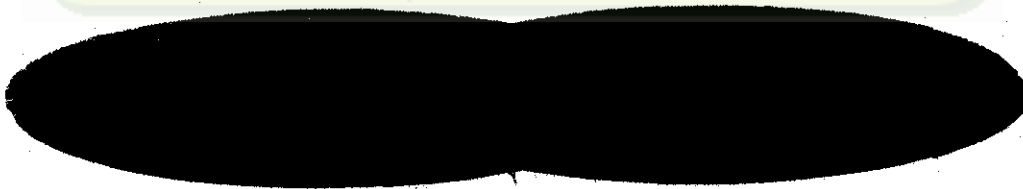


ROSE ZINC LIMITED



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**BOARD OF DIRECTORS**

Shri Pawan N. Mehta, Managing Director
 Shri Nagraj Mehta, Executive Director
 Smt. Aarti N. Mehta
 Shri P. L. Agarwal
 Shri P. K. N. Paniker
 Shri N. S. Mehta

BANKERS

State Bank of Bikaner & Jaipur,
 Shastri Circle,
 Udaipur.

AUDITORS

M/s Ajay Kumar Vijayvergia & Associates,
 Chartered Accountants,
 D-172, Jagraj Marg, Bapu Nagar,
 Jaipur - 302 015

REGISTERED OFFICE

505-508, S. M. Lodha Complex,
 Opp. Shastri Circle Post Office,
 Udaipur - 313 001.

WORKS

Tulsi Das Ji Ki Sarai,
 Airport Road, Post Gudli,
 Udaipur, (Raj.)

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**NOTICE**

NOTICE is hereby given that the **Nineth Annual General Meeting** of the Members of **ROSE ZINC LIMITED** will be held at 505-508 S.M. Lodha Complex, Opp. Shastri Circle Post Office, Udaipur on Thursday the 30th Day of September, 1999 at 11.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 31st March, 1999 together with reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri P.K. N. Paniker who retires by rotation and is eligible for re-appointment.
3. To appoint Director in place of Smt. Aarti N. Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint auditors to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting and to fix their remuneration.

By Order of The Board of Directors

(Pawan N. Mehta)
Managing Director

Place : Udaipur
Dated : 28th Aug., 1999.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th Day of Sept., 1999 to 30th day of Sept., 1999 (both days inclusive)
4. Members are requested to intimate the change, if any, in their registered address immediately.

DIRECTORS' REPORT

The Share Holders,

The Directors of your Company have pleasure in presenting the Nineth Annual Report for the year ended 31st March, 1999 together with the audited statement of accounts and auditors report thereon.

FINANCIAL PERFORMANCE

	Year Ended on 31.03.99 (Rs. in Lacs)	Year Ended on 31.03.98 (Rs. in Lacs)
Turnover	425.88	776.57
Other Income	0.04	2.65
Gross Profit Before Depreciation & Financial Charges.	52.54	55.99
Financial Charges	35.50	35.48
Depreciation	13.11	12.58
Profit Before Tax	3.93	7.93
Income Tax	0.87	0.98
Profit after Tax	3.06	6.95

PERFORMANCE REVIEW

The Ban on import of raw material which continued till Aug., 98 had taken a heavy toll in terms of shutting down of various secondary zinc industries but your company was able to survive in this period and during the year under report company could register a turnover and profit of Rs. 425.88 Lacs and Rs. 3.06 Lacs respectively.

We are glad to inform you that with the receipt of licence to import, your company is regularly receiving imported raw material since March, 99 & production for GOB grade has been stabilized. Company has also enhanced the installed capacity of GOB from 2550 TPA to 3600 TPA in the current year. Recently, the Govt. has issued notification for placing our raw material under OGL for actual user which will, in the years to come, improve the performance of the Company.

IMPLEMENTATION OF EXPANSION PROJECT

Due to liquidity crunch, the expansion project were left in between which has lead to time and cost over run in the project for manufacture of Electrolytic Zinc.

As reported earlier, company is still negotiating with bank(s)/financial institution(s) to part finance the revised project cost and is hopeful to get necessary financial assistance once production in the existing plant is stabilized.

FUTURE OUTLOOK

Future outlook of your company is bright as company doesn't foresee any problem in marketing their product because of huge gap between demand and supply.

Your company is in process to obtain licence to import of brass dross for manufacture of value added items like brass, copper and zinc ingots as brass dross can be conveniently used in the existing production facilities without any additional investment.

ENVIRONMENT

Your company continues to accord high priority to pollution control besides health and safety of the employees. Company has also created Secured Land Fill Facility for final disposal of solid waste.

LISTING

Company's shares are listed on The Stock Exchange Mumbai, Mumbai; Jaipur Stock Exchange Ltd., Jaipur, and The Stock Exchange, Ahmedabad.

