

**22nd  
ANNUAL REPORT  
2008 - 2009**



**INDO ZINC LIMITED**

**BOARD OF DIRECTORS :**

Sri. Sanjay Agrawal	-	Managing Director
Sri. Manoj Agrawal	-	Director
Sri. S.K. Nuwal	-	Director
Sri. B. L. Kakrecha	-	Director
Col. Nitin Bhatnagar	-	Director
Sri. Ritesh Lunkad	-	Director

**AUDITORS :**

Chaturvedi SK & Fellows  
F-2, Vaishali, 1<sup>st</sup> Floor,  
V Mehta Marg, JVPD, Juhu,  
Mumbai - 400 049.

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**REGISTERED OFFICE :**

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

**ADMINISTRATION OFFICE :**

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

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**INDO ZINC LIMITED****REGISTERED OFFICE :**

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

**NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Twenty Second Annual General Meeting of Indo Zinc Limited will be held at 12.00 Noon on Tuesday, the 29<sup>th</sup> day of September 2009, at 601, Ravi Building, 189/191, Dr.D.N. Road, Near Central Camera House, Fort, Mumbai 400 001, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Directors' Report, the accounts of the Company for the year ended 31<sup>st</sup> March 2009 and the Auditor's Report thereon.
2. To appoint a Director in the place of Mr.Manoj Agrawal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr.B.L.Kakrecha who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration:

To consider and if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT M/s.Chaturvedi SK & Fellows, Chartered Accountants, Mumbai, be and are hereby appointed Auditors of the Company including its branch office to hold office from the conclusion of the Twenty second Annual General Meeting until conclusion of the Twenty third Annual General Meeting and that their remuneration be and is hereby fixed at Rs.2,00,000/- exclusive of service tax and all travelling and out of pocket expenses which shall be reimbursed to them."

**SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass with or without modification the following resolutions as **ORDINARY RESOLUTIONS**:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by way of first mortgage/charge by the Board of Directors of the Company of all/any of the immovable and movable properties of the Company wheresoever situate, present and future and/or conferring power to enter upon and to take possession of the assets of the Company in certain events to or in favour of The India Cements Limited to secure a loan amount upto Rs.200,00,00,000/- (Rupees Two Hundred Crores only) together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses and other monies payable by the Company to The India Cements Limited in terms of their heads of agreements / loan agreements / hypothecation agreements / letters of sanction/ memorandum of terms and conditions entered into / to be entered into by the company

in respect of the said loan."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with The India Cements Limited, the documents for creating the aforesaid mortgage and / or charge and to do all such acts things as may be necessary for giving effect to the above resolution."

6. To consider and if thought fit, to pass with or without modification the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of monies from time to time notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided that the total amount which may be so borrowed by the Board of Directors and outstanding at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs.600 crores over and above the paid up Capital and free reserves of the Company for the time being."

**NOTES :**

1. Explanatory Statement is annexed to the Notice of the Twenty second Annual General Meeting of the Company as required by Section 173(2) of the Companies Act, 1956 in respect of item nos.5 & 6.
2. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/ reappointment at the Annual General Meeting are separately annexed hereto for item nos. 2 & 3.
3. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2009 to 29.09.2009 (both days inclusive).

(By order of the Board)  
for **INDO ZINC LIMITED**

Place : Indore  
Date : 13<sup>th</sup> August, 2009

**SANJAY AGRAWAL**  
CHAIRMAN

**INDO ZINC LIMITED**

**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION ARE FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / REAPPOINTED, VIDE ITEMS NO. 2 & 3 OF NOTICE DATED 13<sup>th</sup> AUGUST, 2009**

1. Name of the Director : Mr. Manoj Agrawal  
 Date of Birth : 23/08/1968  
 Date of appointment on the Board as Director : 30/08/1993  
 Date of last reappointment as Director : 30/09/2005  
 Expertise in specific functional areas : 20 years of experience in trading of Metals. Expertise in all the operations of the Company.  
 Qualification : B.Com  
 Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis : 617334  
 List of outside Directorships held in Public Companies: Nil  
 Chairman / Member of the Committees of Board of Directors of the Company : Nil  
 Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director : Nil  
 Relationship with other Directors : Brother of Mr. Sanjay Agrawal, Chairman & Managing Director.
2. Name of the Director : Mr. B.L. Kakrecha  
 Date of Birth : 03/11/1943  
 Date of appointment on the Board as Director : 19/11/1996  
 Date of last reappointment as Director : 30/09/2005  
 Expertise in specific functional areas : Having wide experience in industry of more than 45 years at senior management level.  
 Qualification : B.Com F.C.A.  
 Number of Equity Shares held in the Company by the Director or for other persons on a beneficial basis : Nil

List of outside Directorships held in Public Companies : Nil  
 Chairman / Member of the Committees of Board of Directors of the Company : Nil  
 Chairman / Member of the Committees of Board of Directors of other Companies in which he is a Director : Nil  
 Relationship with other Directors : Nil.

**EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE TWENTYSECOND ANNUAL GENERAL MEETING OF THE COMPANY IN RESPECT OF ITEMS NO.5 & 6 OF NOTICE DATED 13<sup>th</sup> AUGUST, 2009.**

**Item No.5:**

The Company has revived the construction of cement plant at Banswara, Rajasthan, which was abandoned earlier due to financial constraints. For completing the project and for other requirements, the company is required to borrow necessary funds from banks / financial institutions / corporate bodies and others and provide security to the lenders. In this connection, the Company has entered into a loan agreement with The India Cements Limited for availing financial assistance upto Rs.200 crores. The said financial assistance availed / to be availed from The India Cements Limited has to be secured by way of first mortgage/charge on the immovable and movable properties of the Company.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a public company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. Since the mortgaging/charging by the company of its immovable and movable properties as aforesaid may be regarded as disposal of the company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for creation of the said mortgage/charge. Hence the resolution.

**Inspection**

Copies of relevant agreements/ documents executed with The India Cements Limited are available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting and will also be available for inspection at the meeting.

**INDO ZINC LIMITED****Interest of Directors:**

No Director of the Company is directly or indirectly concerned or interested in this resolution.

**Item No.6:**

The shareholders at the Annual General Meeting of the Company held on 28<sup>th</sup> September 1994 passed necessary resolution under Section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow monies upto Rs.100 crores over and above the paid-up capital and free reserves of the Company.

The Company has revived the construction of cement plant at Banswara, Rajasthan, which was abandoned earlier due to financial constraints. For completing the project and for other requirements, the company is required to borrow necessary funds from banks/ financial institutions / corporate bodies and others from time to time. In view of this and also to provide flexibility in operation, it is necessary that the Board of Directors be authorised to borrow monies upto Rs.600 crores over and above the paid up capital and free reserves of the Company for the time being. Hence the resolution.

**Interest of Directors:**

No Director of the Company is directly or indirectly concerned or interested in this resolution.

(By order of the Board)  
for **INDO ZINC LIMITED**

Place : Indore  
Date : 13th August, 2009

**SANJAY AGRAWAL**  
**CHAIRMAN**

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Twenty second Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March 2009.

**Financial Results:**

	(Rs.in Lakhs)	
	For the year ended 31 <sup>st</sup> March	
	2009	2008
Total Income	36.35	743.51
Total Expenditure	604.84	1021.83
Gross Profit/(Loss)	(568.49)	(278.32)
Less: Depreciation	11.72	13.62
Profit/(Loss) before tax and exceptional items	(580.21)	(291.94)
Exceptional Items:		
Interest Provision written back on settlement of liabilities	65.15	526.90
Profit/(Loss) before tax	(515.06)	234.96
Provision for Tax	3.79	0.29
Profit/(Loss) after tax	(518.85)	234.67
Add/(Less) balance brought forward	(3053.91)	(3388.58)
Transfer from debenture redemption reserve	0.00	100.00
Balance carried to Balance Sheet	<b>(3572.76)</b>	<b>(3053.91)</b>

**DIVIDEND:**

In view of the loss incurred during the year, your Directors are unable to recommend any dividend for the year 2008-09.

**DISCHARGE FROM BIFR:**

The Company has fully settled its dues and liabilities to financial institutions and banks. In view of the Company's net-worth exceeding the accumulated losses and the Company no longer being a sick company, it was discharged from the purview of SICA / BIFR by the Board for Industrial and Financial Reconstruction (BIFR) vide its Order No.277/98 dated 17<sup>th</sup> March 2009.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' responsibility:

"We confirm

1. That in the preparation of the accounts for the year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That such accounting policies have been selected and applied consistently and made judgments and estimates that

**INDO ZINC LIMITED**

are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the financial year ended 31<sup>st</sup> March 2009 and of the loss of the Company for that year.

3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts for the year ended 31<sup>st</sup> March 2009 have been prepared on a going concern basis."

**OPERATIONS:**

The sales and other incomes for the financial year under review were Rs.36.35 lakhs as against Rs.743.51 lakhs in the previous financial year. The Company also registered the Loss after tax of Rs.518.85 Lakhs, during the current financial year as against Profit of Rs.234.67 lakhs in the previous financial year.

**PROJECT:**

The Company has revived the construction of cement plant at Banswara, Rajasthan, which was abandoned earlier due to financial constraints. The plant on completion, will have an aggregate capacity of approximately 1.5 mtpa and will cater to the cement markets in the states of Rajasthan, Madhya Pradesh and Gujarat.

