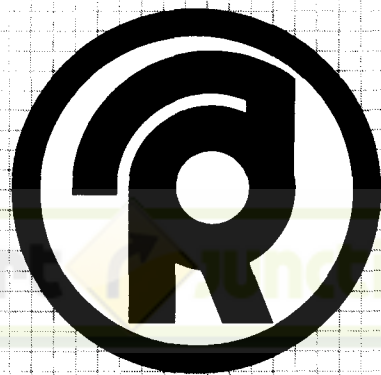


ROSE ZINC LIMITED



TWELFTH ANNUAL REPORT (2001-2002)

**BOARD OF DIRECTORS**

Shri Pawan N. Mehta, Managing Director
 Shri Nagraj Mehta, Executive Director
 Shri Ashok N. Mehta, Director
 Shri V. C. Puri, Director
 Shri K. S. Khamesara, Director

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 Twelfth 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 Monday, the 30th Day of September, 2002 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, 2002 together with reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri Ashok N Mehta who retires by rotation and is eligible for re-appointment.
3. 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.

SPECIAL BUSINESS

4. To Consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED That Shri Vinod Chand Puri, who was appointed as an Additional Director by the Board of Directors and who holds such office until ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received notice in writing from a member under Section 257 of the companies Act, 1956 signifying his intention to propose Shri Vinod Chand Puri's candidature for the office of director of the company, be and hereby appointed as a director of the company, liable to retire by rotation."

5. To Consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED That Keshar Singh Khamesra, who was appointed as an Additional Director by the Board of Directors and who holds such office until ensuing Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received notice in writing from a member under Section 257 of the companies Act, 1956 signifying his intention to propose Shri Keshar Singh Khamesra's candidature for the office of director of the company, be and hereby appointed as a director of the company, liable to retire by rotation."

By Order of The Board of Directors

(Pawan N.Mehta)
Managing Director

Place : Udaipur
Dated : 20th Aug.,2002

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.,2002 to 30th Sept.,2002 (both days inclusive).
4. Members are requested to intimate the change, if any, in their registered address immediately.

Explanatory Statement, Pursuant to Section 173 (2) of the Company's Act, 1956 - Item No 4 & 5.

Shri Vinod Chand Puri was appointed as an Additional Director of the company in the meeting of the Board of Director held on 12th August, 2002 under section 260 of the the Companies Act, 1956 in order to broad base the Board. As Additional Director, he will hold office upto the date of ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member of his intention to propose Shri Vinod Chand Puri as director at ensuing General Meeting and have deposited with the company a sum of Rs. 500. If appointed as director, he will be liable to retire by rotation. None of Directors other than Shri Vinod Chand Puri is concerned or interested in the resolution.

Shri Keshar Singh Khamesra was appointed as an Additional Director of the company in the meeting of the board of Director held on 12th August, 2002 under section 260 of the the Companies Act, 1956 in order to broad base the Board. As Additional Director, he will hold office upto the date of ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member of his intention to propose Shri Keshar Singh Khamesra as director at ensuing General Meeting and have deposited with the company a sum of Rs. 500. If appointed as director, he will be liable to retire by rotation. None of Directors other than Shri Keshar Singh Khamesra is concerned or interested in the resolution.



DIRECTORS REPORT

The Share Holders,

The Directors of your Company have pleasure in presenting the Twelfth Annual Report for the year ended 31st March, 2002 together with the audited statement of account and auditors report thereon.

FINANCIAL PERFORMANCE

	Year Ended on 31.03.2002 (Rs. in Lacs)	Year Ended on 31.03.2001 (Rs. in Lacs)
Turnover	3,103.13	3,839.72
Other Income	20.13	22.65
Profit Before Dep., Preliminary Exp. W/off & Financial Charges	247.51	286.75
Financial Charges.	119.84	133.68
Profit before Dep. & Preliminary Exp.	127.67	153.07
Depreciation	56.10	102.23
Preliminary Exp. W/off	5.60	5.60
Profit Before Tax	65.97	45.24
Income Tax	5.05	4.10
Deferred Tax	23.63	-
Profit after Tax	37.29	41.14

PERFORMANCE REVIEW

Your company focused on continuous improvement in business process and all areas of operations and professional work environment which has resulted increase in profits and production. Your company recorded increase in net profits before tax by 45.82% over the previous year of Rs.45.24 Lacs. The Zinc industries in the year under report reflected an all around economic slow down consequent to continuous fall in the metal prices and there has been drop in sales revenue by 19.18% over the previous year of Rs.3839.72 Lacs.

