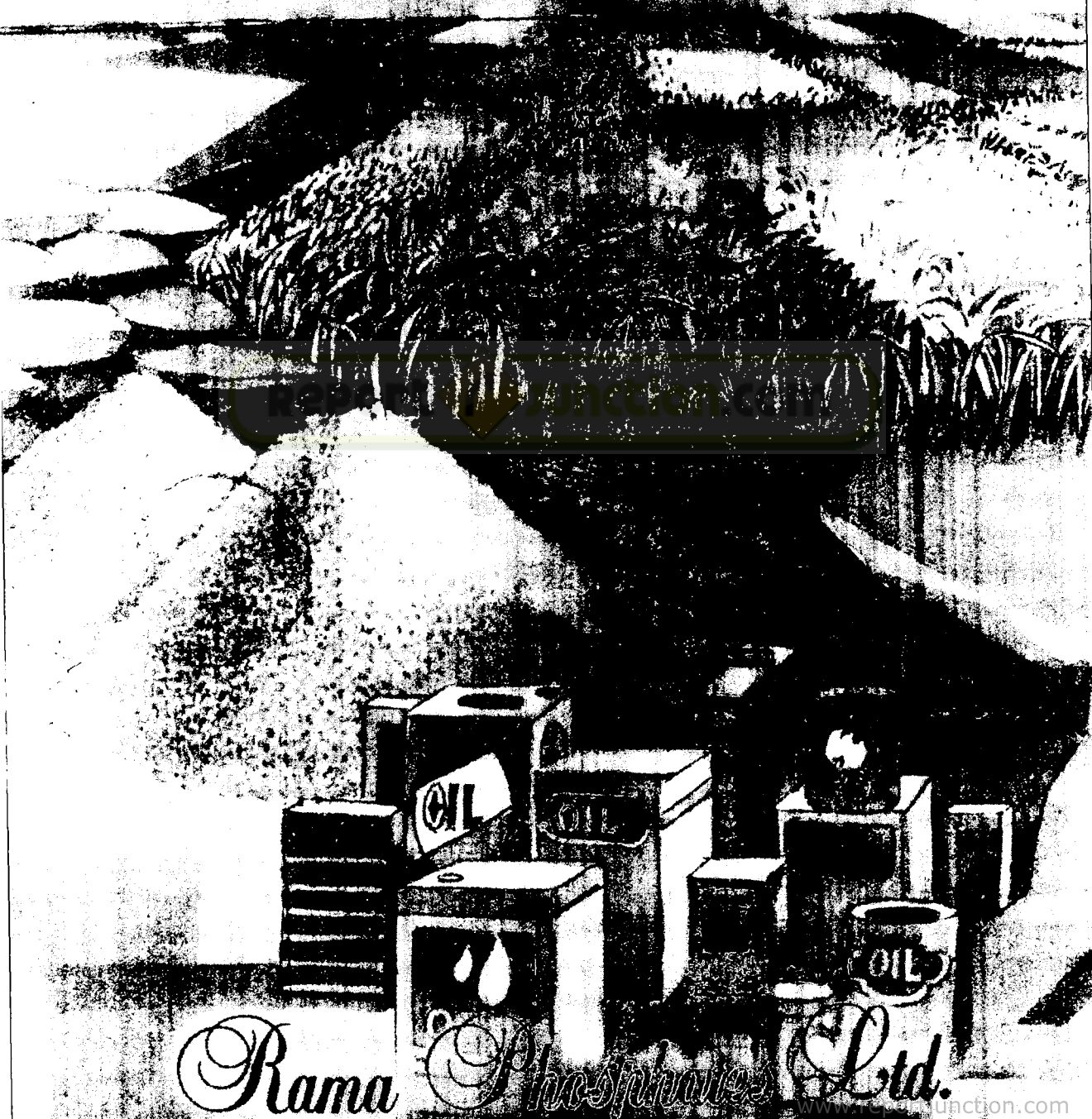
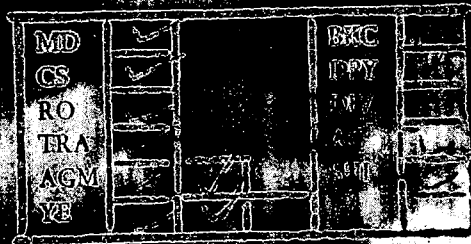




14th Annual Report
1998



Rama Petroleum Ltd.



