

RAMA PETROCHEMICALS LIMITED

Twenty-Fifth Annual Report

2010 - 2011

BOARD OF DIRECTORS

CHAIRMAN
H.D. RAMSINGHANI

TECHNICAL DIRECTOR
D.N. SINGH

DIRECTORS
MAHENDRA LODHA
C.R. MALAVIYA (w.e.f 27/5/2011)
S. S. ARORA (Upto 27/5/2011)

BANKERS
BANK OF INDIA
BANK OF BARODA
DENA BANK

AUDITORS
DAYAL & LOHIA
CHARTERED ACCOUNTANTS
MUMBAI

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

CORPORATE OFFICE
51/52, FREE PRESS HOUSE,
FREE PRESS JOURNAL MARG,
NARIMAN POINT,
MUMBAI 400021.

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

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 : 25946969 / 25946970
FAX : 25946969
EMAIL: rnt.helpdesk@linkintime.co.in
Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday, the 16th day of September, 2011 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2011 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. H D Ramsinghani who retires by rotation and is eligible for reappointment.
3. To consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution :

   "RESOLVED THAT the retiring Statutory Auditors M/s Dayal and Lohia (Registration No 102200W) be and they are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors."

SPECIAL BUSINESS

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

   "RESOLVED THAT Mr C R Malaviya 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. 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 9th day of September, 2011 to Friday the 16th day of September, 2011 (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 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.
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.
6. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.

By Order of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 30, 2011

H.D. RAMSINGHANI
CHAIRMAN

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

ITEM NO 4

Mr C R Malaviya was appointed as an Additional Director by the Board of Directors at their Meeting held on May 27, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. Malaviya 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. C R Malaviya as a Director of the Company. Mr. Malaviya has filed with the Company his consent to act as a Director.

Except Mr. C R Malaviya none of the Directors are in any way concerned or interested in the Resolution.

By Order of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 30, 2011

H.D. RAMSINGHANI
CHAIRMAN

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 ;

1. Appointment

   Mr Malaviya is proposed to be appointed as a Director of the Company. Mr. Malaviya is an eminent technologist and has a rich and varied experience in the field of chemicals and fertilizers spanning over 42 years. He is a design and process consultant for various companies and has commissioned several SSP and Sulphuric Acid projects for various companies.

   He is a Director of Rama Phosphates Ltd, Rama Industries Ltd, Rainbow Agri Industries Ltd and Rama Capital & Fiscal services Pvt Ltd. He is a Member / Chairman of various committees in the following Companies :

Name of the Company	Name of the Committee	Designation
Rama Industries Ltd	Audit committee	Chairman
Rama Petrochemicals Ltd	Audit Committee	Member
Rama Phosphates Ltd	Audit committee	Chairman
Rainbow Agri Inds. Ltd	Audit Committee	Member

2. Reappointment

   Mr. H. D. Ramsinghani retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

   Mr. H D Ramsinghani has done his Post Graduation in Management from U S A and has over 26 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.

   Mr. H D Ramsinghani was a Director of the Company from incorporation till 16/08/1993 and thereafter he has been a Director since 2005. He was the Managing Director from 11/03/1996 to 19/06/2002.

   He is the Chairman and Managing Director of Rainbow Denim Limited and Rainbow Agri Industries Limited. He is also a Director of Rama Phosphates Ltd, Rama Industries Ltd and Nova Gelicon Pvt. Ltd. He is a Member / Chairman of various committees in the following Companies :

Name of the Company	Name of the Committee	Designation
Rainbow Denim Ltd	Shareholders Committee	Member
Rama Phosphates Ltd	Audit committee	Member
Rainbow Agri Inds. Ltd	Audit committee	Chairman
Rama Industries Ltd	Audit committee	Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

(Rs. in lacs)

	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Profit/(Loss) before Depreciation	**(258.67)**	(81.61)
Depreciation	**11.47**	11.77
Profit/(Loss) before tax and Exceptional Items	**(270.14)**	(93.38)
Diminution in value of Investments	**Nil**	301.15
Profit/(Loss) before Tax and extraordinary Items	**(270.14)**	(394.53)
Release of Deferred Tax Liability	**27.28**	20.13
Profit/(Loss) after tax before extraordinary items	**(242.86)**	(374.40)
Prior Period Income/ (Expenditure)	**0.14**	Nil
Interest on tax refund	**87.99**	Nil
Profit/(Loss) after extraordinary items	**(154.73)**	(374.40)
Balance brought forward from previous year	**(3500.05)**	(3125.65)
Balance carried to Balance Sheet	**(3654.78)**	(3500.05)

DIVIDEND

Your Directors regret their inability to recommend any dividend for the year under review.