**OPEN OFFER:**

During July 2009, ICL Financial Services Limited (ICLFSL), the wholly owned subsidiary of The India Cements Limited (ICL), acquired 13% of the equity shares of the Company and entered into a share purchase agreement with the promoters of the Company to acquire an additional 39.73% of the equity shares of the Company. In compliance with the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, in July 2009, ICLFSL along with ICL have made a public announcement to the shareholders of the Company to acquire a further 20% of the issued shares at Rs.22.50 per share.

**CORPORATE GOVERNANCE:**

Pursuant to clause 49 of the Listing Agreement with stock exchanges, a report on Corporate Governance along with Auditor's Certificate of its compliance is included as part of the Annual Report of the Company.

**PUBLIC DEPOSITS:**

During the year under review the company has neither accepted nor invited any public deposits within the meaning of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. Also there are no outstanding public deposits at the end of the year.

**CONSERVATION OF ENERGY ETC.:**

The particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable to the company.

There was no foreign exchange earning and outgo during the year under review.

**PERSONNEL:**

There was no employee during the period drawing remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**DIRECTORS:**

Mr.Manoj Agrawal and Mr.B.L.Kakrecha retire by rotation at the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

**AUDITORS:**

M/s.Chaturvedi SK & Fellows, Chartered Accountants, Mumbai, Auditors of the Company, retire at the Annual General Meeting and are eligible for re-appointment.

**ACKNOWLEDGEMENT:**

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 and 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

Place: Indore  
Date:13th August, 2009

**Sanjay Agrawal**  
**Chairman**



**INDO ZINC LIMITED****CORPORATE GOVERNANCE****1. CORPORATE GOVERNANCE - THE PHILOSOPHY**

The underlying principles of Corporate Governance are the values, ethics and commitment to follow best business practices. Thus, it rests upon the foundations of transparency, disclosures and fairness in dealing with its shareholders. It is interplay between Company, shareholders, creditors, capital markets, financial sectors, institutions and law. Corporate Governance is concerned with the establishment of systems whereby the Directors are entrusted with the responsibilities and duties in relation to the direction of Corporate Affairs.

Indo Zinc Ltd. is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices stems from an inherent desire to improve and innovate and reflects the culture of trusteeship that is deeply ingrained in our value system and forms part of the strategic thought process. Our governance philosophy rests on Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

Our Corporate structure, business and practices have been aligned to our Corporate Governance philosophy. We will continuously endeavour to take forward the best practices to enhance stakeholders' value. The details of compliance are as follows :

**2. BOARD OF DIRECTORS****2.1 COMPOSITION**

The present strength of the Board of Directors is 6, comprising of 1 executive Director and 5 Non Executive Directors. The details of the present Board of directors along with the details of their other Directorship/Committee Membership are as under:

NAME OF THE DIRECTOR	POSITION	CATEGORY	OTHER DIRECTORSHIPS	COMMITTEE MEMBERSHIPS	COMMITTEE CHAIRMANSHIPS
Mr.Sanjay Agrawal	Chairman & MD	Executive	2	0	0
Mr.Manoj Agrawal	Director	Non -Executive	2	0	0
Mr.Surendra Kumar Nuwal	Director	Non - Executive	2	3	0
Mr.B.L.Kakrecha	Director	Non-Executive	0	0	0
Col.Nitin Bhatnagar	Director	Non-Executive	4	3	3
Mr.Ritesh Lunkad	Director	Non-Executive	7	3	0

**2.2 BOARD MEETINGS AND ATTENDANCE:**

During the year 2008-09, 7 Board Meetings were held on 17<sup>th</sup> April, 2008, 22<sup>nd</sup> May, 2008, 31<sup>st</sup> July, 2008, 30<sup>th</sup> August, 2008, 25<sup>th</sup> October 2008, 20<sup>th</sup> January, 2009 and 26<sup>th</sup> February, 2009. The details of attendance of Directors at the Board Meetings during the year and the last Annual General Meeting are as follows:

NAME OF THE DIRECTOR	ATTENDANCE AT BOARD MEETINGS	ATTENDANCE AT LAST AGM
Mr.Sanjay Agrawal	7	YES
Mr.Manoj Agrawal	Nil	NO
Mr.Surendra Kumar Nuwal	7	YES
Mr.B.L.Kakrecha	6	YES
Col.Nitin Bhatnagar	7	YES
Mr.Ritesh Lunkad	7	YES

**2.3 REMUNERATION OF DIRECTORS**

(i) The details of remuneration paid to the Executive Director of the Company is given below:

NAME OF DIRECTOR	ALL ELEMENTS OF REMUNERATION PACKAGE
Mr.Sanjay Agrawal	Rs.30.000/- P.M

(ii) The remuneration paid to the Non-Executive Directors of the company is NIL.