Rama Phosphates Ltd.

CHAIRMAN

L.J.Ramsinghani

MANAGING DIRECTOR

Rajesh L. Ramsinghani

DIRECTORS

H.D.Ramsinghani

S.V.Balkundi

S.S.Bhandari

M.P.Tejwani

Mrs.Shashi Madhok - Nominee of RIICO

BANKERS

Bank of India

State Bank of Indore

Central Bank of India

Syndicate Bank

State Bank of Hyderabad

AUDITORS

M/s. Dayal & Lohia

Chartered Accountants

Udaipur Branch Auditors

M/s Kanji R. Agarwal & Company

Chartered Accountants

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point - 400 021.

Tel. No. 2834123/82 Fax : 2049946

email : ramabombay@vsnl.com

ADMINISTRATIVE OFFICES**Indore**

Rama House, 4, Saket Nagar, Indore 452 001 Madhya Pradesh

Tel. No. : (0731) 560951. Telex : 735-414 RAMA IN

Fax : (0731) 560197.

email : ramaind@bom4.vsnl.net.in

Pune

P.O.Loni Kalbhor, Tal. Haveli, Dist. Pune-412 221

Tel.No. : (020) 813479/813426/813209 Fax : (020) 813 479

email : ramakrishni@jwbbs.com

Udaipur

198, Sector 4, Hiran Magri, Udaipur-313 001 (Raj)

Tel.No. : (0294) 487801/484576 Fax : (0294) 483855

email : ramaudr@bom7.vsnl.net.in

WORKS**Indore**

2014 KM Stone, Indore - Ujjain Road

Indore, Madhya Pradesh - 452 001.

Pune

P.O.Loni Kalbhor, Tal. Haveli, Dist. Pune - 412 221

Udaipur

4807/8, Umra, Village, Kanpur

Umra-Jamarkotra Road, Udaipur (Rajasthan)

CONTENTS

Pg.No.

Notice	2
Directors' Report	8
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Notes to the Accounts	24

14TH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on 25th June, 1999 at 11.00 A.M. at Ashoka Hall, Arcadia, Behind N.C.P.A., Nariman Point, Mumbai - 400 021 to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st December, 1998 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Haresh D. Ramsinghani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. V. Balkundi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Dayal & Lohia - Chartered Accountants as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
6. To appoint M/s. Kanji R. Agarwal & Company - Chartered Accountants, as Auditors of the Udaipur Branch, of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Shri L.J. Ramsinghani is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT Shri S.S.Bhandari is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation."

9. To consider and, if thought fit, to pass, with or without

modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri M.P.Tejwani is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED THAT subject to the approval of Reserve Bank of India and/or Central Government under Foreign Exchange Regulation Act, 1973 and subject to such other approvals, permissions and sanctions as may be considered necessary, consent of the Company be and is hereby accorded for purchase/acquisition of shares of the Company by Foreign Institutional Investors (FIIs), under the Scheme of the Reserve Bank of India and/or in accordance with all applicable rules, subject however, that the shares so purchased shall not exceed 30% of issued and paid up Share Capital of the Company as issued from time to time."

"FURTHER RESOLVED THAT the said purchase/acquisition of shares as aforesaid upto a limit of 30% of issued and paid up Share Capital as issued from time to time shall be subject to the conditions and restrictions as laid under the Schemes of Reserve Bank of India and/or other applicable rules and guidelines for the time being in force and as amended from time to time."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, matters and things as may be necessary, proper and expedient for the purpose of giving effect to this Resolution and for matters connected therewith."

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

"RESOLVED THAT subject to the approval of Reserve Bank of India and/or Central Government under Foreign Exchange Regulation Act, 1973 and subject to such other approvals, permissions and sanctions as may be considered necessary, consent of the Company be and is hereby accorded for purchase/acquisition of shares of the Company by Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), Person of Indian Origin (PIOs), under the Investment Portfolio Scheme of the Reserve Bank of India and/or in accordance

with all applicable rules, subject, however, that the shares so purchased shall not exceed 24% of issued and paid up Share Capital of the Company as issued from time to time."

