



RAMA PETROCHEMICALS LIMITED

**Eighteenth Annual Report
2003 - 2004**



BOARD OF DIRECTORS

CHAIRMAN

R.L. RAMSINGHANI

REGISTERED OFFICE

**812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021**

TECHNICAL DIRECTOR

D.N. SINGH

METHANOL PLANT

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

DIRECTORS

**MAHENDRA LODHA
ROHIT R RAMSINGHANI-
Additional Director**

FERTILISER PLANT

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

AUDITORS

**HARIBHAKTI & CO.
MUMBAI**

BANKERS

**BANK OF INDIA
BANK OF BARODA
BENA BANK**

REGISTRARS AND TRANSFER AC

**INTIME SPECTRUM REGISTRY LTD
C-13, PANNALAL SILK MILLS COM
L B S MARG,
BHANDUP (WEST),
MUMBAI 400 078
TEL : 55555454. FAX : 55555353
EMAIL : isrl@intimespectrum.com**

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday the 24th day of September 2004 at 10.00 a.m. at Ashoka Hall, Arcadia, Nariman Point, Mumbai 400021 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2004 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 Mahendra Lodha 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 an Ordinary Resolution the following:
"RESOLVED THAT Mr Rohit R Ramsinghani be and he is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation."

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 ON A POLL 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. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 17th day of September, 2004 to Friday the 24th day of September, 2004 (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, 1996 has been transferred to the Credit of the Investor Education and Protection Fund ("the Fund"). The unclaimed Dividend for the year ended March 31, 1997 and March 31, 1998 will be transferred to the said Fund after a period of seven years from the date of transfer of such dividend to the respective unclaimed/unpaid Dividend Accounts. No claim shall lie against the Fund or the Company in respect of the unclaimed Dividend after the same is transferred to the Fund.
5. Members desirous of seeking any information concerning the Accounts 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.
6. 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.
Date : July 30, 2004

By Order of the Board
for RAMA PETROCHEMICALS LTD
D. N. SINGH
Technical Director



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

ITEM NO. 4

Mr Rohit R Ramsinghani was appointed as an Additional Director by the Board of Directors at their Meeting held on June 30, 2004 pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr Rohit Ramsinghani will hold office of Additional Director up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a Member pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr Rohit Ramsinghani as a Director of the Company. Mr Rohit Ramsinghani has filed with the Company his consent to act as a Director.

Mr Rohit Ramsinghani is a graduate of Business Administration in Economics from University of Southern California and has experience in the field of Finance and Marketing.

Mr R. L. Ramsinghani may be deemed to be concerned or interested in the Resolution being related to Mr Rohit Ramsinghani.

Regd. Office

812, Raheja Chambers,

Nariman Point,

Mumbai - 400 021.

Date : July 30, 2004

By Order of the Board
for RAMA PETROCHEMICALS LTD

D. N. SINGH
Technical Director

INFORMATION PURSUANT TO CLAUSE 49 (VI) OF THE LISTING AGREEMENT

As required under the Listing Agreement the particulars of Directors who are proposed to be appointed/reappointed at the forthcoming Annual General Meeting are as follows :

(A) Appointment

Mr Rohit R Ramsinghani is proposed to be appointed as a Director of the Company.

Mr Rohit Ramsinghani is Graduate of Business Administration in Economics from the University of Southern California and has experience in the field of Finance and Marketing. He is also a Director of Rama Industries Limited and Truebell Holdings and Impex Pvt. Ltd..

(B) Reappointment

Mr Mahendra Lodha has been a Director of the Company since 1998. Mr Mahendra Lodha is an eminent Chartered Accountant and has over 20 years of rich and varied experience in the field of Finance and Corporate Advisory services.

He is a Director of the following Companies :

Rainbow Denim Ltd.

Anagram Stock Broking Ltd.

Banas Marbles Pvt. Ltd.

Disha Infin Advisor Pvt. Ltd.

Rajdhani Textiles Pvt. Ltd.

Shyam Cotsyn India Ltd.

