



**Fifteenth Annual Report
1999 - 2001**



RAMA PETROCHEMICALS LIMITED



BOARD OF DIRECTORS

CHAIRMAN

R.L. RAMSINGHANI

MANAGING DIRECTOR

H.D. RAMSINGHANI

TECHNICAL DIRECTOR

D.N. SINGH

DIRECTORS

M.P. TEJWANI

MAHENDRA LODHA

T.A.N. DEVALKAR- Nominee Director of SICOM LTD.

P.N.K. RAO – Nominee Director of IDBI

COMPANY SECRETARY

R.D. JOG

AUDITORS

HARIBHAKTI & CO.

SOLICITORS

CRAWFORD BAYLEY & CO.

BANKERS

BANK OF INDIA

BANK OF BARODA

DENA BANK

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

SHARE DEPARTMENT

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

REGISTRARS

(FOR ELECTRONIC MODE ONLY)

INTIME SPECTRUM REGISTRY
PVT. LTD.

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

RAMA PETROCHEMICALS LIMITED

812, Raheja Chambers, Nariman Point, Mumbai 400 021

June 06, 2001

CIRCULAR LETTER TO SHAREHOLDERS

Dear Shareholder,

We refer to the approval given by you, at the Extra Ordinary General Meeting of the Company held on January 31, 2000, for the Scheme of Arrangement (Demerger) for transferring the Denim Division of the Company to Rainbow Denim Limited.

We are pleased to inform you that the said Scheme of Arrangement (hereinafter referred to as 'the Scheme') has been sanctioned by the Bombay High Court vide its Order dated October 18, 2000 and by the Punjab and Haryana High Court vide its order dated May 17, 2001.

In accordance with Clause 11 of the Scheme, Rainbow Denim Limited shall issue and allot equity shares to every shareholder of Rama Petrochemicals Limited whose name shall appear on the Register of Members of Rama Petrochemicals Limited on a date (Record Date), to be fixed by the Board of Directors of Rama Petrochemicals Limited, credited as fully paid in the proportion of one Equity Share of the face value of Rs 10/- each of Rainbow Denim Limited for every Equity Share of Rs 10/- each held in Rama Petrochemicals Limited. The shares of Rainbow Denim Limited are proposed to be listed on Ludhiana and other Stock Exchanges subject to the Company receiving all approvals, consents and sanctions as may be required for such listing.

We are pleased to further inform you that the Board of Directors of Rama Petrochemicals Limited have fixed July 12, 2001 as the Record Date for the aforesaid purpose.

Option to receive entitlement of shares either in physical form or in electronic form :

1. In case you are holding the shares of Rama Petrochemicals Limited in dematerialised form and wish to receive the shares of Rainbow Denim Limited in physical form, we request you to confirm the same in writing on or before July 12, 2001. In case no confirmation is received from you, the shares of Rainbow Denim Limited will be issued in dematerialised form.
2. In case you are holding the shares of Rama Petrochemicals Limited in physical form and would like to receive the shares of Rainbow Denim Limited in dematerialised form, we request you to provide your client account particulars along with the DP ID on or before July 12, 2001. In case no confirmation is received from you, the shares of Rainbow Denim Limited will be issued to you in physical form.

Please note that in the absence of any communication from you the shares of Rainbow Denim Limited will be issued to you in the same form as your present shareholding in Rama Petrochemicals Limited. Please also note that if the present form of holding is in physical mode, Rainbow Denim Ltd. will issue one single consolidated certificate for the same.

All future communications with regard to the issue and allotment of shares of Rainbow Denim Limited may please be addressed to the Corporate Office of Rainbow Denim Limited at the following address:

Rainbow Denim Limited,
812, Raheja Chambers, Nariman Point, Mumbai 400 021

Thanking you and assuring you of our best services at all times.

Yours faithfully,

For RAMA PETROCHEMICALS LIMITED

R D JOG
COMPANY SECRETARY

15th ANNUAL REPORT 1999-2001**NOTICE**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Thursday the 12th day of July 2001 at 10.00 a.m at Ashoka Hall, Arcadia, NCPA 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 Eighteen months period ended January 31,2001 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 a Director in place of Mr M P Tejwani who retires by rotation and is eligible for reappointment.
4. 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 authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. 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 to the reappointment of Mr. H D Ramsinghani as the Managing Director of the Company for a period of Five Years from March 11, 2001 on the terms and conditions including the remuneration payable to him as the Managing Director and the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year as set out in the draft agreement between the Company and Mr. H D Ramsinghani placed before the meeting and for the purpose of identification initialled by the Chairman hereof."

"FURTHER RESOLVED THAT the Board of Directors be and they are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations in the remuneration as may be agreed between the Directors and Mr.H D Ramsinghani PROVIDED that the remuneration as altered, changed or varied shall not exceed, without the prior approval of the Central Government the limits prescribed under Schedule XIII of the Companies Act, 1956 for the time being and from time to time in force."