Regular innovations and experiments are being made to develop and add new products into existing products range and your directors are pleased to inform that copper cathode product can be successfully produced in the existing set up of plant and your company has obtained licence from MOEF to import copper dross. Apart from metal line, your company is focusing on to enlarge market base of the fertilizer i.e. zinc sulphate heptahydrate.

The current year has commenced as per plan and your directors are hopeful of good results and trend would improve during the current year with the gearing up of additional business of copper cathode and zinc sulphate. However, union budget for the year 2002-03 may have minor impact on profitability.

DIRECTORS

Shri Ashok N Mehta shall retire by rotation and is eligible for reappointment.

Shri Vinod Chand Puri, who was appointed as an additional director under Section 260 of the Companies Act, 1956 on 12th Aug., 2002, shall cease to be director at the ensuing annual General meeting. Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri Vinod Chand Puri's candidature for the office of director of the company, liable to retire by rotation.

Shri Vinod Chand Puri is well experienced in zinc industry and retired as Group General Manager from Hindustan Zinc Limited. His appointment shall be in the interest of the company. Your Directors recommend his appointment to the office of Director.

Shri Keshar Singh Khamesra, who was appointed as an additional director under Section 260 of the Companies Act, 1956 on 12th Aug., 2002, shall cease to be director at the ensuing annual General meeting. Company has received notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Shri Vinod Chand Puri's candidature for the office of director of the company, liable to retire by rotation.

Shri Keshar Singh Khamesra (MSC Ag. Economics), is retired Joint Director (Agriculture) having vast knowledge of agriculture, Extension, Research and usability of fertilizers and micronutrient. His appointment shall be in the interest of the company. Your Directors recommend his appointment to the office of Director.

Sh. N.S. Mehta ceased to be director w.e.f. 25.8.2001. Shri P.L. Agrawal and Shri P.K.N Panicker ceased to be director w.e.f. 12.08.2002 due to resignation. The Board place on record its appreciation for valuable guidance and contribution made by them.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

1. that in preparation of annual accounts, the applicable accounting standards have been followed by your company along with proper explanation relating to material departures, if any.
2. that the Directors have 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.



3. that the Directors have taken proper and sufficient care 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 Directors has prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

In terms of the Section 292 A of the Companies Act, 1956 your company constituted a Audit Committee as a sub-committee to the Board comprising of three Directors viz Shri Pavan N Mehta, Managing Director, Shri P.K.N. Panikar and Shri Ashok N Mehta Director of the company. The Committee has been reconstituted in the current financial year on 12.8.2002 and Shri V.C. Puri has been appointed in place of Shri P.K.N. Panikar.

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.

ENVIRONMENT

Your company is using expertise of external agencies for pollution controls. Their recommendations are being implemented regularly. Shares holders would be proud to note that your company enjoys good amount of goodwill among the local populace on account of various pollution control measures taken by the company and all are operating effectively. Your company continues to accord high priority to safety, health, and environment.

MAINTENANCE OF COST RECORDS

Maintaining of cost accounting records under section 209 (1) (D) made applicable for your company from the year under report and accordingly company is maintaining cost accounting records.

LISTING

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

CORPORATE GOVERNANCE

The company is required to implement Corporate Governance guidelines by 31.03.2003 in pursuance to clause 49 of the Listing Agreement. The Board has taken the initiative to comply with this requirement within time.

HUMAN RESOURCES

The Company continues to attach great importance to its human assets and providing all around enthusiasm and challenge to the staff to achieve their goals. Throughout the year, cordial relations prevailed between the management, employees & workers.

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. The unsecured loan comprises of interest free security deposit and advance from business constituent raised pursuant to stipulations of financial institution i.e. bank which are covered under exception to deposits under Rule 2(b)(xi) of Deposit Rules.

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.