Tulips Star Hotels Ltd.

Shenck Jenson & Nicholson (India) Limited

Akshar Securities Ltd.

Amfin Finser (I) Pvt. Ltd.

Disha Infin Consultants Pvt. Ltd.

Deepak Wood Crafts & Seasoning P.Ltd.

Ragna Processors Pvt. Ltd.

Steelco Gujarat Ltd.

Uma Oildhara Pvt. Ltd.

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

Rainbow Denim Limited	Steelco Gujarat Ltd	Tulip Star Hotels Limited
Audit Committee – Member	Audit Committee – Member	Audit Committee – Chairman
Remuneration Committee - Chairman	Remuneration Committee – Member	Anagram Stockbroking Ltd.
	Shareholders Committee – Member	Audit Committee – Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2004.

(Rs. in lacs)

FINANCIAL RESULTS	YEAR ENDED 31.03.2004	YEAR ENDED 31.03.2003
Profit/(Loss) before Depreciation	(125.94)	(143.93)
Less: Depreciation	198.50	199.69
Profit/(Loss) before tax	(324.44)	(343.62)
(Add)/Less : Prior years adjustment	(1.69)	—
(Provision) / Release of Deferred Tax Liability	71.18	174.48
Profit/(Loss) after tax	(254.95)	(169.14)

DIVIDEND

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

REVIEW OF OPERATIONS

There was no Sales Turnover of the Methanol Division during the year under review as also in the previous year. The Methanol Plant of the Company continued to be closed during the entire year under review, since the operations of the Plant by using Naphtha as a feed stock continue to be economically not viable.

FUTURE PROSPECTS

As already informed the operation of the Methanol Plant is not becoming economically viable as the price of the feed stock Naphtha has been remaining high. Since the Methanol Plant is designed for Naphtha or Natural Gas, all out efforts are being made by the Company to get gas supply from the Govt. Agencies and/or the Private Players and is hopeful to get gas supplies in the near future. Operation of the Methanol Plant using gas as feed stock would be economically viable as it is so for other methanol manufacturing companies.

CORPORATE GOVERNANCE

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, 2004 and the loss of the Company for the year ended March 31, 2004;
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 D N Singh. 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 Private 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 and environmental control and protection.

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 year under review.



DIRECTORS

During the year under review, Mr M P Tejwani ceased to be a Director of the Company. The Board places on record its sincere appreciation of the valuable contribution made by Mr Tejwani during his long association with the Company. Mr Rohit R Ramsinghani was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on June 30, 2004 and holds office upto the date of the forthcoming Annual General Meeting. The Company has received a Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose the name of Mr Rohit R Ramsinghani as a Director of the Company.

Mr. Mahendra Lodha 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 that the Auditors observations read with Notes forming part of the Accounts are self explanatory and need no further comments.

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 year 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.

Place : Mumbai
Date : July 30, 2004

For and on behalf of the Board
R.L. RAMSINGHANI
Chairman

ANNEXURE TO DIRECTORS' 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%
Twelve months period of the Subsidiary company ended on	31 st March, 2004
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. 1,46,02,471.00)
For the previous financial years since it became a subsidiary	(Rs. 16,00,87,748.00)

Place: Mumbai
Date : July 30, 2004

For and on behalf of the Board
R.L. RAMSINGHANI
Chairman

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 YEAR ENDED 31ST MARCH, 2004

I. CONSERVATION OF ENERGY :

- Energy conservation measures taken :
- 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 year under review.
- D. Particulars with respect to energy consumption per unit of production:

a) POWER AND FUEL CONSUMPTION		2003-2004 (12 months)	2002 - 2003 (12 months)
1) ELECTRICITY :			
A) Purchased (MSEB)			
Units (in Thousand)		85.378	87.027
Total cost (Rs. in lacs)		3.73	3.32
Rate per Unit (Rs.)		4.37	3.81
B) Own Generation :			
Through Diesel Generation		NIL	NIL
Units (in Thousand)		NIL	NIL
Units/KL of Diesel		NIL	NIL
Cost/Unit (Rs.)		NIL	NIL
Through Steam Turbine/Generator		NIL	NIL
Units (in thousand)		NIL	NIL
Units/Lt Of Fuel Oil, Gas		NIL	NIL
Cost/Unit		NIL	NIL
2) Coal		NIL	NIL
3) Furnace Oil		NIL	NIL
b) CONSUMPTION PER UNIT OF PRODUCTION			
Consumption/ton of Methanol		N.A	N.A
Electricity (KWH)		N.A	N.A
Furnace Oil		N.A	N.A
Coal		N.A	N.A
Other - Diesel Oil (KL)		N.A	N.A

II. TECHNOLOGY ABSORPTION :

A. RESEARCH AND DEVELOPMENT (R & D)

- a) Specific areas in which R & D is carried out by the Company :
- b) Benefits derived as a result of R & D :
- c) Future Plan of Action :
Not Applicable as the Plant was closed during the entire year under review.
- d) Expenditure on R & D (Rs. in lacs)
- | | |
|---|------|
| i) Capital | NIL |
| ii) Recurring | NIL |
| iii) Total | NIL |
| iv) Total R & D expenditure as a percentage of total turnover | N.A. |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- a) Efforts in brief made towards technology absorption and innovation :
- b) Benefits derived as a result of above efforts :
Not Applicable as the Plant was closed during the entire year under review.
- c) Information of Imported Technology :
Technology Imported : Low pressure technology for manufacture of Methanol from M/s. Lurgi GmbH, Germany.
Year of Import 1987 - 88
Whether the technology has been fully absorbed.
In terms of the scope of agreement with the technical collaborator, the technology has been fully absorbed.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign Exchange used	(Rs. in lacs)
Foreign Exchange earned	NIL
	NIL



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

As required by the Listing Agreement with various Stock Exchanges, the Company has fully implemented the Code of Corporate Governance and it is committed to the philosophy of good Corporate Governance in letter and in spirit.

2. Board of Directors

- As on the date of this Report, the Board consisted of four Directors (One Executive and three Non Executive Directors of which one Director is independent.)
- The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year was as under :

Name of Director	Category Executive Non-Executive/ Independent	Attendance at		Membership of other Board (including alternate Directorship and Private Companies)	Membership/ Chairmanship of other Board Committees:	
		Board Meetings	Last Annual General Meeting		Chairman	Member
Mr. R.L. Ramsinghani Chairman	Non-Executive	Four	Yes	Five	Nil	Two
Mr. Deonath Singh Technical Director	Executive	Four	Yes	Three	One	Two
Mr. Mahendra Lodha Director	Non Executive Independent	Four	Yes	Fifteen	Two	Five
Mr. M.P. Tejwani (resigned from 16/02/2004)	Non Executive	Five	Yes	Six	Four	Nil
Mr. R. R. Ramsinghani (appointed from 30/06/2004)	Non Executive	N A	N A	Two	Nil	Nil

- During the period Five Board Meetings were held on the following dates :
April 29,2003, July 31,2003, August 11,2003, October 30,2003 and January 30,2004.

3. Audit Committee

Role of the Audit Committee and its terms of reference include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with internal and external auditors.

The Committee presently comprises of Mr Mahendra Lodha – Chairman, Mr R. L. Ramsinghani and Mr D N Singh.

4. Share Transfer Committee

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. D. N. Singh (Chairman) and Mr. R.L. Ramsinghani as also to the Registrars and Transfer Agents of the Company who attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates and issue of certificates on split/ consolidation/renewal etc. at least once in a fortnight. The transfers etc. approved by the Registrars and Transfer Agents and the Share Transfer Committee are also noted at every meeting of the Board of Directors. The Board has designated Mr. R. D. Jog as the Compliance Officer.

Barring certain cases pending in Courts relating to disputes over the title of shares in which the Company has been made a party, no investor complaint is pending for a period exceeding one month.

5. Remuneration Committee

The Remuneration Committee determines the managerial remuneration including perquisites payable to Directors and makes recommendations to the Board of Directors.

