

**18th**  
**ANNUAL REPORT**  
**2004 - 2005**

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**INDO ZINC LIMITED**

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

**BOARD OF DIRECTORS :**

Sanjay Agrawaal	- Chairman & Managing Director
Manoj Agrawal	- Joint Managing Director
S.K. Nuwal	- Whole-Time Director
R.S. Gupta	- Nominee (IDBI)
B.L. Kakrecha	- Director
Neeraj Jajoo	- Director
Vinita Puntambekar	- Director

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

**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of INDO ZINC LIMITED will be held on Friday, the 30th September, 2005 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, 2005 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 Manoj Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B.L. Kakrecha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2005-2006 and to fix their remuneration.

**By Order of the Board**

Place: Mumbai  
Dated: 06.09.2005

SANJAY AGRAWAL  
Managing Director

**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 Register of members and Share Transfer Books of the Company will remain closed from 27th September, 2005 to 30th September, 2005 (both days inclusive).
5. 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.

**DIRECTOR'S REPORT**

To  
The Members,  
INDO ZINC LIMITED

Your Directors have pleasure in presenting the Eighteenth Annual Report on the affairs of the Company together with Audited Accounts for the year ended 31st March, 2005.

	(Rs. in lacs)	
	<u>2004-2005</u>	<u>2003-2004</u>
Sales & other Income	87.10	594.90
Gross Profit/(Loss)	(3.34)	(37.32)
Less : Depreciation	21.67	25.40
Profit/(Loss) before Tax and exceptional items	(25.01)	(62.72)
Less: Extra Ordinary items		
1.Pre-operative expenditure during construction relating to abandoned project	7.69	8.09
2.Provisions for doubtful debts	(8.22)	65.43
3.Goods in process	--	39.07
Profit/(Loss) before Tax	(24.48)	(175.31)
Less : Provision for Tax	-	-
Profit/(Loss) After Tax	(24.48)	(175.31)
Add/(less): Balance brought forward	(3,275.33)	(3,100.02)
Balance carried to balance sheet	(3,299.81)	(3,275.33)

**DIVIDEND**

As your Company is a Sick Company registered with the Board of Industrial & Financial Reconstruction of India and as there are heavy accumulated losses, therefore, your Directors are unable to recommend any dividend for the year 2004-2005.

**OPERATIONS**

The sales and other income for the financial year under review were Rs. 87.10 lacs against Rs.594.90 lacs for the previous financial year. The Company also registered the loss after tax of Rs.24.48 lacs, during the current financial year as against the Loss of Rs.175.31 lacs in the previous financial year.

**FUTURE PROSPECTS**

Your Directors are pleased to inform you that a fully tied-up scheme approved by Corporate Debt Restructuring Cell has been formulated. However, BIFR had served a notice to improve the Scheme against which the Company had filed appeal to AAIFR. AAIFR admitted the appeal and ordered to circulate the scheme. As per hearing proceedings held on 21/06/05, we are very much hopeful that AAIFR would remand the case to BIFR with recommendation to accept the scheme as the Scheme is fully tied-up Scheme. Order of AAIFR is awaited. In view of the

above positive developments the management has taken effective steps to re-start the Zinc Plant of the Company.

The professionals have been appointed to study how the process and technology can be improved to achieve better production and performance. We are very much hopeful that with the support of Banks/ Financial Institutions the Company will be turnaround in near future.

## **DIRECTORS**

Shri Manoj Agrawal and Shri B.L. Kakrecha retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year, Industrial Development Bank of India (IDBI) appointed Shri R.S. Gupta Dy. General Manager, IDBI, H.O., Mumbai and possesses sound corporate experience, as its Nominee on the Board of the Company in place of Shri J. Tauro w.e.f. 29th April, 2005.

Your Board wishes to place on records its appreciation for the valuable services and guidance rendered by Shri J. Tauro during his tenure as a Nominee Director of the Company.

Shri Rajendra Kumar Chaturvedi was a 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 office of the Director with effect from 06.09.2005.

Your Board wishes to place on records its appreciation for the valuable services and guidance rendered by Shri Rajendra Kumar Chaturvedi during his tenure as a Director 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**

Gas Authority of India Ltd. has proposed to lay the gas pipelines to supply Suppressed Natural Gas to Pithampur, Industrial Area. We would be able to generate better quality of power at lower rate, this will help in reducing the cost of production and increasing margins of profit.