REVIEW OF OPERATIONS

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 for Methanol 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, 2011 and the loss of the Company for the year ended March 31, 2011;
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 C. R. Malaviya. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

SUBSIDIARY COMPANY

In accordance with the General Circular dated February 8,2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company. Further, the necessary particulars in respect of

the said subsidiary have been disclosed in the Consolidated Financial Statements as required by the said Circular.

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. S.S. Arora has ceased to be a director of the company w.e.f. 27th May, 2011. The Board places on record its sincere appreciation of the valuable contribution made by Mr. S.S. Arora during his association with the company.

Mr. C.R. Malaviya has been appointed as an Additional Director of the company w.e.f. 27th May 2011 and holds office up to 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. C R Malaviya as Director of the Company.

Mr. H D Ramsinghani retires from the Board of Directors by rotation and is eligible for re-appointment.

AUDITORS REPORT

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

a) 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.

b) The Company has not provided for interest on unpaid Custom Duty 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 late payment of Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.

d) 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.

e) The Company has not disclosed information regarding dues to Micro, Small and Medium Enterprises since no information is available regarding their status.

f) The Company is a Sick Industrial Company as defined in Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) act,1985 and the Draft Rehabilitation Scheme is under consideration.

AUDITORS

M/s. Dayal & Lohia, 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 Account Records for "Chemicals" are subject to yearly audit by qualified Cost Auditors. However, the Company has applied to the Central Government for exemption 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.

FIXED DEPOSITS

The Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

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.

By Order of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 30, 2011

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, 2011

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:

		2010–2011 (12 months)	2009–2010 (12 months)
a)	**POWER AND FUEL CONSUMPTION**		
1)	**ELECTRICITY :**		
A)	Purchased (MSEB)		
	Units (in Thousand)	**312.654**	352.220
	Total cost (Rs. in lacs)	**27.22**	28.44
	Rate per Unit (Rs.)	**8.71**	8.07
B)	Own Generation :		
	Through Diesel Generation	**0.170**	2.100
	Units (in Thousand)	**3.20**	3.00
	Units/KL of Diesel	**12.73**	13.33
	Cost/Unit (Rs.)	**NIL**	NIL
	Through Steam Turbine/Generator	**NIL**	NIL
	Units (in thousand)	**NIL**	NIL
	Units/Lt Of Fuel Oil, Gas	**N.A**	N.A
	Cost/Unit	**N.A**	N.A
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.

		(Rs. in lacs)
d)	Expenditure on R & D	
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:

		(Rs. in lacs)
d)	Foreign Exchange used	0.10
	Foreign Exchange earned	NIL

for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 30, 2011

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 Director-ships 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	Five	One	Three	1110
Mr. Deonath Singh	Executive	Four	Yes	Three	Two	Two	10898
Mr. Mahendra Lodha	Non Executive Independent	Four	Yes	Eighteen	One	Three	Nil
Mr. S. S. Arora (Upto 27th May 2011)	Non Executive Independent	Four	No	One	Nil	One	101465
Mr. C.R. Malaviya (w.e.f. 27th May 2011)	Non Executive Independent	N A	N A	Four	Two	One	Nil

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

May 28, 2010, July 26, 2010, October 29, 2010, January 31, 2011.

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 C. R. Malaviya.

Four meetings of the Audit Committee were held during the year on May 28, 2010, July 26, 2010, October 29, 2010 and January 31, 2011. 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 (up to 27.05.2011)	Four
Mr. C. R. Malaviya (from 27.05.2011)	N. A.

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 C.R. Malaviya. No Remuneration Committee Meeting was held during the year as there was no revision in remuneartion.

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 email 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	6	6
Non-Receipt of Dividend Warrants.	2	2
Non-Receipt of Annual Report	3	3
Non-Receipt of Demat Credit / Remat Certificates	2	2
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	NIL	N.A.

8. Remuneration of Directors

(a) Executive Director

No remuneration was paid to the Whole time Director (Technical 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 (up to 27.05.2011)	18000/-
TOTAL	**46000/-**