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RAMA PETROCHEMICALS LIMITED

**Sixteenth Annual Report
2001 - 2002**

BOARD OF DIRECTORS

CHAIRMAN

R.L. RAMSINGHANI

TECHNICAL DIRECTOR

D.N. SINGH

DIRECTORS

M.P. TEJWANI

MAHENDRA LODHA

REGISTERED OFFICE

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

METHANOL PLANT

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

FERTILISER PLANT

NEAR PADARIA FATAK,
BILKHA ROAD,
DUNGARPUR,
JUNAGADH 362 001

AUDITORS

HARIBHAKTI & CO.

SHARE DEPARTMENT

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

SOLICITORS

CRAWFORD BAYLEY & CO.

REGISTRARS

(FOR ELECTRONIC MODE ONLY)

INTIME SPECTRUM REGISTRY

PVT. LTD.

260, SHANTI INDL. ESTATE,
SAROJINI NAIDU ROAD,
MULUND (WEST),
MUMBAI 400 080

BANKERS

BANK OF INDIA

BANK OF BARODA

DENA BANK

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday the 20th day of September 2002 at 10.00 a.m at Ashoka Hall, Arcadia, N C P A Marg, Nariman Point, Mumbai 400021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the Fourteen months period ended March 31, 2002 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 R L Ramsinghani who retires by rotation and is eligible for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309 Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 for the reappointment of Mr. D N Singh as the Whole Time Director designated as 'Technical Director' for a further period of Five Years from May 01, 2002 on the terms and conditions as set out in the draft agreement between the Company and Mr. D N Singh placed before the meeting and for the purpose of identification initialed by the Chairman hereof."

"FURTHER RESOLVED THAT the Directors be and they are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations as may be agreed between the Directors and Mr. D N Singh."

"FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take such steps as may be necessary to give effect to the above Resolutions."

5. 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 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, sanctions and approvals as may be required, the Corporate Guarantee issued by the Board of Directors ('the Board') to and in favour of Industrial Finance Corporation of India (IFCI) to secure the additional Term Loan of Rs 290 lacs granted by IFCI to Rama Industries Limited be and it is hereby confirmed and approved."

"FURTHER RESOLVED THAT all acts, deeds, matters and things done and the Guarantee and other deeds, documents and agreements executed by the Board in connection therewith be and they are also hereby severally confirmed and approved."

NOTES

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business as set out above 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 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 DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. In accordance with the provisions of the Companies (passing of the resolutions by postal ballot) Rules, 2001 the resolution at S. No. 5 requires consent of the Shareholders through Postal ballot only. Members desirous of voting through Postal ballot may send their assent or dissent in writing to the Company by Postal ballot in the prescribed Postal ballot form sent herewith. The Postal ballot form, duly completed and signed should reach the Registered Office of the Company on or before 19th day of September 2002. The Company has appointed Mr. Narayan Rath, Practicing Company Secretary as the Scrutinizer.

4. Information of Directors proposed to be reappointed at the forthcoming Annual General Meeting is as follows:

a) Mr R L Ramsinghani.

Mr R L Ramsinghani is the Chairman of the Board of Directors of the Company and is retiring by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr Ramsinghani is presently the Managing Director of Rama Industries Limited. Prior to that he was the Managing Director of Rama Phosphates Limited where he successfully implemented the Single Super Phosphates and Sulphuric Acid project at Indore.

He is a Director of the following Companies :

Rainbow Denim Ltd.	Rama Phosphates Ltd.
Rama Industries Ltd.	Truebell Holdings and Impex Pvt. Ltd.
Goodearth Credit and Investments Ltd.	Rama Capital and Fiscal Services Pvt. Ltd.
Rainbow Agri Industries Ltd.	Integrated Port Services (India) Ltd.
Libra Mercantile Pvt. Ltd.	

