RAMA PETROCHEMICALS LIMITED

Twenty-Fourth Annual Report

2009 - 2010

BOARD OF DIRECTORS

CHAIRMAN
H.D. RAMSINGHANI

TECHNICAL DIRECTOR
D.N. SINGH

DIRECTORS
S S ARORA
MAHENDRA LODHA

BANKERS
BANK OF INDIA
BANK OF BARODA
DENA BANK

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@linktime.co.in
Website : www.linktime.com

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday, the 17th day of September, 2010 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, 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, 2010 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. S S Arora who retires by rotation and is eligible for reappointment.
3. To consider, and if thought fit, to pass with or without modifications, the following Resolution, as an Ordinary Resolution :

   "RESOLVED THAT M/s. Dayal & Lohia (Registration No. 102200W), Chartered Accountants, in respect of whom the Company has received a Special Notice pursuant to Section 190 and 225 of the Companies Act,1956, be and they are hereby appointed as the Auditors of the Company, in place of the retiring Auditors M/s. Haribhakti & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on a 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 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 for the reappointment of Mr. D N Singh as Whole Time Director designated as 'Technical Director' for a further period of Three Years from May 01, 2010 on the terms and conditions as set out in the draft agreement between the Company and Mr. D N Singh placed before the meeting and for the purpose of identification initialed by the Chairman hereof."

   "FURTHER RESOLVED THAT the Directors be and they are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations as may be agreed between the Directors and Mr.D N Singh."

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

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 10th day of September, 2010 to Friday the 17th day of September , 2010 (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.

By Order of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

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 FOURTH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO 4

The Board of Directors of the Company at their meeting held on January 29, 2010, have reappointed Mr. D N Singh as the Whole Time Director designated as 'Technical Director' for a further period of Three Years from May 01, 2010.

The material terms and conditions of his reappointment, as set out in the draft Agreement between the Company and Mr. D N Singh, are as follows :

Designation	:	Whole Time Director designated as ' Technical Director '.
Effective Date of Appointment	:	May 01,2010.
Period	:	Three years

REMUNERATION:

(a) Mr D N Singh shall not be entitled to any remuneration as the Technical Director of the Company. He shall, however, be entitled to reimbursement of all expenses incurred for the business of the Company.

(b) He shall not be entitled to sitting fees for attending meetings of the Board of Directors or any committee thereof.

The Draft Agreement between the Company and Mr. D N Singh is open for inspection of the Members on all days except Saturdays, Sundays and Public Holidays between 11.00 a.m. and 1.00 p.m.

Mr. D N Singh may be deemed to be concerned or interested in this Resolution as it relates to his own reappointment. None of the other Directors of the Company are in any way concerned or interested in the Resolution.

This Explanatory Statement alongwith the accompanying notice is and shall be deemed to be an abstract under section 302 of the Companies Act, 1956.

By Order of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

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. S. S. Arora retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr. S. S. Arora is a Commerce Graduate and has over 26 years of rich and varied experience in the field of Textiles, Fertilizers and Petrochemicals. Mr S.S. Arora has been a Director of the Company since March 2005 and holds 101465 Equity Shares of the Company.

He is a Director of the following Public Limited Companies :

Rainbow Denim Ltd.
Rainbow Agri Industries Limited

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

Rainbow Denim Limited	**Rainbow Agri Industries Limited**
Shareholder Committee – Member	Audit Committee – Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

(Rs. in lacs)

	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
Profit/(Loss) before Depreciation	**(81.61)**	(261.06)
Depreciation	**11.77**	12.03
Profit/(Loss) before tax and Exceptional Items	**(93.38)**	(273.09)
Exceptional Items	**301.15**	Nil
Profit/(Loss) before Tax and extraordinary Items	**(394.53)**	(273.09)
Release of Deferred Tax Liability	**20.13**	2.15
Fringe Benefit Tax	**Nil**	0.84
Prior years Income/(Expenditure)	**Nil**	(2.51)
Extra ordinary Items	**Nil**	383.75
Profit/(Loss) for the Year	**(374.40)**	109.46
Balance brought forward from previous year	**(3125.65)**	(3235.11)
Balance carried to Balance Sheet	**(3500.05)**	(3125.65)

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 gap between demand and supply is increasing and the shortfall quantity is being met by import. As there has been enhancement in the availability of natural gas in the country and better clarity of it's pricing the director's view the future prospects with cautious optimism.

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, 2010 and the loss of the Company for the year ended March 31, 2010;
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. S S Arora 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 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 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 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.

d) The Company is in the process of obtaining confirmation of debit / credit balances referred to in Note No. 4.

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. Haribhakti & Company, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and have conveyed their unwillingness to be reappointed as the Auditors of the Company. The Company has received a Notice pursuant to Section 190 of the Companies Act,1956 from a member proposing the name of Dayal & Lohia, Chartered Accountants as the Auditors of the Company in place of M/s Haribhakti & Co. The Company has received a certificate from M/s Dayal & Lohia 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.

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
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

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, 2010
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. 1,71,50,527/-)
For the previous financial years since it became a subsidiary	:	(Rs. 24,60,22,907/-)

For and on behalf of the Board

Place : Mumbai
Date : July 26, 2010

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, 2010

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:

		2009–2010 (12 months)	**2008–2009 (12 months)**
a)	**POWER AND FUEL CONSUMPTION**		
1)	**ELECTRICITY :**		
A)	Purchased (MSEB) Units (in Thousand)	**352.220**	290.370
	Total cost (Rs. in lacs)	**28.44**	24.85
	Rate per Unit (Rs.)	**8.07**	8.56

B) Own Generation :		
Through Diesel Generation		
Units (in Thousand)	**2.100**	2.400
Units/KL of Diesel	**3.00**	0.800
Cost/Unit (Rs.)	**13.33**	12.66
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)

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)
Foreign Exchange used	0.08
Foreign Exchange earned	NIL

For and on behalf of the Board

Place: Mumbai
Date : July 26, 2010

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	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 Five Board Meetings were held on the following dates :

May 27, 2009, June 30, 2009, July 31, 2009, October 29, 2009, January 29, 2010.

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, 2009, July 31, 2009, October 29, 2009 and January 29, 2010. 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. One meeting of the Remuneration Committee was held during the year on January 29, 2010.

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	4	4
Non-Receipt of Dividend Warrants.	2	2
Non-Receipt of Annual Report	2	2
Non-Receipt of Demat Credit / Remat Certificates	2	2
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 (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	18000/-
TOTAL	**46000/-**