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RAMA PETROCHEMICALS LIMITED

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Fourteenth Annual Report
1998 - 99

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BOARD OF DIRECTORS

CHAIRMAN
L.J.RAMSINGHANI

MANAGING DIRECTOR
H.D. RAMSINGHANI

EXECUTIVE DIRECTOR
S.S.BHANDARI

TECHNICAL DIRECTOR
D.N.SINGH

DIRECTORS
R.L.RAMSINGHANI
M.P.TEJWANI
ARVIND R DOSHI
MAHENDRA LODHA
T.A.N DEVALKAR -Nominee Director of SICOM Ltd.

COMPANY SECRETARY
R.D.JOG

AUDITORS
HARIBHAKTI & CO.

SOLICITORS
CRAWFORD BAYLEY & CO.

BANKERS
BANK OF INDIA
BANK OF BARODA
DENA BANK

REGISTERED OFFICE
812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021.

METHANOL PLANT
VILLAGE VASHIVALLI,
SAVROLI KHARPADA ROAD,
PATALGANGA,
DIST. RAIGAD,
MAHARASHTRA.

DENIM PLANT
VILLAGE CHAUNDHERI,
P.O. DAPPAR, CHANDIGARH AMBALA
NATIONAL HIGHWAY,
TEHSIL RAJPURA,
DIST : PATIALA, PUNJAB.

SHARE DEPARTMENT
711, VEENA KILLEDAR INDL. ESTATE,
10/14, PAIS STREET,
BYCULLA WEST,
MUMBAI 400 011.

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NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Monday, the 31st day of January, 2000 at 10.00 a.m. at Ashoka Hall, Arcadia, Nariman Point, Mumbai 400 021 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the Eighteen months period ended July 31, 1999 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. L. J. Ramsinghani who retires by rotation and is eligible for reappointment.

3. To appoint a Director in place of Mr. Arvind R Doshi who retires by rotation and is eligible for reappointment.

4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

ITEM NO. 5

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

"RESOLVED THAT subject to the approval, if required, of the Central Government, Reserve Bank of India and other Regulatory Bodies, the consent of the Company be and it is hereby accorded for investment by Non Resident Indians, Overseas Corporate Bodies and Persons of Indian origin in the Equity Share Capital of the Company and/or Partly/Fully Convertible Debentures and/or any other permitted securities issued by the Company from time to time by acquiring from the market under the Portfolio Investment Scheme on repatriation basis, subject to the condition that such investment shall not exceed in the aggregate 24% of the Paid up Equity Share Capital of the Company or 24% of the total Paid up value of each series of Partly/Fully Convertible Debentures and/or other permitted securities issued by the Company or such other limits as may be prescribed from time to time by the Central Government and/or the Reserve Bank of India and/or any other Regulatory Body".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, expedient and desirable to give effect to the above Resolution".

ITEM NO. 6

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

" RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions,

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if any, of the Companies Act,1956 the Articles of Association of the Company be altered in the following manner :

I) The following proviso shall be added to the existing Article 3

Provided that no share certificate(s) shall be issued for shares held in a Depository.

II) Insert the following Article as Article 15A after existing Article 15 :

15A Notwithstanding anything contained in these Articles, in the case of transfer or transmission of shares or other marketable securities where the Company has not issued certificate(s) in respect thereof and where such shares or securities are held in any electronic and fungible form or medium in a depository, the provisions of the Depositories Act, 1996 shall apply in respect of the transfer or transmission of such shares or securities.

III) Insert the following Heading and Article as Heading VIIIA and Article 22B after existing Article 22A :

DEMATERIALISATION OF SHARES

22B a) Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise the securities held in Depositories and to offer its fresh shares and other permitted securities in a dematerialised form pursuant to the provisions of the Depositories Act,1996 and the rules framed thereunder from time to time.

b) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

c) The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act,1996 shall be deemed to be the Register and Index of Members and security holders for the purposes of The Companies Act,1956.

d) A Depository as a registered owner shall not be entitled to exercise any voting rights or any other rights in respect of shares held by it and the Beneficial Owner shall be solely entitled to exercise all the rights and benefits in respect of such shares and be subject to all the duties, obligations and liabilities in respect of any shares held by a Depository.

e) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion entitled to register any share in the joint names of any two or more persons or the survivor or survivors of them.