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



6. 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 Guarantees issued by the Board of Directors ('the Board') to and in favour of the following be and they are hereby confirmed and approved:

- (1) State Bank of Hyderabad (SBH) : Corporate Guarantee dated 17th April 2001 to secure the Working Capital Limits aggregating to Rs 572 lacs granted by SBH to Rama Industries Limited.
- (2) Oriental Bank of Commerce (OBC) : Corporate Guarantee dated 17th April 2001 to secure the Working Capital Limits aggregating to Rs 858 lacs granted by OBC to Rama Industries Limited.

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

7. To consider and if thought fit, to pass, with or without modification, as an Ordinary Resolution the following :

"RESOLVED THAT the consent of the Members be and it is hereby accorded pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (which term shall include a Committee thereof) for creating such Mortgage of and/or Charging on such terms and conditions and in such form or manner as it may deem fit the whole or substantially the whole of the Company's undertaking(s) including the present and future properties whether movable or immovable as the case may be together with the power to take over the management of the business and concern of such undertaking(s) of the Company in certain events to or in favour of :

- (1) Industrial Development Bank of India to secure the additional Term Loan of Rs. 532 lacs.
- (2) Industrial Investment Bank of India to secure the additional term Loan of Rs. 129 lacs.
- (3) Dena Bank to secure the additional Term Loan of Rs. 269 lacs.
- (4) Other Financial Institutions/Banks to secure the Term Loans upto an amount not exceeding Rs. 370 lacs.

together with interest thereon at the agreed rates, compound interest, additional interest, commitment charges, liquidated damages, premia on prepayment, costs, charges, expenses and other monies payable by the Company in terms of the respective Loan Agreements entered into/ to be entered into by the Company."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and it is hereby authorised to finalise and execute all such deeds, documents, agreements and writings as may be necessary for creating the aforesaid mortgage and/or charge and to agree to any modifications or variations thereto on such terms and conditions that they may deem fit, proper or appropriate in their absolute discretion and to do all such acts, deeds and things as may be necessary, expedient or desirable to give effect to the above resolution."

15th ANNUAL REPORT 1999-2001**NOTES**

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item No. 5 to 7 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 resolutions at S. No. 6 and 7 require 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 31st day of July 2001.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 6th day of July, 2001 to Thursday the 12th day of July, 2001 (both days inclusive).
5. 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.
6. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries, in writing, to the Managing Director 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.
7. 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
R.D.JOG
Company Secretary

Place: Mumbai
Date : June 06, 2001.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 WITH REFERENCE TO ITEM NOS 5 TO 7 SPECIFIED IN THE NOTICE CONVENING THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO. 5

It is proposed to reappoint Mr. H D Ramsinghani as the Managing Director of the Company for a period of Five Years from March 11, 2001.

The terms and conditions including the remuneration payable to Mr.H D Ramsinghani as the Managing Director of the Company as set out in the draft Agreement between the Company and Mr H D Ramsinghani are as follows :

1. REMUNERATION

- (A) Salary : Rs.60,000/- per month in the grade of 60,000-6,000-84,000.
- (B) Commission : 1% of the Net Profit subject to maximum of one Annual Salary.
- (C) Perquisites:
 - (a) Unfurnished residential accommodation; the Company paying all rents,taxes and other expenses for the upkeep and maintenance of such accommodation or House Rent Allowance in lieu thereof, subject to the condition that the expenditure by the Company on hiring, upkeep and maintenance or rent allowance in lieu thereof shall not exceed 60% of the salary.
 - (b) Expenditure on gas,electricity and water charges as also furnishings at the residence to be borne by the Company.
- (D) Use of two motor cars with Drivers with all running and maintenance expenses to be paid for by the Company.
- (E) Benefit of the Provident Fund Scheme, Superannuation and Annuity Fund Scheme as per Company's Rules together with the benefit of any retirement fund or Scheme which the Company may introduce in the future.
- (F) Gratuity in accordance with the rules of the Company.
- (G) Reimbursement of actual medical expenses incurred for self and family as per Company's Rules
- (H) Benefit of sick leave in accordance with the Rules of the Company.
- (I) Thirty days privilege leave with full pay and allowance for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.
- (J) Benefit of Ist Class air/air conditioned train and or such other mode of conveyance as the appointee may opt for,for self and family,while on privilege leave together with hotel,board and lodging expenses as per Company's Rules.
- (K) Personal accident cover at the cost of the Company provided that the actual premium thereof does not exceed Rs.4,000/- p.a. or such other amount as the Directors may deem fit.

