Company.

The Board of Directors placed on record its appreciation for the valuable guidance and services rendered by him during his tenure as Director of the Company.

Mr. Sanjay Agrawal and Mr. Surendra Kumar Nuwal retire by rotation at the forthcoming Annual General Meeting, being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment in the interest of the Company.

**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**

The Company has recommenced its commercial production with the improved technology, resulting into better quality of products and less energy consumption. The technical process adopted by the Company is fully indigenous.

There was no earning but outgo of Rs. 14970/- in foreign exchange during the year.

**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 judgments 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.

**DEMATERIALIZATION OF SHARES**

In view of the weak financial position, there is a slight delay in process of dematerialisation of shares of your Company, however, your Directors are hopeful to implement the same shortly as your Company has recommenced its commercial production this year.

**CORPORATE GOVERNANCE**

The Securities & Exchange Board of India has introduced a code of corporate governance for implementation by the listed companies by an amendment to the listing agreement. Accordingly, all the stock exchanges inserted a new Clause 49 of the listing agreement on corporate governance, and the provisions thereof have been complied by your Company. The report on corporate governance is placed as Annexure A.

**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

Place : Indore  
Dated : 11.08.2003

SANJAY AGRAWAL  
Chairman & Managing Director

**CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

**1. BOARD OF DIRECTORS****1.1 Composition**

The present strength of the Board of Directors is 7, comprising of 3 Executive Directors and 4 Non Executive Directors. The details of the present Board of Directors alongwith the details of their other Directorship/Committee Membership are as under:

Name of the Director	Position	Category	Other Directorships	Committee Memberships	Committee Chairmanships
Sanjay Agrawaal	Chairman & MD	Executive	2	-	-
Manoj Agrawal	Jt.MD	Executive	2	-	-
Surendra Kumar Nuwal	WTD	Executive	1	-	-
B.L. Kakrecha	Director	Non-Executive	1	-	-
J. Tauro	Nominee (IDBI)	Non-Executive	-	3	-
Neeraj Jajoo	Director	Non-Executive	1	3	-
Vinita Puntambekar	Director	Non-Executive	-	3	3

\* Only three committees, namely, Audit Committee, Investors Grievance Committee and Remuneration Committee are considered.

**1.2 Meetings and attendance record of each Director**

(i) 4 Meeting of the Board of Directors were held during the year ended on 31st March, 2003. These were held on:-

1. 8th June, 2002
2. 4th September, 2002
3. 27th December, 2002
4. 29th January, 2003

(ii) The attendance record of the Directors of the Board Meetings during the year ended on 31st March, 2003 and the last Annual General Meeting is as under:-

Name of the Director	Attendance at Board Meetings	Attendance at Last AGM
Mr. Sanjay Agrawaal	4	Yes
Mr. Manoj Agrawal	0	Yes
Mr. Surendra Kumar Nuwal	4	Yes
Mr. B.L. Kakrecha	0	No
Mr. J. Tauro	3	No
Mr. Suresh Sigtia	2 **	Yes
Mr. Neeraj Jajoo	0 *	Yes
Ms. Vinita Puntambekar	2 *	Yes

\* Appointed at the last AGM held on 30.09.2002.

\*\* Appointed at last AGM and resigned w.e.f. 28.02.2003.



**INDO ZINC LIMITED**

### 1.3 Remuneration of Directors

(i) The details of remuneration paid to the Executive Directors of the Company are given below:

Name of the Director	All elements of Remuneration Package
Mr Sanjay Agrawaal	Rs. 30,000/- P.M.
Mr. Manoj Agrawal	Rs. 25000/- P.M.
Mr. Surendra Kumar Nuwal	Rs. 22500/- P.M.

(ii) The remuneration paid to the Non-Executive Directors of the Company is nil.

### 2. Audit Committee

The Audit Committee of the Company has been constituted by the Board of Directors in its meeting held on 27.12.2002. Audit Committee comprises of three Members all of them are non-executive and independent Directors i.e. Ms. Vinita Puntambekar, Mr. J. Tauro and Mr. Neeraj Jajoo. They possess adequate knowledge of accounts, audit, finance, etc. Ms. Vinita Puntambekar is the Chairman of the Audit Committee. The Audit Committee reviews:

- the Company's financial reporting process
- internal control systems
- accounting policies, practices and disclosure norms
- quarterly, half yearly and annual financial statements
- financial and risk policies

It also recommends appointment of statutory auditors, fixes audit fee and reviews internal control system.

There was no meeting of Audit Committee held till 31st March, 2003 as the committee was formed on 27.12.2002

### 3. Remuneration Committee

The Board of the Company has constituted a Remuneration Committee. The Committee reviews the remuneration package of the executive directors, recommends suitable revisions to the Board and recommends compensation of the non executive directors in accordance with the Companies Act, 1956. The remuneration of the Managing Director, Joint Managing Director and Whole-Time Director is subject to approval of the Board and shareholders at the Annual General Meeting, as well as the ceilings laid down in Schedule XIII to the Companies Act, 1956.

Remuneration Committee comprises of three Members all of them are non-executive and independent Directors i.e. Ms. Vinita Puntambekar, Mr. J. Tauro and Mr. Neeraj Jajoo. Ms. Vinita Puntambekar is the Chairman of the Remuneration Committee.

There was no meeting of Remuneration Committee held till 31st March, 2003 as the committee was formed on 27.12.2002.

### 4. Shareholders/ Investors Grievances Committee

The Board of the Company has a Shareholders/investors Grievances Committee comprising three members all of them are non-executive and independent Directors i.e. Ms. Vinita Puntambekar, Mr. J. Tauro and Mr. Neeraj Jajoo. Ms. Vinita Puntambekar is the Chairman of the Shareholders/investors Grievances Committee.

In 2002-03, 22 letters/complaints were received from the shareholders/ investors. These were basically on account of non-receipt of annual reports, transferred shares, change in address. All the complaints were resolved, and letters were replied, to the satisfaction of the investors. Thus, as on 31st March, 2003 there were no pending letters or complaints.

There was no meeting of Shareholders/investors Grievances Committee held till 31st March, 2003 as the committee was formed on 27.12.2002.