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f) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act, 1996.

g) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

IV) Insert the following Heading and Article as Heading VIIIB and Article 22C after new Article 22B :

SHARES WITHOUT VOTING RIGHTS

22C Notwithstanding anything to the contrary contained in these Articles, in the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges attached thereto as thought fit and as permitted by law.

V) Substitute the existing Article 32 with the following new Article numbered as 32.

32. Each Director shall be paid out of the funds of the Company, a fee of such amount as may be determined by the Board from time to time, not exceeding such sum as may be prescribed in this behalf by the Act or the Central Government from time to time, for each meeting of the Board of Directors or any Committee thereof attended by him.

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be deemed necessary to give effect to the above Resolution."

ITEM NO 7

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

"RESOLVED THAT subject to the provisions of the Companies Act,1956, Securities Contracts (Regulation) Act,1956 and the rules framed thereunder, Listing Agreement and all other applicable laws, rules, regulations and guidelines and subject further to such approvals, permissions and sanctions as may be necessary, the consent of the Company be and it is hereby accorded to the Board of Directors (which term shall include a committee thereof) to delist the Equity Shares of the Company from the Stock Exchanges at Delhi and/or Ahmedabad."

"FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to do and perform all such acts, deeds, matters and things as may be deemed necessary to give effect to the above Resolution."

ITEM NO 8

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

"RESOLVED THAT in supersession of the Resolution No 2 passed at the Extraordinary General Meeting held on 16th day of February, 1998 and pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act,1956, the consent of the Members be

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and it is hereby accorded to the Board of Directors (which term shall include a committee thereof) to give, from time to time, any guarantee(s) or provide any security in connection with any loan or loans or any other form of assistance given/provided by any Bank, Financial Institution or Other Body Corporate to any other Body Corporate provided however that the aggregate amount of guarantee(s) given or security provided and outstanding at any time shall not exceed Rupees Seventyfive Crores."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolution the Board of Directors (which term shall include a committee thereof) be and it is hereby authorised to prepare, finalise, settle and execute the guarantee(s) and such other deeds, documents, writings, papers, agreements and undertakings as may be necessary and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit and desirable."

NOTES

1. The Explanatory Statement pursuant to the provisions of section 173 of the Companies Act, 1956 in respect of Item No . 5,6,7 and 8 is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 24th day of January, 2000 to Monday the 31st day of January, 2000 (both days inclusive).

4. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, unclaimed Dividend upto the year ended March 31,1995 has been transferred to the credit of the General Revenue Account of the Central Government. Members who have not received the Dividend for the said years may claim the amount from the Registrar of Companies, Maharashtra.

5. Members desirous of seeking any information concerning the Accounts are requested to address their queries in writing to the Managing Director at least seven days before the date of the Meeting so that the requested information can be made available at the time of the Meeting.

6. Members are requested to bring their copies of the Annual Report to the Meeting since copies of the Annual Report will not be distributed at the Meeting.

Registered Office
812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI - 400 021

By Order of the Board
For RAMA PETROCHEMICALS LTD.
R. D. JOG
COMPANY SECRETARY

Place : Mumbai
Date : December 4, 1999

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EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 WITH RESPECT TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO. 5

In accordance with the latest Central Government policy, a Company can raise the ceiling of investment under the Portfolio Investment Scheme by Non Resident Indians, Overseas Corporate Bodies and Persons of Indian origin from 10% to 24% of the paid-up Capital of the Company subject to the approval of the Board of Directors and approval of the Members.

The Board of Directors of the Company, at their meeting held on January 25, 1999 have passed a resolution permitting investment by Non Resident Indians, Overseas Corporate Bodies and Persons of Indian origin upto 24% of the paid-up Capital of the Company subject to the approval of the members.

The approval of the members is therefore being sought as per the Resolution set out at Item No. 5 of the Notice.

None of the Directors of the Company are, in any way, concerned or interested in the Resolution.

ITEM NO. 6

With the introduction of the Depositories Act, 1996, some provisions of the Companies Act, 1956 relating to issue, holding, transfer and transmission of shares and other securities have been amended to facilitate the implementation of dematerialisation. The Articles of Association of the Company are proposed to be suitably amended to reflect the provisions of the Depositories Act, 1996. (S. No. I to III of the Resolution)

The issue of Shares without voting rights is not presently permitted under the Companies Act,1956. It is expected that in the course of time the Act will be amended to permit issue of shares without voting rights by companies. Hence, it is proposed to amend the Articles of Association to permit the Company to issue shares without voting rights as may be permitted by law. (S. No IV of the Resolution).

