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Rama Petrochemicals Limited

23RD ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS

CHAIRMAN

H. D. RAMSINGHANI

TECHNICAL DIRECTOR

D. N. SINGH

DIRECTORS

S. S. ARORA

MAHENDRA LODHA

REGISTERED OFFICE

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

CORPORATE OFFICE

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

AUDITORS

HARIBHAKTI & CO.
CHARTERED ACCOUNTANTS

PLANT

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

BANKERS

BANK OF INDIA
BANK OF BARODA
DENA BANK

REGISTRARS AND TRANSFER AGENT

LINK INTIME INDIA PVT. LTD.
C-13, PANNALAL SILK MILLS
COMPOUND,

L. B. S. MARG, BHANDUP (WEST),
MUMBAI 400 078

TEL: 25946970

FAX: 25946969

E-MAIL: rnt.helpdesk@linktime.co.in

Website: www.linktime.com

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Wednesday, the 23rd day of September, 2009 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, 12, K Dubhash Marg, Fort, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2009 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.

NOTES

1. 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.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 16th day of September, 2009 to Wednesday the 23rd day of September, 2009 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at its Corporate Office 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.
4. 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.

By Order of the Board
for RAMA PETROCHEMICALS LTD.

Place: Mumbai

Date: July 31, 2009.

H. D. RAMSINGHANI
CHAIRMAN

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 26 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.	Arvind Products Ltd.
Nitrex Chemicals India Ltd.	Shivalik Golf and Forest Resort Ltd.
Kalyanpur Cements Ltd.	Steelco Gujarat Ltd.
Tulip Star Hotels Ltd.	Bihar Hotels Ltd.

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

Rainbow Denim Limited	Steelco Gujarat Limited	Tulip Star Hotels Limited
Audit Committee – Chairman	Audit Committee – Member	Audit Committee – Chairman
Arvind Products Limited	Shareholders Committee – Member	Kalyanpur Cements Limited
Audit Committee – Member		Audit Committee – Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

	YEAR ENDED 31.03.2009	(Rs. in lacs) YEAR ENDED 31.03.2008
Profit/(Loss) before Depreciation	(261.06)	(135.33)
Depreciation	12.03	100.47
Profit/(Loss) before tax	(273.09)	(235.80)
Exceptional Income	—	110.00
Release of Deferred Tax Liability	2.15	30.96
Fringe Benefit Tax	0.84	0.88
Prior years Income/(Expenditure)	(2.51)	—
Profit/(Loss) after tax before Extraordinary Items	(274.29)	(95.72)
Less: Extra ordinary Items	383.75	—
Profit/(Loss) for the Year	109.46	(95.72)
Balance brought forward from previous year	(3235.11)	(3139.39)
Balance carried to Balance Sheet	(3125.65)	(3235.11)

DIVIDEND

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 operation of the Plant by using Naphtha as feed stock continues to be economically not viable.

FUTURE PROSPECTS

The Directors view the Future Prospects with cautious optimism as there is likely to be a greater availability of natural gas in the near future. Mismatch between demand and supply continues, with the shortfall 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, 2009 and the profit of the Company for the year ended March 31, 2009;
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; and
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. Deonath 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 or part thereof.

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 Company is in the process of reviewing its investment in the Subsidiary Company.
- b) The Company has not provided for interest on working capital loan in view of the difficult financial position and closure of the plant during the entire year under review.
- c) The Company has not provided for interest on Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.
- d) As regards the physical condition and valuation of closing stock lying at factory and customs warehouse, the management states that the same are in good physical condition and the value of the said items is not lower than that stated in the books.
- e) As per the practice followed by the Company all transactions of the construction division are recorded on technical estimates.
- f) The Company has not paid statutory liability on account of Sales Tax dues in view of difficult financial position and closure of the plant during the entire year under review.
- g) The Company is in the process of obtaining confirmation of debit / credit balances referred to in Note No. 5.
- h) The Company has not disclosed information regarding dues to Micro small and medium Enterprises since no information is available regarding their status.
- i) The Company is in the process of appointing a whole Time Company Secretary.

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.

COST AUDIT

The Cost Accounts Records for "Chemicals" are subject to yearly audit by qualified Cost Auditors. However, the Company has been exempted by the Central Government from maintaining cost records and audit of the same for the year under review in view of the fact that the manufacturing activities of the Company have been closed during the entire financial year.

INDUSTRIAL RELATIONS

The Industrial Relations remained cordial 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.