FOREIGN EXCHANGE EARNING & OUT GO

(a) Earnings	Nil
(b) Out go	Rs.1792.06 Lacs

ACKNOWLEDGMENT

Your Directors take this opportunity to express their appreciation to all the employees for their dedication, for the significant personal efforts and their collective contribution to enable the company to achieve goal in difficult year. The Directors also place on record their appreciation of the assistant, support, co-operation extended by various Central and State Govt. department/agencies, financial institution(s) and bank(s). In the end, the director wish to sincerely thank all the shareholders for their support.

for and on behalf of the Board of Directors

Place : Udaipur	(Pavan N Mehta)	(N.R. Mehta)
Dated : 20th Aug., 2002	Managing Director	Executive Director

**ROSE ZINC LIMITED****AUDITOR'S REPORT**

TO The Members of
ROSE ZINC LIMITED.

1. We have audited the attached Balance Sheet of ROSE ZINC LIMITED as at 31st March, 2002 and the Profit and Loss Account for the year ended 31st March, 2002 on that date annexed thereto both of which have been signed under reference to this report. 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.
2. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 dated 7th September, 1988 issued by the Central government of India and on the basis of such checks as we considered appropriate and the information and explanations given to us, we give in a Annexure statement on the matters specified in paragraph 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (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 have been kept by the Company as required by law so far as it appears from our examination of those books;
 - (c) the Balance Sheet and Profit and Loss Account referred to in 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 Section 211(3C) of the Companies Act, 1956 of India (the "Act") to the extent applicable;

- (e) on the basis of our review of the written representations received from the Directors of the Company and the information and explanations given to us, none of the Directors of the Company have prima facie, as at 31st March, 2002, any disqualification as referred to in clause (g) of sub-section (1) of Section 274 of the "Act".
- (f) in our opinion and to the best of our information and according to the explanations given to us, the balance Sheet and Profit and Loss Account read in conjunction with Schedule 1 to 19 give, in the prescribed manner, the information required by the "Act", also give a true and fair view:
 - (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 the Profit and Loss Account, of the profit of the Company for the year on that date.

For Ajay Kumar Vijayvergia & Associates
Chartered Accountants

Ajay Kumar Vijayvergia
(Partner)

Camp At : Udaipur
Dated : 20th Aug., 2002

ANNEXURE TO THE AUDITORS' REPORT

Referred to paragraph 3 of our report of even date, As required by the Manufacturing and Other Companies (Auditors Report) Order 1988 dated 7th September, 1988 issued by the Company Law Board under Section 227(4A) of the Companies Act, 1956, We report as under:-

- (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. During the year, goods in custody and possession of third parties have been verified by the management either physically or with reference to certificates or statement of accounts of third parties.



- (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 not taken unsecured loans from firm's & other parties listed in the register maintained u/s 301 of the companies Act, 1956. 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. However, provisions of section are not applicable to the company on or after 31st Oct., 1998.
- (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. However, provisions of section are not applicable to the company on or after 31st Oct., 1998.
- (9) The Company has given 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) The Company has not entered into any contracts or arrangement for purchase of goods and materials and sale of goods, materials and services with parties listed in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50000/- or more in respect of each parties.
- (12) As explained to us there was no unserviceable or damaged stores, raw materials and finished goods.
- (13) The company has not accepted deposits from the public under the provisions of Section 58 A of the Companies Act, 1956 and rules framed thereunder. However, the company has brought in unsecured loan in pursuance of stipulations of financial institution i.e. bank which are covered under exception to deposits under Rule 2(b)(xi) of Deposit Rules.
- (14) As explained to us, the Company does not have any by product. The company is maintaining reasonable records for the sale and disposal of realisable scrap.
- (15) In our opinion, and having regard to the explanation that in a few cases as the items are of special nature and no alternative quotations are available, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for sale of goods.
- (16) On the basis of records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Govt. of India under Section 209 (1) (d) of the Act, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records with a view to determine whether they are accurate and complete.
- (17) According to the records of the company the provident fund and employees state insurance dues have been regularly deposited during the year with appropriate authority.
- (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, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31.03.2002 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

Ajay Kumar Vijayvergia
(Partner)

Camp At : Udaipur
Dated : 20th Aug., 2002