The Committee presently comprises of Mr Mahendra Lodha – Chairman and Mr R.L.Ramsinghani. No Remuneration Committee Meeting has been held during the year.

6. Shareholders'/Investors' Grievances Committee

The committee presently comprises of Mr. Mahendra Lodha (Chairman) and Mr. D.N. Singh.

A summary of complaints received and resolved by the Company during the year under review is given below :

	Received	Cleared
Non-Receipt of Share Certificates duly transferred	6	6
Non-Receipt of Dividend Warrants.	10	10
Miscellaneous	43	40
Letters from Stock Exchanges, SEBI and Department of Company Affairs	3	3

7. Remuneration of Directors

(a) Executive Director

No remuneration was paid to the Wholetime Director during the year under review.

(b) Non-Executive Directors :

The Non-Executive Directors are not paid any remuneration except sitting fees for attending meetings of the Board or committees thereof.

Details of Sitting Fees paid to the Non-Executive Directors are as follows :

Name of the Director	Sitting Fees (Rs.)
Mr. R. L. Ramsinghani	16,000/-
Mr. M. P. Tejwani	20,000/-
Mr. Mahendra Lodha	16,000/-
TOTAL	52,000/-

8. General Body Meetings

Financial Year	Date	Time	Location
1999-2001	12/07/2001	10.00 A.M	Ashoka Hall, Mumbai
2001-2002	20/09/2002	10.00 A.M	Ashoka Hall, Mumbai
2002-2003	26/09/2003	10.00 A.M	Ashoka Hall, Mumbai

9. Postal Ballot

No resolutions were required to be approved by Postal Ballot at the last Annual General Meeting. This year the Board has recommended certain Resolutions for passing through Postal Ballot.

10. Disclosures

There were no transactions of material nature with the Directors or the management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.

Transactions with related parties as per requirements of Accounting Standard – 18 are disclosed else where in the Annual Report, None of these transactions have potential conflict with interest of the Company at large.

11. Means of communication

The Company has not made any presentation to the institutional investors or analysts.



The Company is a sick Company and registered with the Board for Industrial and Financial Reconstruction (BIFR). Further, the manufacturing activities of the Company continued to be suspended during the year under review. Therefore the Company has not dispatched the half yearly report to the shareholders of the Company.

12. General Shareholder Information :

Annual General Meeting	September 24, 2004 at 10.00 a.m. At Ashoka Hall, Arcadia, Nariman Point, Mumbai 400021
Dates of Book Closure	September 17, 2004 to September 24, 2004 (both days inclusive)
Dividend payment date	Not Applicable
Listing on Stock Exchange	Mumbai, *Ahmedabad, *Delhi
Stock Code	500358
International Securities	INE 783A01013
Identification Number allotted By NSDL	

* Applications have been made for delisting from these Stock Exchanges.

13. Market Price Data (High/Low in Rs. during each month) :

Month	High	Low
April 2003	1.20	1.00
May 2003	2.20	1.85
June 2003	2.55	1.61
July 2003	3.05	2.21
August 2003	5.50	2.12
September 2003	4.83	1.65
October 2003	3.90	2.11
November 2003	3.54	2.44
December 2003	5.01	2.45
January 2004	4.30	2.75
February 2004	3.27	2.05
March 2004	2.70	1.15

14. Registrars & Transfer Agents

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai 400078

Tel : 55555454; Fax : 55555353; Email : isrl@intimespectrum.co

15. Distribution of Equity Shareholding as of March 31, 2004 :

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 - 500	18934	94.25	3018114	28.83
501 - 1000	717	3.57	598127	5.71
1001 - 2000	265	1.32	400856	3.83
2001 - 3000	69	0.34	175208	1.67
3001 - 4000	33	0.16	117055	1.12
4001 - 5000	24	0.12	112150	1.07
5001 - 10000	29	0.14	201700	1.93
10001 & above	19	0.10	5846190	55.84
Total	20090	100.00	10469400	100.00