For and on behalf of the Board

Place: Mumbai

Date: July 31, 2009

H. D. 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 Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid.
Extent of Holding	:	100%
Twelve months period of the Subsidiary company ended on	:	31st March, 2009
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. 20,26,972/-)
For the previous financial years since it became a subsidiary	:	(Rs. 24,39,95,935/-)

For and on behalf of the Board

Place: Mumbai
Date: July 31, 2009

H. D. 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, 2009****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	2008-2009 (12 months)	2007-2008 (12 months)
1) ELECTRICITY :		
A) Purchased (MSEB) Units (in Thousand)	290.370	217.899
Total cost (Rs. in lacs)	24.85	24.46
Rate per Unit (Rs.)	8.56	11.20

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	2008-2009 (12 months)	2007-2008 (12 months)
B) Own Generation: Through Diesel Generation		
Units (in Thousand)	2.400	40.200
Units/KL of Diesel	0.800	13.400
Cost/Unit (Rs.)	12.66	11.43
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.

d) 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.

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:

(Rs. in lacs)

- | | |
|-------------------------|-------|
| Foreign Exchange used | 12.93 |
| Foreign Exchange earned | NIL |

For and on behalf of the Board

Place: Mumbai
Date: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy on Corporate Governance**

As required by the Listing Agreement with Bombay Stock Exchange Limited, 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 consists 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 Directorship in 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	Five	Yes	Five	Nil	Three	1110
Mr. Deonath Singh	Executive	Five	Yes	Three	Two	Two	9388
Mr. Mahendra Lodha	Non-Executive Independent	Five	Yes	Seventeen	Two	Four	Nil
Mr. S. S. Arora	Non-Executive Independent	Five	No	Three	Nil	One	101465

- (c) During the year Four Board Meetings were held on the following dates:

May 30, 2008, June 30, 2008, July 31, 2008, October 31, 2008, January 28, 2009.

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. Deonath Singh and Mr. S. S. Arora. Four meetings of the Audit Committee were held during the year on June 30, 2008, July 31, 2008, October 31, 2008 and January 28, 2009. 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. Deonath Singh	Four
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. Deonath Singh (Chairman) and Mr. H. D. Ramsinghani as also to the Registrars and Transfer Agent of the Company who

attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates, issue of certificates on split/consolidation/renewal and demat/remat of Share certificates, etc.

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 Shareholder's and Investor's complaints relating to Share transfers, Non receipt of Balance Sheet, Dividend and demat/remat of Share Certificates etc. In terms of Clause 47 of the Listing Agreement, the Company has appointed Mr. R. D. Jog as the Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive e-mail ID: rdjog@ramagroup.co.in

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

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

	Received	Resolved
Non-Receipt of Share Certificates duly transferred	11	11
Non-Receipt of Dividend Warrants.	3	3
Non-Receipt of Annual Report	7	7
Non-Receipt of Demat Credit / Remat Certificates	3	3
Non-Receipt of Rejected DRF	1	1
Non-Receipt of Exchange Certificate	1	1
Miscellaneous	1	1
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	Nil	Nil

8. 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. H. D. Ramsinghani	10000/-
Mr. Mahendra Lodha	18000/-
Mr. S. S. Arora	18000/-
TOTAL	46000/-

9. General Body Meetings

Financial Year	Date	Time	Location
2005-2006	15/09/2006	10.00 A.M.	Ashoka Hall, Nariman Point, Mumbai 400 021
2006-2007	14/09/2007	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400 001
2007-2008	24/09/2008	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400 001

*Rama Petrochemicals Ltd.***10. Postal Ballot**

No Resolutions were required to be approved through Postal Ballot at the last Annual General Meeting nor is any resolution proposed for passing through Postal Ballot at the ensuing Annual General Meeting.

The details of Special Resolutions passed in the previous Three Annual General Meetings are as under:

Date	Matter
15.09.2006	Delisting of Equity Shares of the Company from The Delhi Stock Exchange Assoc. Ltd. and Ahmedabad Stock Exchange Limited.
14.09.2007	Reappointment of Mr. D. N. Singh as Whole Time Director designated as Technical Director for a further period of three years w.e.f. May 01, 2007.
24.09.2008	No Special Resolutions were passed.

11. 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 elsewhere in the Annual Report. None of these transactions have potential conflict with interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

12. Means of communication

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

13. General Shareholder Information:

Financial Year	: 31st March, 2009
Annual General Meeting	: September 23, 2009 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, 12, K Dubhash Marg, Fort, Mumbai 400001
Dates of Book Closure	: September 16, 2009 to September 23, 2009 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 500358
International Securities	: INE 783A01013
Identification Number allotted By NSDL	

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

Month	High	Low
April 2008	18.87	10.86
May 2008	19.10	14.00
June 2008	15.00	11.86
July 2008	13.11	10.25
August 2008	13.35	11.02
September 2008	13.34	8.05
October 2008	11.65	6.53
November 2008	9.00	6.02
December 2008	13.00	7.32
January 2009	10.99	5.70
February 2009	8.29	5.33
March 2009	7.49	6.10