There was no foreign earning but outgo of Rs. 5,93,720 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.

## **CORPORATE GOVERNANCE**

The Company has in place a system of Corporate Governance. A separate Report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company, regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of Stock Exchanges. 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 records 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 wishes to thank the Central and the State Governments for their continued guidance and support.

**For and on behalf of the Board**

Mumbai  
Date : 06.09.2005

(SANJAY AGRAWAL)  
Chairman & Managing Director

## ANNEXURE - 'A'

**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 Agrawal	Chairman & MD	Executive	2	-	-
Manoj Agrawal	Jt MD	Executive	2	-	-
Surendra Kumar Nuwal	WTD	Executive	1	-	-
B.L. Kakrecha	Director	Non-Executive	-	-	-
R.S. Gupta	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.

Mr. R.S. Gupta appointed as nominee director (IDBI) w.e.f. 29.04.2005 in place of Mr. J.S. Tauro who was nominee director during the year.

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

- (i) Four Meetings of the Board of Directors were held during the year ended on 31st March, 2005. These were held on:-
1. 15th April, 2004 2. 3rd July, 2004
  3. 4th September, 2004 4. 15th January, 2005
- (ii) The attendance record of the Directors of the Board Meetings during the year ended on 31st March, 2005 and the last Annual General Meeting is as under:-

Name of the Director	Attendance at Board Meetings	Attendance at Last AGM
Mr. Sanjay Agrawal	4	Yes
Mr. Manoj Agrawal	1	Yes
Mr. Surendra Kumar Nuwal	3	Yes
Mr. B.L. Kakrecha	0	No
Mr. J. Tauro	2	No
Mr. Neeraj Jajoo	2	Yes
Ms. Vinita Puntambekar	4	Yes

**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 Agrawal	Rs. 30,000/- P.M.
Mr. Manoj Agrawal	Rs. 25000/- P.M.
Mr. Surendra Kumar Nuwal	Rs. 17500/- P.M.

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

**2. Audit Committee**

The Audit Committee during the year comprises of three Members all of them are non-executive and independent Directors i.e. Mrs. Vinita Puntambekar, Mr. J. Tauro and Mr. Neeraj Jajoo. They possess adequate knowledge of accounts, audit, finance, etc. Mrs. Vinita Puntambekar is the Chairman of the Audit Committee. The Audit Committee meets from time to time and presents its report to the Board of Directors. The Committee met 3 times during the year (on 03.07.2004, 04.09.2004 and 15.01.2005), and the attendance of the members at the meetings was as follows:

Name of Member	Status	No. of Meetings Attended	Remarks
Ms. Vinita Puntambekar	Chairman	3	
Mr. J. Tauro	Member	2	
Mr. Neeraj Jajoo	Member	2	

**3. Remuneration Committee**

The Remuneration Committee during the year comprises of three Members all of them are non-executive and independent Directors i.e. Mrs. Vinita Puntambekar, Mr. J. Tauro and Mr. Neeraj Jajoo. Mrs. Vinita Puntambekar is the Chairman of the 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 was 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. As well as, the appointment of all the non-executive directors is on the honorary basis, hence, no remuneration is paid to them. Therefore, there was no need to conduct any meeting of the Remuneration Committee till 31st March, 2005.

#### 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. The Committee meets from time to time and presents its report to the Board of Directors. The Committee met 3 times during the year (on 03.07.2004, 04.09.2004 and 15.01.2005), and the attendance of the members at the meetings was as follows:

Name of Member	Status	No. of Meetings Attended	Remarks
Ms. Vinita Puntambekar	Chairman	3	
Mr. J. Tauro	Member	2	
Mr. Neeraj Jajoo	Member	2	

During the year some 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, 2005 there were no pending letters or complaints.

#### 5. General Body Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2001-2002	30.09.2002	4.00 p.m.	Registered Office
2002-2003	29.09.2003	4.00 p.m.	Registered Office
2003-2004	30.09.2004	4.00 p.m.	Registered Office

#### 6. Disclosures

- During the year, there were no transactions of material nature with the directors or the management or there subsidiaries or relatives that had potential conflict with the interest of the Company.
- There is no incidence of non-compliance by the Company during the year except non-payment of listing fee to some stock exchanges as our Company is a Sick Company registered with the Board of Industrial & Financial Reconstruction of India (BIFR) and we are facing heavy financial crises.

