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Rama Phosphates Limited

**17th ANNUAL REPORT
2001 - 2002**

BOARD OF DIRECTORS

CHAIRMAN

R.L. Ramsinghani

MANAGING DIRECTOR

D.J. Ramsinghani

TECHNICAL DIRECTOR

D.N. Singh

DIRECTORS

M.P. Tejwani

M.K. Jain – Nominee Director of IDBI

Biswadeb Basu – Nominee Director of IIBI

C.R. Malaviya

V.T. Khardekar – Additional Director

COMPANY SECRETARY

R. D. Jog

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. Agrawal & Company

Chartered Accountants

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai 400 021

SHARE DEPT.

812, Raheja Chambers, Nariman Point,

Mumbai 400 021

REGISTRARS

(For Electronic Mode Only)

Intime Spectrum Registry Pvt. Ltd.

260, Shanti Industrial Estate,

Sarojini Naidu Road,

Mulund (West),

Mumbai - 400 080

ADMINISTRATIVE OFFICES

Indore

Rama House, 4 Saket Nagar,

Indore 452001 Madhya Pradesh

Pune

P.O. Loni Kalbhor, Tal. Haveli,

Dist. Pune – 412 221

WORKS

Indore

20/4 KM Stone, Indore – Ujjain Road

Indore, Madhya Pradesh – 453 557.

Pune

P.O. Loni Kalbhor, Tal. Haveli,

Dist. Pune 412 221

Udaipur

4807/8, Umra Village, Kanpur

Umra-Jamarkotra Road,

Udaipur (Rajasthan) - 313 001.

NOTICE

NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday the 27th day of September 2002 at 10.00 A.M. at Ashoka Hall, Arcadia, Nariman Point, Mumbai 400021 to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 30th June 2002 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. C R Malaviya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M P Tejwani who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

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

“RESOLVED THAT M/s. Dayal and Lohia, Chartered Accountants be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.”

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

“RESOLVED THAT M/s. Kanji R Agrawal & Company, Chartered Accountants be and they are hereby appointed as the Branch Auditors for the Udaipur Branch of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company.”

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

“RESOLVED THAT Mr V T Khardekar be and is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the members be and it is hereby accorded 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 Companies 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 or concern of such undertakings in certain events to and in favour of the Trustees for the privately placed Zero

percent Non Convertible Debentures aggregating to Rs 35.61 lacs as security for the Debentures together with interest, compound interest, additional interest, commitment charges, liquidated damages, remuneration of Trustees and all costs, charges, expenses and other monies payable by the Company in respect of the said Debentures.”

“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/charge and to agree to such modifications or variations thereto on such terms and conditions as 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.”

NOTES

1. The Explanatory Statement pursuant to the provisions of section 173 of the Companies Act, 1956 in respect of Special Business specified in the Notice 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 ON A POLL ONLY 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 NOT LESS THAN FORTYEIGHT 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 20th day of September 2002 to Friday the 27th day of September 2002 (both days inclusive).
4. Information required to be furnished as per the Listing Agreement about Directors proposed to be appointed/reappointed at the forthcoming Annual General Meeting is annexed thereto.
5. Pursuant to the provisions of Section 205(A) of the Companies Act, 1956, unclaimed Dividend upto the year ended June 30,1994 has been transferred to the credit of the General Revenue Account of the Central Government. Members who have not received the Dividend for the said years may claim the amount from the Registrar of Companies, Maharashtra.
6. Members desirous of seeking any information concerning the Accounts are requested to address their queries in writing to the Company 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 are requested to bring their copies of the Annual Report to the Meeting since copies of the Annual Report will not be distributed at the Meeting.

Registered Office
812, RAHEJA CHAMBERS,
NARIMAN POINT
MUMBAI : 400 021

By Order of the Board
For RAMA PHOSPHATES LIMITED
R D JOG
COMPANY SECRETARY

Date : August 23,2002

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO 4 & 5

Section 224A of the Companies Act, 1956 requires that in case of companies where the shareholding of financial institutions/Banks is more than 25% of the paid up share capital of the company, the appointment of Auditors should be made by a Special Resolution. As the shareholding of the financial institutions and banks exceeds the aforesaid limit, Special Resolutions are proposed for the appointment of M/s. Dayal and Lohia as the Auditors and M/s. Kanji R Agrawal & Co. as the Udaipur Branch Auditors of the Company.

None of the Directors are in any way concerned or interested in the said Resolution.