**ROSE ZINC LIMITED****INFORMATION TECHNOLOGY, YEAR 2000 COMPLIANCE**

All the internal operation have been covered for this purpose and running software/applications are Y2K complied. Company does not foresee any difficulty with millennium bug 2000.

HUMAN RESOURCES

During the period, harmonious and peaceful relations continued with the employees.

DIRECTORS

Shri P. K. N. Panikar and Smt. Aarti N. Mehta shall retire by rotation and are eligible for reappointment.

AUDITORS

M/S. Ajay Kumar Vijayvergia & Associates, Chartered Accountants, Jaipur, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS' REPORT

The notes on the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, be treated nil.

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public within the meaning of Section 58 A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The utmost priority has been given for the conservation of energy in the plant and appropriate actions are taken for the conservation of energy and effective absorption of technology.

The technology adopted by the company for extracting metals is environment friendly and cost effective. Company proposes to use same technology i.e. Hydro Metallurgical process for the expansion project.

FOREIGN EXCHANGE EARNING & OUT GO

(a) Earnings	Nil
(b) Out go	Rs. 54.42 Lacs

ACKNOWLEDGMENT

Your Directors would like to express their deep sense of gratitude for the assistance and co-operation received from the Bank(s), Financial institution(s), Central and State Government Authorities, Valued Customers and Shareholders etc., during the year under review. The directors also wish to express their sincere appreciation to all the employees for their support, co-operation and good work during the year under review.

for and on behalf of the Board of Directors,

Place : Udaipur
Dated : 28th Aug., 1999

(N. R. Mehta)
Chairman

AUDITOR'S REPORT

To the Members of
ROSE ZINC LIMITED.

We have audited the attached Balance Sheet of ROSE ZINC LIMITED as at 31st March, 1999 and Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

- A. (1) 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.
- (2) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examinations of such books.
- (3) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
- (4) In our opinion, the Profit & Loss account and Balance Sheet comply with the mandatory accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- (5) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, subject to Note No. I of Schedule No. 17 regarding non provision of gratuity of Rs. 4,37,126 and accounting policy read together with the other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1999, and
 - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
- B. As required by the paragraph 4 & 5 of the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956. We further report that:-
 - (1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. In our opinion and according to the information and explanations given to us, the fixed assets have been physically verified at reasonable intervals and no material discrepancies have been noticed on such verification.
 - (2) None of the fixed assets have been revalued during the year.



- (3) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable and that no material discrepancies have been noticed on such verification as compared to book records.
- (4) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (5) The discrepancies noticed on verification between the physical stocks and book records were not material.
- (6) In our opinion the valuation of stock is fair and proper in accordance with the normally accepted accounting principals and is on the same basis as in the preceding year.
- (7) The company has taken unsecured loans from firm's & other parties listed in the register maintained u/s 301 of the companies Act, 1956, and the terms & conditions thereof are prima facie not prejudicial to the interest of the company. As informed to us, there is no Company under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- (8) The Company has granted unsecured loans to the parties listed in the register maintained under Section 301 of the Companies Act, 1956 and the terms and conditions thereof are prima facie not prejudicial to the interest of the Company. As informed to us, there is no company under the same management as defined under section 370(1B) of the Companies Act, 1956.
- (9) The Company has granted interest free secured loan to the landlord of office premises in lieu of rent. Interest free advance in the nature of loans given to the employees of the Company were realised as stipulated.
- (10) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of finished goods, stores, raw material, including components, plant and machinery, equipments and other assets and for the sale of goods.
- (11) According to the information and explanations given to us the transactions of purchase of goods, materials, and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prevailing market prices for such goods and materials where such market price are available or prices at which transactions for similar goods have been made with other parties.
- (12) As explained to us there was no unserviceable or damaged stores, raw materials and finished goods.
- (13) The company has not accepted any deposits from the public covered by the provisions of section 58 A of the Companies Act, 1956 and rules framed thereunder.
- (14) As explained to us, the Company does not have any by product.
- (15) In our opinion, the company has an internal audit system commensurate with it's size and the nature of it's business.
- (16) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for products manufactured by the Company.
- (17) According to the records of the company the provident fund have been generally regularly deposited during the year with the appropriate authority. The Company has delayed in depositing the employer's state insurance contribution with the appropriate authority during the year and the arrears of the E.S.I.C. dues at the year end was Rs. 1,43,619/-.
- (18) According to the information and explanations given to us and the books and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31.03.1999 for period exceeding six months from the date they become payable.
- (19) The company has policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to revenue account which, in our opinion and judgment and to the best of our knowledge and belief could be regarded as personal expenses.
- (20) The Company is not a Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Ajay Kumar Vijayvergia & Associates,
Chartered Accountants

Camp At : Udaipur
Dated : 28th Aug., 1999

Ajay Kumar Vijayvergia
(Partner)