He is a Committee Member / Chairman of the following Companies :

Rama Petrochemicals Limited	Rainbow Denim Limited	Rama Phosphates Limited
Audit Committee	Audit Committee — Chairman	Audit Committee
Remuneration Committee	Shareholders Committee	Remuneration Committee — Chairman
Share Transfer Committee	Share Transfer Committee	Shareholders Committee — Chairman
		Share Transfer Committee

b) Mr D N Singh

Mr D N Singh was reappointed as a Whole Time Director designated as Technical Director by the Board of Directors for a further period of five years from May 1, 2002.

Mr Singh has been Director of the Company since April 1997 and was appointed as a Whole Time Director designated as Technical Director for a period of five years from May 1997. Prior to that from January 1994 to January 1996 he was the General Manager (Works) and from January 1996 to April 1997 he was the Chief Executive (Methanol).

Mr Singh is a Chemical Engineer from Benaras Hindu University and has over 37 years experience in the field of Chemicals and Petrochemicals. He has held senior positions in several companies viz. Synthetics and Chemicals Ltd., Cynamides and Chemicals Co., Alkyl Amines Chemicals Ltd. etc.

He is a Director of the following companies : Rainbow Denim Limited, Rama Phosphates Limited

He is a Committee Member / Chairman of the following companies :

Rama Petrochemicals Limited	Rainbow Denim Limited	Rama Phosphates Limited
Shareholders Committee	Remuneration Committee	Shareholders Committee
Share Transfer Committee — Chairman	Shareholders Committee — Chairman	
	Share Transfer Committee	

5. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 13th day of September, 2002 to Friday the 20th day of September, 2002 (both days inclusive).
6. Pursuant to the provision 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. The Members who have not received the Dividend for the said year may claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

7. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries, in writing, to the Company 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.
8. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.

Regd. Office
812, Raheja Chambers,
Nariman Point,
Mumbai - 400 021.

By Order of the Board
for RAMA PETROCHEMICALS LTD
M.P. TEJWANI
Director

Date : 17th August, 2002.

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

ITEM NO. 4

It is proposed to reappoint Mr. D N Singh as the Whole Time Director designated as 'Technical Director' for a period of Five Years from May 01, 2002.

The terms and conditions of his reappointment as set out in the draft Agreement between the Company and Mr D N Singh are as follows :

Designation	: Whole Time Director designated as 'Technical Director'.
Date of Appointment	: May 01, 2002.
Period	: Five years

REMUNERATION :

- (a) Mr D N Singh shall not be entitled to any remuneration as the Technical Director of the Company. He shall, however, be entitled to reimbursement of all expenses incurred for the business of the Company.
- (b) He shall not be entitled to sitting fees for attending meetings of the Board of Directors or any committee thereof.

The Draft Agreement between the Company and Mr. D N Singh 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.

Mr. D N Singh may be deemed to be concerned or interested in this Resolution as it relates to his own reappointment. This Explanatory Statement alongwith the accompanying notice is and shall be deemed to be an abstract under section 302 of the Companies Act, 1956.

ITEM NO 5

In accordance with the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of your Company have given Corporate Guarantee to Industrial Finance Corporation of India (IFCI) to secure the additional Term Loan of Rs 290 lacs sanctioned by IFCI to Rama Industries Limited.

The aforesaid Guarantee was required to be issued expeditiously since the day to day operations of the Gelatine Plant of Rama Industries Limited was likely to be affected. In the opinion of the Board of Directors, there existed exceptional circumstances which prevented the Board from obtaining the previous authorisation of the Members for issuing the aforesaid Guarantee. The confirmation of the members is now therefore being sought in terms of Section 372A of the Companies Act, 1956.

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

Regd. Office
812, Raheja Chambers,
Nariman Point,
Mumbai - 400 021.
Date : 17th August, 2002.

By Order of the Board
for RAMA PETROCHEMICALS LTD
M. P TEJWANI
Director



DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Statement of Accounts for the Fourteen months period ended March 31, 2002.