"FURTHER RESOLVED THAT the said purchase/acquisition of shares as aforesaid upto a limit of 24% of issued and paid up Share Capital as issued from time to time shall be subject to the conditions and restrictions as laid under the Schemes of Reserve Bank of India and/or other applicable rules and guidelines for the time being in force and as amended from time to time."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, matters and things as may be necessary, proper and expedient for the purpose of giving effect to this Resolution and for matters connected therewith."

12. 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 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. R. L. Ramsinghani as Managing Director for a period of Two Years w.e.f. April 01, 1999 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. R. L. 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 are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations in 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 of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, desirable and expedient to give effect to the above Resolutions."

13. "RESOLVED THAT in accordance with the provisions

of the Companies Act, 1956 and other Acts. if any, including any amendment thereto and subject to the consents, permissions, sanctions and approvals, if any, as may be necessary, from the Members, Stock Exchange Authorities and subject to conditions as were prescribed/made applicable in granting such Listing approvals, the consent of the company is hereby given to apply for delisting of Equity Shares of the Company from the Stock Exchanges at Ahmedabad, Delhi and Calcutta and that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things including execution of any documents for this purpose and attend to all statutory compliances to get the Equity Shares delisted from the above Stock Exchanges."

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

"RESOLVED THAT in supersession of the earlier resolution(s) passed by the company, the consent of the Company be and is hereby accorded, under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time monies as they may deem requisite for the purpose of the business of the Company, notwithstanding that the money to be borrowed, with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of the monies that may be borrowed by the Board of Directors shall not exceed Rs. 200 crores (Rupees Two hundred crores only) at any one time."

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

"RESOLVED THAT the consent of the company be and 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 for creating such mortgage of and charging on such terms and conditions and in such form of the Company's undertakings or all its undertakings including the present and future properties whether moveable or immovable as the case may be together with the power to take over the management of the business and concern of all or any such undertakings of the Company in certain events, to or in favour of all or

14TH ANNUAL REPORT

any of the following namely :

1. Industrial Development Bank of India (IDBI) : To secure Rupee Loan of Rs.1000 Lacs advanced by IDBI.
2. Industrial Development Bank of India (IDBI) : To secure Working Capital Facility of Rs.620 Lacs advanced by IDBI.
3. Industrial Investment Bank of India (IIBI) : To secure Rupee Loan of Rs.770 Lacs advanced by IIBI.
4. To secure Working Capital Facilities advanced by the consortium bankers in the normal course of business.

together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses and other monies including any increase as a result of devaluation/revaluation/ fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to the aforesaid lenders under respective heads of agreement/ memorandum of terms and conditions entered into by the Company for the said loans/facilities."

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all or any of the immovable and/or movable properties of the Company wheresoever situated, present and future and the whole of the undertaking(s) of the Company, in favour of Scheduled Banks and Foreign Banks or any other Bank and all or any of the following Financial Institutions viz. Industrial Development Bank of India, The Industrial Finance Corporation of India Ltd, The Industrial Credit and Investment Corporation of India Limited, Life Insurance Corporation of India, Unit Trust of India, General Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd., United India Insurance Company Ltd., Industrial Investment Bank of India Ltd. Housing Development Finance Corporation Ltd., Small Industries Development Bank of India, Indian Renewable Energy Development Agency Ltd., and any other financial institutions as may be declared to be a public financial institutions under Section 4A of the Companies Act 1956, and other secured lenders (hereinafter collectively referred to as the Banks and Financial Institutions) to secure loans and/or syndicated loans in rupees and/

or foreign currencies, guarantees, working capital facilities and/or any other financial assistance obtained/ to be obtained from the aforesaid Banks and Financial Institutions, and upto an aggregate amount not exceeding Rs.50 crores (Rupees Fifty crores only) together with interest at the respective agreed rates, additional interest, compound interest liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies including any increase on account of revaluation/devaluation/fluctuation in the rates of foreign currencies involved, payable by the Company to Bank and to all or any of the Financial Institutions and/ in terms of their respective Loan Agreements/Trustees' Agreement/Letter of sanction/Memorandum of terms and conditions, entered into/to be entered into/issued/ to be issued by the Company in respect of the said loans/financial assistance."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to negotiate, finalise and settle with the Banks and Financial Institution(s), all deeds, documents and writings for creating the aforesaid mortgage(s) and or charge(s) and for reserving the aforesaid right in their favour and to do all such acts, deeds and things, in the manner as may be necessary or proper for giving effect to the aforesaid Resolution."

