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RAMA PETROCHEMICALS LIMITED

**20th Annual Report
2005-2006**



BOARD OF DIRECTORS

CHAIRMAN
H.D. RAMSINGHANI

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

TECHNICAL DIRECTOR
D.N. SINGH

CORPORATE OFFICE
51/52, FREE PRESS HOUSE,
FREE PRESS JOURNAL MARG,
NARIMAN POINT,
MUMBAI 400 021.

DIRECTORS
S S ARORA
MAHENDRA LODHA

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

AUDITORS
HARIBHAKTI & CO.
MUMBAI

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

BANKERS
BANK OF INDIA
BANK OF BARODA
DENA BANK

REGISTRARS AND TRANSFER AGENTS
INTIME SPECTRUM REGISTRY LTD
C-13, PANNALAL SILK MILLS COMPOUND,
LB S MARG,
BHANDUP (WEST),
MUMBAI 400 078
TEL : 2596 3838. FAX : 2594 6969
EMAIL : isrl@intimespectrum.com

20th ANNUAL REPORT 2005-2006**NOTICE**

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday the 15th day of September 2006 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, 2006 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 a Special Resolution the following :
 "RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Companies Act, 1956 and the rules made there under, the Listing Agreement and all other applicable laws, rules, regulations and guidelines and subject to such approvals, consents, sanctions and permissions as may be necessary, the consent of the Members be and it is hereby accorded to the Board (which term shall include a committee thereof) to voluntarily delist the Equity Shares of the Company from Ahmedabad Stock Exchange Ltd. and The Delhi Stock Exchange Association Limited at such time as the Board may decide."
 "FURTHER RESOLVED THAT the Board be and is hereby authorised to execute such deeds, documents, writings etc. as may be necessary and to take all such steps and to do all such acts, deeds and things as may be necessary and expedient to give effect to the above Resolution."

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 8th day of September, 2006 to Friday the 15th day of September, 2006 (both days inclusive).
4. 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.
5. 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 28, 2006

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 TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO. 4

The Equity Shares of the Company are presently listed on Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and The Delhi Stock Exchange Association Limited.

There has been negligible trading in the Equity Shares of the Company on Ahmedabad Stock Exchange Ltd. and The Delhi Stock Exchange Association Limited. It is therefore proposed to voluntarily delist the Equity shares of the Company from these Stock Exchanges pursuant to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 ('the Guidelines') and all other applicable laws, rules and regulations so as to save the Listing fees and other administrative costs.

The approval of the Members is therefore being sought pursuant to provisions of the said Guidelines. In terms of Clause 5.2 of the said Guidelines, the Company is not required to offer exit opportunity to the Shareholders situated in the region of the Stock Exchanges from where the Equity Shares of the Company are proposed to be delisted since the Equity Shares shall continue to be listed on the Bombay Stock Exchange Ltd. which has nation wide trading terminals. The proposed delisting of the Equity Shares will not therefore adversely affect the Members as the Shares will continue to be listed on the Bombay Stock Exchange Ltd. The delisting will take effect after all approvals, permissions and sanctions are received.

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

Regd. Office
812, Raheja Chambers,
Nariman Point,
Mumbai - 400 021.
Date : July 28, 2006

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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 Director who is proposed to be reappointed at the forthcoming Annual General Meeting are as follows :

Mr Mahendra Lodha who has been a Director of the Company since 1998, is an eminent Chartered Accountant and has over 23 years of rich and varied experience in the field of Finance and Corporate Advisory services. Mr Mahendra Lodha does not hold any Equity Shares of the Company. He is a Director of the following Public Limited Companies :

Rainbow Denim Ltd.
Anagram Stock Broking Ltd.
Shyam Cotsyn India Ltd.
Tulip Star Hotels Ltd.

Arvind Products Ltd.
Shivalik Golf and Forest Resort Ltd.
Steelco Gujarat Ltd.
Bihar Hotels Ltd.

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

Rainbow Denim Limited
Audit Committee – Chairman
Arvind Products Ltd.
Audit Committee -Member

Steelco Gujarat Ltd
Audit Committee – Member
Shareholders Committee - Member

Tulip Star Hotels Limited
Audit Committee – Chairman
Anagram Stockbroking Ltd.
Audit Committee - Chairman

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DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2006.

	(Rs. in lacs)	
	YEAR ENDED 31.03.2006	YEAR ENDED 31.03.2005
Profit/(Loss) before Depreciation	476.85	(189.98)
Less: Depreciation	177.76	192.84
Profit/(Loss) before tax	299.09	(382.82)
(Provision) / Release of Deferred Tax Liability	14.31	88.09
Fringe Benefit Tax	0.28	—
Add/(Less) : Prior years Income/(Expenditure)	(7.22)	4.38
Profit/(Loss) after tax	305.90	(290.35)
Balance brought forward from previous year	(3255.07)	(2964.72)
Balance carried to Balance Sheet	(2949.17)	(3255.07)

DIVIDEND

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

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 continues to be economically not viable.