The amendment to Article 32 is proposed so as to incorporate the ammended provisions of the Companies Act, 1956 relating to payment of sitting fees to Directors.(S. No. V of the Resolution)

A copy of the Articles of Association, together with the proposed changes, is open for inspection of the Members at the Registered Office of the Company on all days except Saturdays, Sundays and Public Holidays between 11.00 a.m. and 1.00 p.m.

Except for amendment to Article 32, in which all the Directors may be deemed to be concerned or interested, none of the Directors are in any way concerned or interested in this Resolution.

ITEM NO. 7

The Equity Shares of the Company are presently listed on the Mumbai, Delhi and Ahmedabad Exchanges and traded on The National Stock Exchange Limited. With the extensive networking

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of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange Limited (NSE) and the extension of the BSE terminals to the other cities, investors have access to online dealings in the Equity Shares of the Company across the Country. The bulk of the trading in the Equity Shares of the Company is, in any case, done on the BSE and NSE only. In fact the Shares of the Company were not traded at all on the Ahmedabad Stock Exchange in the last six months. Therefore the listing fees being paid annually to the Delhi and Ahmedabad Stock Exchanges seem disproportionately high and hence as a cost reduction measure, it is proposed to voluntarily delist the Shares from the Delhi and/or Ahmedabad Stock Exchanges. The proposed delisting of the Equity shares of the Company from the Delhi and/or Ahmedabad Stock Exchanges, as and when it takes place, will not adversly affect the investors. The delisting will be effected after all such approvals, sanctions and consents as are necessary are obtained and after following the prescribed procedure in this regard.

None of the Directors of the Company are, in any way, concerned or interested in the Resolution.

ITEM NO. 8

At the Extraordinary General Meeting held on the 16th day of February, 1998, the Members had given approval to the Board of Directors of the Company to give any guarantee or provide any security upto an amount of Rs Fifty Crores.

In view of the expanded activities of the Company, it is proposed to raise the limit to Rs Seventyfive Crores and hence the approval of the Members is being sought in terms of the provisions of Section 372A of the Companies Act,1956.

None of the Directors of the Company are, in any way, concerned or interested in the Resolution.

Registered Office
812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI - 400 021

By Order of the Board
For RAMA PETROCHEMICALS LTD.
R. D. JOG
COMPANY SECRETARY

Place : Mumbai
Date : December 4, **1999**

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DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Statement of Accounts for the Eighteen months period ended July 31, 1999.

FINANCIAL RESULTS	PERIOD ENDED 31.07.99 18 MONTHS	(Rs. in Lacs) YEAR ENDED 31.01.98 12 MONTHS
Profit/(Loss) before Depreciation	(181.57)	855.59
Less : Depreciation	407.83	356.87
Profit/(Loss) before tax	(589.40)	498.72
Less : Provision for Depreciation for earlier year	-	1 .66
Add/(Less) : Prior years adjustment	1.87	(17.22)
Less : Provision for Taxation for earlier years (Net)	701.29	95.38
Profit/(Loss) after tax	(1288.82)	384.46
Add : Balance brought forward from previous year	219.13	449.09
Add : Amount appropriated from General Reserve as per contra	1069.69	-
AMOUNT AVAILABLE FOR APPROPRIATION :	-	833.55
Appropriations :		
Proposed Dividend	NIL	104.02
Tax on Dividend	NIL	10.40
General Reserve	NIL	500.00
Balance carried to Balance Sheet	NIL	219.13
	NIL	833.55

DIVIDEND

In view of loss for the period under review, your Directors regret their inability to recommend any dividend.

EXTENSION OF ACCOUNTING YEAR

The Board of Directors of the Company have extended the Financial year of the company which was to end on January 31, 1999 upto July 31, 1999 and accordingly the accounting period under review is of eighteen months as against the period of twelve months in the previous year. The Company has obtained the necessary approvals from the Registrar of Companies pursuant to the provisions of Section 210(4) and Section 166(1) of the Companies Act, 1956 in respect of the said extension.

REVIEW OF OPERATIONS

The Sales Turnover of Methanol Division during the period has been registered at Rs.4101 lacs as compared to the previous year at Rs.6823 lacs. Production for the period under review is 38504 M.T. as against 58017 M.T. during the previous year. The lower Production and Sales are on account of closure

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