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company duly completed not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 10th June, 1999, Thursday, to 25th June, 1999, Friday (both days inclusive).
3. Dividend when declared will be paid to those shareholders whose names shall appear on the Register of Members as on 25.06.99.
4. Pursuant to the provisions of Section 205 (A) of the Companies Act, 1956, unclaimed Dividend upto the year ended March 31, 1994 has been transferred to the Credit of the General Revenue Account of the Central Government. Members who have not received the

Rama Phosphates Ltd.

Dividend for the said years may claim the amount from the Registrar of Companies, Maharashtra, Mumbai. However, dividend declared subsequently will be transferred to fund as per Company Amendment Ordinance 1998.

5. Members are informed that we have shifted our Share Transfer department. All communications relating to shares, should now be addressed to :-
711, Veena Killedar Industrial Estate, 10/14 Pais Street, Byculla (West), Mumbai - 400 011.

6. The members are requested to notify immediately any change in their address to the company.

By order of the Board
For RAMA PHOSPHATES LTD.

Place : Mumbai

Dated : 30th April, 1999

Company Secretary

EXPLANATORY STATEMENT (Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 7

Mr. L. J. Ramsinghani was appointed as an Additional Director by the Board of Directors of the Company on December 23, 1998 by virtue of the provisions of Section 260 of the Companies Act, 1956. Mr. L. J. Ramsinghani will hold office of the Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received notice in writing from a Member, together with a deposit of Rs.500/-, as required under Section 257 of the Companies Act, 1956 proposing the name of Mr. L. J. Ramsinghani for the office of Director. Mr. L. J. Ramsinghani has filed with the Company his consent to act as a Director pursuant to section 264 (1) of the Companies Act, 1956.

Mr. L. J. Ramsinghani has rich and valued experience in the field of Trade & Industry in India and abroad. It is considered that it will be in the interest of the company to appoint him as a Director.

ITEM NO. 8

Mr. S. S. Bhandari was appointed as an Additional Director by the Board of Directors of the Company on December 23, 1998 by virtue of the provisions of Section 260 of the Companies Act, 1956. Mr. S. S. Bhandari will hold office of the Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received notice in writing from a Member, together with a deposit of

Rs.500/-, as required under Section 257 of the Companies Act, 1956 proposing the name of Mr. S. S. Bhandari for the office of Director. Mr. S. S. Bhandari has filed with the Company his consent to act as a Director pursuant to section 264 (1) of the Companies Act, 1956.

Mr. S. S. Bhandari has rich and valued experience in the field of Corporate & Project Finance. It is considered that it will be in the interest of the company to appoint him as a Director.

ITEM NO. 9

Mr. M. P. Tejwani was appointed as an Additional Director by the Board of Directors of the Company on December 23, 1998 by virtue of the provisions of Section 260 of the Companies Act, 1956. Mr. M. P. Tejwani will hold office of the Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received notice in writing from a Member, together with a deposit of Rs.500/-, as required under Section 257 of the Companies Act, 1956 proposing the name of Mr. M. P. Tejwani for the office of Director. Mr. M. P. Tejwani has filed with the Company his consent to act as a Director pursuant to section 264 (1) of the Companies Act, 1956.

Mr. M. P. Tejwani has retired as the Executive Director of EXIM Bank. It is considered in the interest of the company to appoint him as a Director.

Item No. 10

Till recently, Foreign Institutional Investors (FIIs) could jointly hold 24% of the issued and paid up share capital of any Company. This limit has since been enhanced to 30%, subject to the approval of the shareholders of the Company by way of Special Resolution. This increase is being done to facilitate further foreign investment and thereby increase the inflow of foreign exchange into the country. Accordingly, it is now proposed to increase the ceiling of holdings of shares by FIIs in the company from the present limit of 24% to 30%.

The Board recommends passing of the Special Resolution of Item No.10 of the Notice. None of the Directors is, in any way, concerned or interested in the said resolution.

Item No. 11

Till recently, Non-Resident Indians (NRIs), Overseas Corporate Bodies (OCBs), and Person of Indian origin (PIOs) could jointly hold 10% of the issued and paid up share capital of any Company under portfolio Investment scheme. This limit has since been enhanced to 24%, subject

14TH ANNUAL REPORT

to the approval of the shareholders of the Company by way of Special Resolution. This increase is being done to facilitate further foreign investment and thereby increase the inflow of foreign exchange into the country. Accordingly, it is now proposed to increase the ceiling of holdings of shares by NRIs, OCBs and PIOs in the company from the present limit of 10% to 24%.