(Rs. in lacs)

FINANCIAL RESULTS	PERIOD ENDED 31.03.2002 14 MONTHS	PERIOD ENDED 31.01.01 18 MONTHS
Profit/(Loss) before Depreciation	(474.52)	(1207.27)
Less: Depreciation	242.80	392.78
Profit/(Loss) before tax	(717.32)	(1600.05)
(Add)/Less: Provision for Depreciation for earlier year	69.03	(54.17)
(Add)/Less : Prior years adjustment	18.61	6.23
Less: Deffered Tax Liability	447.10	NIL
Profit/(Loss) after tax	(1076.78)	(1647.99)

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, 2002 upto March 31, 2002 and accordingly the accounting period under review is of fourteen months.

REVIEW OF OPERATIONS

There was no Sales Turnover of the Methanol Division during the period under review as compared to a turnover of Rs 535.36 lacs for the previous period. The performance of the Company is to be viewed in the light of the fact that the Methanol Plant of the Company was closed for the entire period under review since the operations were economically not viable as the prices of Naphtha, the basic feed stock, were much higher than the price of Methanol - the finished product.

The Company could not restart the operations of its Fertiliser Division due to drought in Gujarat and slack of demand. The Company is awaiting the position to improve for restarting the operations.

PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

As a result of the closure of the Methanol Plant and the huge losses incurred by the company, the net worth of the Company was completely eroded and as required under the Sick Industrial Companies (Special Provisions) Act, 1985 your Directors filed a reference to the Board for Industrial and Financial Reconstruction (BIFR) and the same was registered by BIFR. At the hearing held on June 18, 2002, the BIFR has declared the Company a Sick industrial company as defined in Section 3(1)(o) of the said Act.

FUTURE PROSPECTS

As already informed the operations of the Company are economically not viable during such time as the prices of Methanol, the finished product are less than the cost of Naphtha, the basic raw material.

The prices of Methanol and Naphtha are highly volatile as they are linked to international prices. However at times due to fall in international prices of crude oil and shortage of Methanol due to closure of some plants, the prices of Methanol rise higher than the cost of Naphtha. It is during such period that the operations of the Company become

viable for a few months. The Company is making efforts to restart the operations so as to be able to take advantage of favourable margins as may prevail from time to time.

The Company is also making efforts to obtain allotment of gas from the Government / Private Suppliers and if the gas is allotted, the operations of the Company will become viable as the price of gas is less than the price of Naphtha.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by companies listed on the Stock Exchanges. As per the Listing Agreement, the Code was to be implemented by the Company within the Financial Year 2001- 2002 but not later than March 31,2002. Accordingly the Company has implemented the Code by the said date. A Report on Corporate Governance along with the Auditor's Certificate regarding Compliance of the conditions of Corporate Governance as also a Management Discussion and Analysis Report pursuant to clause 49 of the Listing Agreement are annexed hereto.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act,1956 the Directors confirm that :

1. In the preparation of the annual accounts , the applicable accounting standards have been followed;
2. Appropriate policies have been selected and applied consistently and have 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 as at March 31,2002 and the loss of the Company for the fourteen months period ended March 31,2002;
3. 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. The annual accounts have been prepared on a going concern basis.

AUDIT COMMITTEE

In accordance with the provisions of Section 292A of the Companies Act,1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee comprising of the following Directors viz. Mr Mahendra Lodha(Chairman), Mr R L Ramsinghani and Mr. M P Tejwani. The Audit Committee acts in accordance with the terms of reference specified in writing from time to time by the Board.

SUBSIDIARY COMPANY

The Statement required under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company viz. Rama Capital and Fiscal Services Pvt. Ltd. is annexed hereto and forms a part of the Report.

SAFETY, ENVIRONMENTAL CONTROL & PROTECTION

The Company has taken all the necessary steps for safety, environmental control and protection at its plant at Patalganga and Junagadh.

DISCLOSURE OF PARTICULARS

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption, foreign exchange earning and outgo to the extent applicable, is annexed hereto and forms a part of this Report.

PERSONNEL

There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the period under review.