ITEM NO 6

In accordance with the provisions of Section 260 of the Companies Act, 1956 and the applicable provisions of the Articles of Association, Mr V T Khardekar was appointed as an Additional Director by the Board of Directors at their meeting held on June 29, 2002. Mr Khardekar will hold the office of 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 the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr Khardekar as a Director. Mr Khardekar has filed with the Company his consent to act as a Director pursuant to the provisions of Section 264(1) of the Companies Act, 1956. Mr Khardekar has over 40 years of rich and varied experience in the field of marketing and distribution of Fertilisers and has held senior positions in several Fertilizer manufacturing companies. It is therefore considered that it will be in the best interest of the Company to appoint Mr Khardekar as a Director.

Mr Khardekar may be deemed to be concerned or interested in the Resolution as it relates to his own appointment.

ITEM NO 7

As a part of restructuring of the loans sanctioned by the Industrial Investment Bank of India (IIBI), the Company has issued 35610 Zero percent Non Convertible Debentures of Rs 100/- each aggregating to Rs 35.61 lacs to IIBI on private placement basis. The said Debentures are required to be secured, inter alia, by way of mortgage and/or charge on the movable and immovable properties of the company with a power to take over the management of the business and concern of the company in certain events to and in favour of the Trustees for the said Debentures.

Since mortgaging by the Company of its immovable properties as aforesaid in favour of the lenders may be regarded as disposal of the Company's undertaking, the consent of the members is being sought pursuant to the provisions of Section 293 (1)(a) of the Companies Act, 1956.

None of the Directors are in any way concerned or interested in the Resolution.

Registered Office
812, RAHEJA CHAMBERS,
NARIMAN POINT
MUMBAI : 400 021

By Order of the Board
For RAMA PHOSPHATES LIMITED
R D JOG
COMPANY SECRETARY

Date : August 23, 2002

INFORMATION REQUIRED TO BE FURNISHED AS PER 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 given below :

I. Directors proposed to be appointed.

Name : Mr Vijaykumar Tryambak Khardekar
Age : 65 years
Qualifications : M.Sc (Agri-Plant Pathology) from Pune Vidyapeeth.

Mr Khardekar joined Department of Agriculture, Maharashtra in the year 1960 where he worked till 1966. Since 1966 Mr Khardekar has been actively involved in all aspects relating to marketing and distribution of Fertilizers and has held senior positions in several public limited companies viz. Rallis India Ltd., Dewas Chemicals & Fertilizers Co. Ltd., GSFC Fertilizers Ltd., Udaipur Phosphates and Fertilizers Ltd., Khaitan Chemicals and Fertilizers Ltd. Since March 1997 to March 2002, Mr Khardekar was in charge of Marketing of the Company.

Mr Khardekar is a Director of the Company since June 29,2002.

Other Directorships : Nil

II. Directors proposed to be reappointed.

a) Mr C R Malaviya retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr Malaviya has been Director of the Company since November 2001.

Mr Malaviya is an eminent technologist and has a rich and varied experience in the field of chemicals and fertilizers spanning over 35 years. He is a design and process consultant for various companies and has commissioned several SSP and Sulphuric Acid projects for various companies.

Other Directorships : Nil

b) Mr M P Tejwani retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr Tejwani has been Director of the Company since June 1993 .

Mr Tejwani is M.A, B.Sc and a Certified Associate of Indian Institute of Bankers and has over 48 years experience in the field of Banking and Finance. He has held senior positions in several companies/institutions out of which for eleven years he was with EXIM Bank from where he retired as the Executive Director.

He is a Director of the following companies :

Goodearth Credit and Investment Ltd.	Rama Capital and Fiscal Services Pvt. Ltd.
Rainbow Agri Industries Ltd.	Jyoti Structures Ltd.
Premium Financial Services Ltd.	Rama Petrochemicals Ltd.
Trishul Mercantile Pvt. Ltd	

DIRECTORS' REPORT

Your Directors present the Seventeenth Annual Report together with Audited Accounts for the year ended June 30, 2002.

Financial Results	(Rs. in lacs)	
	2001 - 02 (12 months)	2000-01 (18 months)
Sales & Other Income	22402.23	37281.07
Profit/(Loss) before financial charges & Depreciation	(522.62)	1646.86
Less: Financial Charges	1957.27	2426.92
Profit/(Loss) before Depreciation and amortisation	(2479.89)	(780.06)
Less : Depreciation and other adjustments (Net)	1263.36	1203.17
Net Profit/(Loss) for the year/Period	(3743.25)	(1983.23)
Deferred Tax Income	—	400.00
Net Profit/(Loss) for the year after deferred tax	(3743.25)	(1583.23)
Prior year Adjustment (Net)	(356.58)	(165.18)
Profit/(Loss) after adjustments	(4099.83)	(1748.41)
Profit & Loss balance brought forward from the previous period	(363.91)	1384.50
Transfer from General Reserve	73.50	—
Balance carried to Balance Sheet	(4390.24)	(363.91)

1. DIVIDEND

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

2. REVIEW OF OPERATIONS**a) Performance :**

During the year, the performance of the company was affected due to the drought conditions prevailing in parts of Maharashtra, Gujarat, Rajasthan and other adjoining areas as a result of poor monsoon for three consecutive years. The performance was also affected due to reduction in subsidy by the Government, lower realizations due to stiff competition which resulted in lower capacity utilization, increase in the cost of rock phosphate, increased competition from unorganised sector and higher discounts required to be offered to the customers.