The Board recommends passing of the Special Resolution of Item No.11 of the Notice. None of the Directors is, in any way, concerned or interested in the said resolution.

Item No.12

It is proposed to reappoint Mr. R. L. Ramsinghani as Managing Director for a period of two years from April 01, 1999.

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

1. REMUNERATION

- A) Salary : Rs.52,000/- per month
- B) Commission : 2% of the Net Profit of the company.
- C) Perquisites :
 - i) The Managing Director shall be entitled to the following perquisites, within the overall limits prescribed by Section I and II of Part II of Schedule XIII of the Companies Act, 1956.
 - a) Housing : The Managing Director shall be entitled for unfurnished accomodation, the company paying all rents, taxes for upkeep of such accomodation or House Rent Allowance subject to maximum 60% of salary.
 - b) Medical Reimbursements : Reimbursement of medical expenses actually incurred for himself and his family in accordance with the rules specified by the Company.
 - c) Leave Travel Concession : Leave Travel Concession for self and family incurred in accordance with the rules specified by the company.
 - d) Club Fees : Fees of maximum two clubs, which will not include admission and life membership fees.

- e) Free use of Company's two cars with driver for the business of the company will not be considered as perquisites. For personal use of the car the company will bill the Managing Director.
- f) All charges including rental and call charges for the telephone at the residence will be paid by the company in full. Charges for personal long distance calls shall be recovered by the Managing Director.
- g. The managing Director shall be entitled for sitting fees for attending the meeting of board of directors or committee thereof.
- ii. The Managing Director shall also be eligible to the following perquisites, which shall not be included in the computation of the salary specified in paragraph (A) above.
 - a) Contribution to provident fund, superannuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
 - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
 - c) Leave on full pay and allowance, but not exceeding one month's leave for every eleven months of service subject to the condition that leave accumulated but not availed will not be encashed.

D) Minimum Remuneration :

In the event of inadequacy of profits or losses during any financial year, the remuneration and perquisites to Mr.R.L.Ramsinghani will be paid in accordance with Schedule XIII of the Companies Act. 1956, as amended from time to time.

OTHER TERMS

The appointee shall be entitled to sitting fees for attending the meetings of the Board of Directors or Committe(s) thereof.

The office of the Managing Director shall not to be liable to retire by rotation.

The monetary value of the Perquisites will be evaluated as per the Income tax rules & will be subject to such ceiling as may be prescribed by the Central Govt.

Rama Phosphates Ltd.

The above salary, perquisites & commission will be subject to the provisions of section 198 & 309 of the Companies Act., 1956.

The draft Agreement between the Company and Mr. R. L. Ramsinghani is open for inspection of 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.R.L.Ramsinghani may be deemed to be concerned or interested in this resolution as it relates to his own reappointment.

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 13

The Equity Shares of the Company are at present listed with the Stock Exchanges at Ahmedabad, Delhi, Calcutta, Indore and Mumbai. The Equity Shares of the Company on Ahmedabad, Delhi and Calcutta Stock Exchanges are not traded in a material way and is negligible in quantum. The number of shareholders in these regions are also not significant. The Board of Directors of the Company therefore propose that the Equity Shares of the Company should be delisted from Ahmedabad, Delhi and Calcutta Stock Exchanges.

The listing of the shares will however continue with Mumbai Stock Exchange which is the regional Stock Exchange and Indore Stock Exchange. The spread of the BOLT terminals of the Mumbai Stock Exchange in the country, will provide easy access to the members and investors for sale and purchase of the Equity Shares of the Company. It is considered necessary to obtain the approval of the members of the Company and accordingly resolution at Item No.13 is set out in the notice for your approval.

The Board of Directors recommend the approval by the members of the special resolution at item No.13 of the accompanying notice.

None of the Directors of the company are interested in the said resolution.

Place : Mumbai
Dated : 30th April, 1999

REGISTERED OFFICE
812, Raheja Chambers
Nariman Point
Mumbai - 400 021.

ITEM 14

The present borrowings powers of the Board of Directors as authorised by the Members is Rs.150 crores. Keeping in view the Company's size and scale of operations and fund requirements for its expansion plans and new projects and modernisation, it is therefore desired to increase the present borrowing powers of the Board of Directors from Rs.150 crores to Rs.200 crores.