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- (L) Use of Telephone for the Company's business at the residence provided that the cost of personal long distance calls, if any, shall be reimbursed by the appointee to the Company.
- (M) Fees (including entrance and subscription) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
- (N) Children's education allowance for maximum of two children limited to Rs. 5000/- per month per child or actual expenses incurred whichever is less.
- (O) Return holiday passage once in a year by economy class or once in two years by first class to children and to member of the family from the place of their stay or study abroad to India if they are not staying in India.

PROVIDED THAT the remuneration as above shall not in any financial year exceed 5% of the Net Profits (where the Company has only one such managerial personnel) OR 10% of the Net Profits if the Company has more than one managerial person for all of them put together.

2. MINIMUM REMUNERATION

The remuneration as in (1) above including perquisites but save and except commission shall, nevertheless, be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule XIII computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II of Part II to Schedule XIII of the Companies Act, 1956 as in force for the time being or as amended in the future.

PROVIDED THAT the under mentioned perquisites viz., a) contribution to Provident Fund, Super Annuity Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961. b) Gratuity Payment at the rate not exceeding half a month's Salary for each completed year of service and c) Encashment of Leave at the end of his tenure in office shall not be included in the computation of the above mentioned ceiling on remuneration as computed on the basis of the effective capital of the Company and the remuneration shall stand reduced accordingly. The Draft Agreement between the Company and Mr. H D Ramsinghani 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. H D Ramsinghani may be deemed to be concerned or interested in this Resolution as it relates to his own reappointment. Also Mr R L Ramsinghani may be deemed to be concerned or interested in the Resolution being related to Mr H D Ramsinghani.

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 6**

In accordance with the provisions of Section 372A of the Companies Act, 1956, the Board of Directors of your Company have given Corporate Guarantees to State Bank of Hyderabad and Oriental Bank of Commerce to secure the Working Capital limits sanctioned by the Banks to Rama Industries Limited. The said Guarantees were issued on the strength of the Resolution passed in the meeting of the Board of Directors held on 9th March 2001.

The aforesaid Guarantees were required to be issued expeditiously since the day to day operations of the Gelatine Plant of Rama Industries Limited was likely to be affected for want of Working Capital. 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 Guarantees.

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.

ITEM NO.7

The Company has been sanctioned additional Term Loan of Rs. 532 lacs by Industrial Development Bank of India, Rs. 129 lacs by Industrial Investment Bank of India and Rs. 269 lacs by Dena Bank for the Denim Project. Though the Denim Project of the Company has now been transferred to Rainbow Denim Ltd., as per the terms of sanction, the aforesaid Loans are to be also secured, inter alia, by a first mortgage on the immovable properties of the Company.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors of a Public Limited Company shall not, without the consent of the Company in General Meeting, sell, lease or dispose off the whole or substantially the whole of the undertaking of the Company. Since the mortgaging of the immovable properties may be regarded as disposal of the Company's property and as the mortgage to be executed in favour of the Term Lenders by the Company will contain the power to take over the management of the company in certain events, it is necessary for the members to pass the resolution under Section 293(1)(a) of the Companies Act, 1956 as set out at Item No. 7 of the Notice.

None of the Directors of the Company are, in any way, concerned or interested in the above resolution.

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

By Order of the Board
for RAMA PETROCHEMICALS LTD
R.D.JOG
Company Secretary

Place: Mumbai
Date : June 06, 2001.

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DIRECTOR'S REPORT

Your Directors present the Fifteenth Annual Report together with the Audited Statement of Accounts for the Eighteen months period ended January 31, 2001.

FINANCIAL RESULTS	PERIOD	(Rs. in lacs)
	ENDED 31.01.2001	PERIOD ENDED 31.07.99
Profit/(Loss) before Depreciation	(1207.27)	(181.57)
Less: Depreciation	392.78	407.83
Profit/(Loss) before tax	(1600.05)	(589.40)
Less: Provision for Depreciation for earlier year	54.17	-
Add/(Less) : Prior years adjustment	6.23	1.87
Less: Provision for Taxation for earlier years (Net)	NIL	701.29
Profit/(Loss) after tax	<u>(1647.99)</u>	<u>(1288.82)</u>

DIVIDEND

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

REVIEW OF OPERATIONS

The Sales Turnover of Methanol Division during the period was Rs. 535.36 lacs as compared to Rs 4101.00 lacs for the previous period . Production for the period under review is 2821 M.T. as against 38504 M.T. during 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 nearly 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.

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

As a result of the closure of the Methanol Plant and the huge losses incurred during the period under review, the net worth of the Company has been completely eroded and the Company has become a sick industrial company as defined in Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

As required under the said Act, your Directors will be making a reference to the Board for Industrial and Financial Reconstruction (BIFR) shortly.

REORGANISATION OF BUSINESS

In compliance with the special condition stipulated by the Industrial Development Bank of India, the lead Financial Institution for the Denim Project, the Company had formulated a Scheme of Arrangement, under Section 391/394 of the Companies Act, 1956, for hiving off the Denim Division into a separate