#### 7. Means of Communication

The quarterly, half yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately as and when the Board approves them.

#### 8. General Shareholders Information

##### 8.1 Address for Correspondance:

Registered Office : 601, Ravi Building, 189/191, Dr. D.N. Road, Fort, Mumbai-400001.

Administration Office : 405, Apollo Tower, 2, M.G. Road, Indore-452 001 (M.P.)

**8.2 Plant Location:** The Company's Plant is located at Plot No. 79, Sector III Industrial Area, Pithampur, Distt. Dhar (M.P.).

##### 8.3 Annual General Meeting:

Day : Friday  
Date : 30th September, 2005  
Time : 4.00 P.M.  
Venue : Registered Office

**8.4 Book Closure:** From 27th September, 2005 to 30th September, 2005 (Both days inclusive).

##### 8.5 Financial Calendar 2004-2005:

- quarterly results ending 30.06.2004 : 4th September, 2004
- quarterly results ending 30.09.2004 : 15th January, 2005
- quarterly results ending 31.12.2004 : 15th January, 2005
- quarterly results ending 31.03.2005 : 15th April, 2005
- Audited results ending 31.03.2005 : 6th September, 2005
- AGM for the year ending 31.03.2005: 30th September, 2005

##### 8.6 Listing of Securities:

Name of the Stock Exchanges:

The Stock Exchange, Mumbai

The Delhi Stock Exchange Association Ltd.

The Stock Exchange, Ahmedabad

M.P. Stock Exchange, Indore

However the Stock Exchange, Mumbai temporarily delisted our securities.

**8.7 Dematerialisation of Shares:** The Company had applied to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) vide its letter dated 6th January, 2003. In response thereof, CDSL informed vide their letter No. ADM-ISS/AKM/2003/400 dated July 11, 2003 that the capital base of the Company does not fulfill the criteria of CDSL and therefore the equity shares could not be dematerialised.

**8.8 Share Transfer System:** The Company has not appointed any registrar & share transfer agent for share registry work and the Company is looking after all the work in house. The share certificates sent for transfer in physical form are registered within 30 days of receipt of the documents, if documents are found in order. Shares under objection are returned within two weeks.

**8.9 (a) Distribution of Shareholding:**

The shareholding distribution of equity shares as on 31st March, 2005 is given below:

No. of Shares held	No. of Share-holders	% of Share-holders	Share-holding	% of Share-holding
Upto 500	4236	90.92	670434	14.90
501 - 1000	229	4.92	196220	4.36
1001 - 2000	81	1.74	127727	2.84
2001 - 3000	17	0.37	43900	0.98
3001 - 4000	15	0.32	55200	1.23
4001 - 5000	13	0.28	61033	1.36
5001 - 10000	15	0.32	109467	2.43
10001 and above	53	1.14	3236019	71.91
	<b>4659</b>	<b>100.00</b>	<b>4500000</b>	<b>100.00</b>

**(b) Shareholding Pattern (as on 31.03.2005)**

Category	No. of Shares Held	% Shareholding
Promoters	1922300	42.72
Mutual Funds	100700	2.24
Banks	115700	2.57
Bodies Corporate	842560	18.72
Indian Public	1487540	33.06
NRIs	31200	0.69
<b>Total</b>	<b>4500000</b>	<b>100.00</b>

**(c) Market Price Data:**

The Shares of the Company have not been traded at above Stock Exchanges since long time. Therefore, authenticated price quotations are not available.

**9. Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity:**

No GDRs/ADRs/Warrants or any convertible instruments have been issued by the Company and hence, there would not be any impact on the equity.

**Auditor's Certificate on Compliance of Conditions of Corporate Governance**

To the Members of

Indo Zinc Ltd.

We have reviewed the compliance of conditions of corporate Governance by Indo Zinc Ltd., for the year ended on 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India. We have conducted our review on the basis of the relevant records and documents maintained by the Company for the year ended 31st March, 2005 and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that, subject to remarks given in the Report on Corporate Governance, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

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

**For Chaturvedi SK & Fellows  
Chartered Accountants**

Mumbai  
Date : 6th September, 2005

**(Srikant Chaturvedi)**  
Membership No. 70019  
Partner