DIRECTORS

During the period under review, the Industrial Development Bank of India (IDBI) and SICOM Limited withdrew Mr. P N K Rao and Mr. T A N Devalkar from the Board of Directors of the Company as their respective Nominee Directors. Mr H D Ramsinghani resigned as the Managing Director and also from the Board of Directors of the Company. The Directors place on record their sincere appreciation of the valuable contribution made by Mr. H.D. Ramsinghani, Mr T A N Devalkar and Mr P N K Rao during their long association with the Company.

Mr. R L Ramsinghani retires from the Board of Directors by rotation and is eligible for reappointment.

AUDITORS REPORT

Your Directors refer to the observations made by the Auditors in their Report and wish to state as under :

1. Since the operations of the Company are suspended, the Company could not complete the process of obtaining confirmation from SSI units.
2. Write back of statutory liabilities is in the previous year.
3. As the Company's plant is closed, entire stock of inventory has not moved. In the opinion of the Directors there is no deterioration in the value of such inventory.
4. As per the practice followed by the Company all the transactions of the Construction Division are recorded on the technical estimates of the Company.
5. The Methanol Division of the Company is viable irrespective of complete erosion of net worth and therefore the Company has prepared accounts under the 'going concern concept'.
6. As regards erosion in the net worth of the Company's subsidiary, the Auditor's observations are self explanatory.
7. As the various plants were closed during the entire period under review, no cost records were required to be maintained.

AUDITORS

M/s. Haribhakti & Company, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 224(1-B) of the Companies Act, 1956.

INDUSTRIAL RELATIONS

The Industrial Relations remained cordial at all the units of the company during the period under review.

ACKNOWLEDGEMENT

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Banks and various government Departments and Agencies.

For and on behalf of the Board
D. N. Singh
 Technical Director
M. P. Tejawani
 Director

Place : Mumbai
 Date : 17th August, 2002

ANNEXURE TO DIRECTOR'S REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	: Rama Capital & Fiscal Services Pvt. Ltd.
Holding Company's Interest	: 5,00,300 Equity Shares of Rs. 10/- each fully paid and 25,00,000, 9% Cumulative Convertible Preference Shares of Rs.10/- each fully paid.
Extent of Holding	: 100%
Fifteen months period of the Subsidiary company ended on	: 31 st March, 2002
Net aggregate amount of the Subsidiary Company's profits/ (losses) dealt with in the holding company's accounts For the subsidiary's aforesaid period	: NIL
For the previous financial years since It became a subsidiary	: NIL
Net aggregate amount of the subsidiary Company's profits/ (losses) not dealt With in the holding company's accounts For the subsidiary's aforesaid period	: (Rs. 5,910,010.00)
For the previous financial years since It became a subsidiary	: (Rs. 144,643,087.00)

For and on behalf of the Board

Place : Mumbai

Date : 17th August, 2002

D. N. SINGH

Technical Director

M.P. TEJWANI

Director



ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING A PART OF THE DIRECTORS REPORT FOR THE PERIOD ENDED 31ST MARCH, 2002.

1. CONSERVATION OF ENERGY :

- A. Energy conservation measures taken :
- B. Additional investment proposals, if any, being implemented for reduction of consumption of energy :
- C. Impact of measures at (A) and (B) above for reduction of Energy Consumption and consequent impact on the cost of production of goods :

Not Applicable as the Plant was closed during the entire period under review.

- D. Particulars with respect to energy consumption per unit of production :

a) POWER AND FUEL CONSUMPTION		2001-2002	1999 - 2001
		(14 months)	(18 months)
1) ELECTRICITY :			
A) Purchased (MSEB)			
Units (in Thousand)		100.680	469.357
Total cost (Rs. in lacs)		5.36	24.80
Rate per Unit (Rs.)		5.32	5.28
B) Own Generation :			
Through Diesel Generator			
Units (in Thousand)		NIL	78600
Units/KL of Diesel		NIL	2040
Cost/Unit (Rs.)		NIL	6.10
Through Steam Turbine/Generator		NIL	-
Units (in thousand)		NIL	289.872
Units/Lt Of Fuel Oil, Gas		NIL	N.A.
Cost/Unit			Generated from Waste Heat Recovery
2) Coal		NIL	NIL
3) Furnace Oil		NIL	NIL