Under section 293(l)(d) of the Companies Act, 1956, borrowing by the Company in excess of its paid up Share Capital and free reserves requires approval of the Members of the Company.

Your Directors, therefore, recommend the resolution for your approval. None of the Directors of the Company is deemed to be concerned or interested in the said resolution.

ITEM 15

The Company has obtained Rupee term loans and Corporate loans for its existing business activities. The above said loans are to be secured by a charge by way of mortgage and hypothecation of the immovable & movable properties of the Company, both Present & Future.

The company may be required to borrow further for its expansion plans, modernisation etc. The borrowings, if any, made by the board may be required to be secured by a mortgage or charge on the assets of the company to the extent agreed between the parties concerned and the board.

Section 293(l)(a) provides, inter alia, that the Board shall not, except with the consent of the Company in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Since mortgaging by the Company of its immovable and movable properties may be regarded as disposal of the Company's properties/undertakings, it is therefore necessary to obtain consent of the Members to authorise the Board to do so as above.

Your Directors, therefore, recommend the resolution for your approval.

None of the Directors is deemed to be concerned or interested in the proposed resolution.

By Order of the Board
For **RAMA PHOSPHATES LIMITED**

Company Secretary

14TH ANNUAL REPORT

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Statement of Accounts for the year ended December 31, 1998.

1. FINANCIAL RESULTS

	1998 12 Months	Rs. In Lacs 1996-97 18 Months
Sales & Other Income	23322.16	26317.85
Profit before financial charges & Depreciation	2595.18	2512.46
Less : Financial Charges	1192.52	1238.36
Cash Profit for the year	1402.66	1274.10
Less: Depreciation & Prel. Exps.	578.59	622.29
Profit for the year	824.07	651.81
Less: Prior Year Adj (Net)	274.73	34.36
Less: Provision for liability pursuant to modified BIFR order.	207.89	--
Net Profit	341.45	617.45
Balance brought forward from the previous year	1301.30	806.10
Amount available for appropriation	1642.75	1423.55
The proposed appropriations are		
a) Proposed Dividend	69.46	111.14
b) Dividend Tax	6.95	11.11
c) Balance Carried to the Balance Sheet	1566.34	1301.30
	1642.75	1423.55

2. DIVIDEND

The directors recommend a payment of dividend of Rs. 0.50 per share. The proposed dividend together with dividend tax will absorb Rs.76.41 Lacs. The dividend will be paid to all the shareholders whose names stand in the register of members as on the date of the book closure.

3. REVIEW OF PERFORMANCE**a) Expansions**

The new unit at Udaipur commissioned during the last period has stabilized its operations and is doing well. The operations at the Indore unit, post expansion & modernisation also stabilised during the year under review. The company also successfully completed the scheme of expansion & modernisation at its Pune plant during the year under review. The company hopes to become the largest SSP manufacturer in India in a short time.

The two steam driven turbines which were installed recently are performing well. This has enabled the company to use the waste heat generated in the sulphuric acid plant to generate power and thus reduce the power cost. The solvent extraction plant also uses the steam generated by the turbine at Indore.

b) Operations

During the period under review the performance of all the divisions of the company was satisfactory.

The production of SSP increased to 340516 Mts. in the current year against 430232 Mts. during the previous 18 month period reflecting an increase of about 19% on an annualised basis.

The Oil division of the company processed 65959 Mts. of seeds during the period marking an increase of about 11% over the previous period on an annualised basis.

c) Exports

The company achieved an export turnover of Rs.3744 Lacs during the year as compared to Rs. 3406 Lacs in the previous 18 month period, which is about 65% more than previous period on an annualised basis.

4. MERGER OF THE ERSTWHILE RAMA KRISHI RASAYAN LTD., PUNE, WITH THE COMPANY.

As you are aware, the Board for Industrial and Financial Reconstruction (BIFR) had modified its earlier Order dated 31.05.95, for the merger of erstwhile Rama Krishi Rasayan Limited (RKRL) with your company, vide its Order dated 19.01.98.

The effect of the modified order has been given in the accounts for the current year, which has resulted in cancellation of 25,73,950 equity shares and conversion of the same into interest bearing liability. Details of the same have been given in note 7 on the accounts.