FUTURE PROSPECTS

As the operation of the plant on naphtha as feed stock is not viable, the management is making all out efforts to obtain natural gas and is in constant touch with the natural gas suppliers. It is expected that the pipeline to transport gas to the company's unit at Patalganga will be laid in the near future. Demand of methanol in India is increasing and it is much more than the production capacity at present; the differential quantity being met by imports.

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, 2006 and the profit of the Company for the year ended March 31, 2006;
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 D N Singh and Mr S S Arora. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

SUBSIDIARY COMPANY

The Statement as 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 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

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 as under :

- a) The slow moving / non-moving items pertain to spares which are tailor made for the specific needs of the plant. The valuation of the said items is not lower than stated in the books of accounts.
- b) As per the practice followed by the company, all the transactions of the construction division are recorded on the technical estimates.
- c) The Company is in process of reviewing the investment in the subsidiary company.
- d) As regards erosion in the network of the company's subsidiary, the Auditor's observations are self explanatory.

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 28, 2006

For and on behalf of the Board
H D RAMSINGHANI
CHAIRMAN

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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, 2006
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. 2,36,18,507)
For the previous financial years since it became a subsidiary	:	(Rs. 19,41,48,391)

For and on behalf of the Board

H D RAMSINGHANI
CHAIRMAN

Place : Mumbai

Date : July 28, 2006

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, 2006****I. 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 year under review.
- D. Particulars with respect to energy consumption per unit of production:



a) POWER AND FUEL CONSUMPTION		2005-2006 (12 months)	2004 - 2005 (12 months)
1) ELECTRICITY:			
A) Purchased (MSEB)			
Units (in Thousand)		76.655	77.644
Total cost (Rs. in lacs)		3.38	3.45
Rate per Unit (Rs.)		4.41	4.44
B) Own Generation :			
Through Diesel Generation			
Units (in Thousand)		NIL	NIL
Units/KL of Diesel		NIL	NIL
Cost/Unit (Rs.)		NIL	NIL
Through Steam Turbine/Generator			
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)

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

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- Efforts in brief made towards technology absorption and innovation :
- Benefits derived as a result of above efforts :
Not Applicable as the Plant was closed during the entire year under review.
- 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 :

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

- a. As on the date of this Report, the Board consisted of four Directors (One Executive and three Non-Executive Directors of which two Directors are independent. The Company does not have a Managing Director.)
- b. 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		Share- holding (No. of Shares)
		Board Meetings	Last Annual General Meeting		Chairman	Member	
Mr. H.D. Ramsinghani	Non-Executive Chairman	Four	Yes	Two	Nil	One	1110
Mr. Deonath Singh Technical Director	Executive	Three	Yes	Four	One	One	4390
Mr. Mahendra Lodha	Non Executive Independent	Four	Yes	Fifteen	Three	Three	Nil
Mr. S. S. Arora	Non Executive Independent	Four	Yes	Three	Nil	One	101465

- (c) During the year Four Board Meetings were held on the following dates :
June 24, 2005, July 25, 2005, October 28, 2005 and January 30, 2006.

3. Code of Conduct

The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the company. The declaration by the Chairman regarding compliance by the members of the Board and the Senior Management personnel with the said code of conduct is annexed hereto.

4. 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 Auditors.

The Committee presently comprises of Mr Mahendra Lodha – Chairman, Mr D. N. Singh and Mr S. S. Arora.

Four meetings of the Audit Committee were held during the year on June 24, 2005, July 25, 2005, October 28, 2005 and January 30, 2006. The attendance at the Audit Committee meetings of each of the Directors is as under :

Name of the Director	Attendance at Audit Committee meetings
Mr Mahendra Lodha	Four
Mr. D. N. Singh	Three
Mr. S. S. Arora	Four

In the absence of the Company Secretary, Mr R D Jog acts as the Secretary of the Audit Committee

5. 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. H. D. 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.

6. 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, Mr H D Ramsinghani and Mr S. S. Arora. No Remuneration Committee Meeting was held during the year.

7. Shareholders'/Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee specifically looks into the redressing of Shareholders and Investors complaints relating to Share transfers, Non receipt of Balance Sheet and Dividend etc.

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	11	11
Non-Receipt of Dividend Warrants	6	6
Miscellaneous	33	33
Letters from Stock Exchanges, SEBI and Department of Company Affairs	Nil	Nil

8. Remuneration of Directors

(a) Executive Director

No remuneration was paid to the Wholtime 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. H D Ramsinghani	8000/-
Mr. Mahendra Lodha	16000/-
Mr. S S Arora	16000/-
TOTAL	40000/-