The performance of the Oil Division was also not satisfactory due to lower seed crushing- 96384 M T compared to 151356 M T for the previous period of 18 months. Oil yield was lower as compared to previous year. Due to liquidity crunch the Company could not procure the seeds at competitive prices during the season. The prices of Oil remained under pressure due to entry of new multinationals and cheap imports of substitute edible oils.

b) Exports :

During the year under review the company achieved an export of Rs. 5369.24 Lacs in spite of severe competition and depressed market conditions for de-oiled cake.

3. FUTURE PROSPECTS

Though the Company suffered severe setback in the last two years, your Directors are confident of making a turn around as the Company has a strong brand image in both Fertilizer and Oil Division and the Company's products are recognised as quality products in the market. With favourable monsoon the Company's performance will improve. In addition your Directors are taking the necessary steps for improvement in the performance of the Company as a result of which the Directors expect the Company to post better results in the coming years.

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

As a result of the huge losses incurred during the year under review, the net worth of the Company has been completely eroded and the Company has become a Sick Industrial Company as defined under 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 shortly.

5. CORPORATE GOVERNANCE

As per the amended listing Agreement with the Stock Exchanges, the Company was required to comply with the regulations relating to Corporate Governance during the Financial year 2001-02 but not later than March 31,2002. Accordingly, the Audit Committee, the Remuneration committee and the Shareholders Grievance Committee were constituted by the Board of Directors at their meeting held on November 22, 2001. A report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also the Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

6. 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 except AS-17 regarding Segment Reporting as this is the first year of the requirements and the company is in the process of its compilation;
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 June 30,2002 and of the loss of the Company for the year ended June 30,2002.
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;
4. The annual accounts have been prepared on a going concern basis.

7. SAFETY, ENVIRONMENTAL CONTROL & PROTECTION

The Company has taken all the necessary steps for safety and environmental control & protection at its plants at Indore, Udaipur and Pune.

8. 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 is annexed hereto and forms a part of this Report.

9. PERSONNEL

There were no employees who were employed during the year under review or part thereof and who were in receipt of remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended to date.

10. DIRECTORS

The Industrial Investment Bank of India (IIBI) has nominated Mr. Biswadeb Basu as its Nominee Director on the Board of Directors of the Company.

During the year under review, Mr H D Ramsinghani ceased to be Director of the Company and the Board places on record its sincere appreciation of the contribution made by Mr H D Ramsinghani during his long association with the Company.

In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr V T Khardekar was appointed as an Additional Director by the Board of Directors at their meeting held on June 29, 2002. Mr Khardekar holds the office of Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received a Notice from a member together with the Deposit as prescribed under Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr Khardekar as a Director.

Mr. C R Malaviya and Mr. M P Tejwani retire from the Board of Directors by rotation and are eligible for reappointment.

11. AUDITORS REPORT

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

- a) The Company has not compiled information required as per recently introduced Accounting Standard No. AS 17 relating to Segment reporting as this is the first year of the requirements and the Company is in the process of its compilation.
- b) The Company has informed all the parties concerned to confirm the balances whilst majority have confirmed the balances we have yet to receive confirmation from some of them.
- c) The Company is in the process of compiling information relating to status of the parties.
- d) In view of the strong asset base of the Sick Company to which the company has given the loan, the said amount is considered to be fully recoverable and hence no provision has been made for the same.

12. AUDITORS

M/s. Dayal & Lohia, Chartered Accountants, 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.

M/s Kanji R Agrawal & Co., Chartered Accountants are proposed to be re appointed as the Branch Auditors for carrying out the Audit of the Udaipur Branch of the Company.

13. INDUSTRIAL RELATIONS

The Industrial Relations remained cordial at all the units of the Company during the year under review.

14. ACKNOWLEDGEMENT

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Financial Institutions, Banks and various government Departments and Agencies.

Registered Office :
812, Raheja Chambers,
Nariman Point,
Mumbai 400 021.

For and on behalf of the Board
D J RAMSINGHANI
Managing Director
D N SINGH
Technical Director

Dated : August 23,2002