**3. AUDIT COMMITTEE**

The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred to by the Board of Directors from time to time.

The Audit Committee met 4 times during the year on 17<sup>th</sup> April, 2008, 31<sup>st</sup> July, 2008, 25<sup>th</sup> October, 2008, and 20<sup>th</sup> January, 2009.

The Composition and the attendance of the members at the meetings are as follows:

NAME OF MEMBERS	DESIGNATION	NO. OF MEETINGS ATTENDED
Col.Nitin Bhatnagar	Chairman	4
Mr.Ritesh Lunkad	Member	4
Mr.Surendra Kumar Nuwal	Member	4

**4. REMUNERATION COMMITTEE**

The Remuneration Committee comprises of Mr.Nitin Bhatnagar, Mr.Ritesh Lunkad and Mr.Surendra Kumar Nuwal who are all non-executive and independent Directors. Mr.Nitin Bhatnagar is the Chairman of the Committee.

There was no Remuneration Committee meeting held during the year.

**INDO ZINC LIMITED****REMUNERATION POLICY**

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company
- Track record, potential and performance of individual managerial personnel.
- External competitive environment.

The Company has not introduced any stock option scheme for any of its Director.

**REMUNERATION TO NON-EXECUTIVE DIRECTORS**

During the year ended 31<sup>st</sup> March, 2009, the Company has not paid any remuneration either in the form of commission or sitting fee to its non-executive Directors.

**RELATED PARTY TRANSACTIONS AND PECUNIARY RELATIONSHIP OF DIRECTORS**

There are no significant related party transactions, pecuniary relationship or transactions between the Company and its Directors for the year ended 31<sup>st</sup> March 2009. Related party transactions are disclosed in the notes to accounts forming part of this annual report.

**5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

There was no Shareholders'/Investors' Grievance Committee meeting held during the year.

The composition and attendance of the Shareholders / investors grievance Committee meetings are given below:

Name of Members	No. of meetings held	No. of meetings attended
Col.Nitin Bhatnagar, Chairman	0	0
Mr.Ritesh Lunkad	0	0
Mr.Surendra Kumar Nuwal	0	0

During the year no complaints were received from the shareholders and investors.

- Mr. Mayur Shah is the Compliance Officer.

**6. GENERAL BODY MEETINGS**

The last Three Annual General Meetings were held as under:

FINANCIAL YEAR	DATE	TIME	VENUE
2005-2006	30.09.2006	4.00 p.m	Registered office
2006-2007	29.09.2007	4.00 p.m.	Registered office
2007-2008	30.09.2008	4.00 p.m.	Registered office

No special resolution was required to be put through postal ballot last year.

No item of business relating to matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges and/or the provisions contained in Section 192A of the Companies Act, 1956, requiring voting by postal ballot is included in the Notice convening the 22<sup>nd</sup> Annual General Meeting of the Company.

**7. DISCLOSURES**

1. During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
2. During the year, there were instances of non-compliance / belated compliance of various provisions of the Listing Agreement. The Company was a sick Company till it was discharged from the purview of BIFR / SICA vide its Order No.277/98 dated 17<sup>th</sup> March 2009.
3. Presently, the Company does not have a Whistle Blower Policy.
4. Details of information on appointment/re-appointment of directors:

A brief resume, nature of expertise in specific functional areas, number of equity shares held in the Company by the Director or for other person on a beneficial basis, name of companies in which the person already holds directorship, membership of committees of the Board and relationship with other directors, forms part of the Notice convening the 22<sup>nd</sup> Annual General Meeting.

**8. MEANS OF COMMUNICATION**

The quarterly, half yearly and yearly financial results of the Company are filed with the stock exchanges for investors' information.

**9. GENERAL INFORMATION FOR SHAREHOLDERS :****i. 22<sup>nd</sup> Annual General Meeting**

- Date and Time : 29<sup>th</sup> September, 2009 at 12.00 Noon
- Venue : 601, Ravi Building, 189/191, Dr.D.N. Road, Near Central Camera House, Fort, Mumbai 400 001.

**ii. Financial Calendar (1<sup>st</sup> April to 31<sup>st</sup> March)**

Will be published on or before

- Results for the quarter ending June 30, 2009. : 31<sup>st</sup> July 2009
- Results for the quarter ending September 30, 2009 : 31<sup>st</sup> October, 2009
- Results for the quarter ending : 31<sup>st</sup> January, 2010  
December 31, 2009
- Results for quarter ending : 30<sup>th</sup> June, 2010  
March 31, 2010 (audited)