



Rama Phosphates Limited

**18th ANNUAL REPORT
2002 - 2003**

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

D.J. Ramsinghani

DIRECTORS

D.N. Singh

C.R. Malaviya

V.T. Khardekar

M.K. Jain – Nominee Director of IDBI

Biswadeb Basu – Nominee Director of IIBI

Silpita Guha – Nominee Director of UTI

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

Mumbai

UDAIPUR BRANCH AUDITORS

M/s. Kanji R. Agrawal & Company

Chartered Accountants

Indore

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai-400 021

Tel.No. 22834123/82

REGISTRARS & TRANSFER AGENTS

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup West,

Mumbai-400 078

Tel. 2592 3837

ADMINISTRATIVE OFFICES

Indore

Rama House, 4 Saket Nagar,

Indore 452 001 Madhya Pradesh

Pune

P.O. Loni Kalbhor, Tal. Haveli,

Dist. Pune-412 201

Udaipur

4807/8, Umra Village,

Jamarkotra Road, Teh-Girva

Udaipur (Rajasthan) 313 001

WORKS

Indore

20/4 KM Stone, Indore – Ujjain Road

(Dharampuri), Indore,

Madhya Pradesh-453 551.

Pune

P.O. Loni, Kalbhor, Tal. Haveli,

Dist. Pune-412 201

Udaipur

4807/8, Umra Village,

Jamarkotra Road, Teh-Girva

Udaipur (Rajasthan) 313 001

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Tuesday the 30th day of September 2003 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 2003 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. V T Khardekar who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

3. 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 they 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.”

4. 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.”

5. 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 61 and other applicable provisions if any, of the Companies Act, 1956, the Guidelines issued by the Securities and Exchange Board of India (SEBI) under the Securities and Exchange Board of India (Delisting of Securities) Guidelines – 2003 and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Members be and it is hereby accorded for voluntary delisting of the Equity Shares of the Company from The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Ltd., The Madras Stock Exchange Association Ltd., The Madhya Pradesh Stock Exchange, Indore and The Calcutta Stock Exchange Association Ltd.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all acts as may be necessary to give effect to the above Resolution.”

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

“ **RESOLVED THAT** in accordance with the provisions of Section 198, 269, 387 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) read with Schedule XIII thereto as amended upto date and subject to such approvals, sanctions and consents including the approval of the Central Government as may be required and further subject to such restrictions and conditions as may be imposed by applicable authority while granting such approvals, sanctions and consents, the approval of the Members be and it is hereby accorded to the appointment of Mr A N Manudhane as a “Chief Executive Officer and Manager” for a period of three years from August 1, 2003 on the following terms and conditions :

1. Designation : Chief Executive Officer and Manager.
2. Period : Three years from August 1, 2003.
3. Remuneration :
 - (a) Salary – Rs 41,000/- per month in the grade of 41000-6000-53000
 - (b) Commission – 1% of the Net Profit subject to a maximum of one Annual Salary
 - (c) Perquisites –
 - (i) 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 house rent allowance in lieu thereof shall not exceed 60% of the salary.
 - (ii) Expenditure on gas, electricity and water charges as also furnishings at the residence to be borne by the Company.
 - (iii) Use of one Motor Car with Driver with all running and maintenance expenses to be paid for by the Company.
 - (iv) 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.
 - (v) Gratuity in accordance with the rules of the Company.
 - (vi) Reimbursement of actual medical expenses incurred for self and family as per Company’s Rules.
 - (vii) Benefit of Sick Leave in accordance with the rules of the Company.
 - (viii) Thirty days Privilege Leave with full pay and allowances for each completed year of service; the said leave being accumulatable and encashable at the end of his tenure.

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- (ix) Benefit of 1st 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 the rules of the Company.
 - (x) 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.
 - (xi) 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.
 - (xii) Fees (excluding life membership and entrance) of maximum of two clubs together with the benefit of all expenses incurred thereat towards the business of the Company.
 - (xiii) Reimbursement of business promotion / entertainment expenses/Books and periodicals expenses incurred towards the business of the Company subject to a maximum of Rs 7000/- per month.
4. Minimum Remuneration : Mr A N Manudhane as the Chief Executive Officer and Manager shall be entitled to payment of above remuneration as the minimum remuneration.
 5. Duties and Responsibilities : Mr A N Manudhane as the Chief Executive Officer and Manager shall have the management of the whole or substantially the whole of the affairs of the Company, subject to the superintendence and control of the Managing Director and the Board of Directors.
 6. Termination : Three months Notice on either side.
 7. Service Rules : Subject to aforesaid, Mr Manudhane as such Chief Executive Officer and Manager shall be governed by the existing Service Rules of the Company or as may be amended from time to time.

The aforesaid appointment of and payment of remuneration to Mr A. N Manudhane, Chief Executive Officer and Manager shall be in accordance with the provisions of Schedule XIII to the Companies Act, 1956 and subject to the compliance of conditions stipulated therein.

"FURTHER RESOLVED THAT the Board of Directors be and they are hereby authorised to take such steps as may be necessary to give effect to the above Resolution."

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

" RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and sanctions

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as may be required and subject further to such conditions and restrictions as may be imposed while granting such consents, approvals and sanctions, the consent of the Members be and it is hereby accorded to the Board of Directors of the Company (which expression shall include a committee thereof) to give on lease the Indore Oil Division of the Company on such terms and conditions including the period and the lease rentals as the Board of Directors may in their absolute discretion deem fit and expedient."

" FURTHER RESOLVED THAT the Board of Directors be and they are hereby authorised to execute such deeds, documents and writings and to do all such acts and things as may be necessary and expedient 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 Tuesday the 23rd day of September 2003 to Tuesday the 30th day of September 2003 (both days inclusive).
4. Information required to be furnished as per the Listing Agreement about Director proposed to be reappointed at the forthcoming Annual General Meeting is annexed hereto.
5. Pursuant to the provisions of Section 205(C) of the Companies Act, 1956, unclaimed Dividend for the year ended June 30,1995 has been transferred to the Investor Education and Protection Fund of the Central Government.
6. Members desirous of seeking any information concerning the Accounts 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 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
Mumbai, August 22, 2003

By Order of the Board
For RAMA PHOSPHATES LIMITED
D.J. RAMSINGHANI
CHAIRMAN AND MANAGING DIRECTOR

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 EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY.**ITEM NO 3 & 4**

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 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 Resolutions.

ITEM NO 5

The Equity Shares of the Company are at present listed on the Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Delhi Stock Exchange Association Limited, The Madras Stock Exchange Association Ltd., The Madhya Pradesh Stock Exchange, Indore and The Calcutta Stock Exchange Association Ltd.

There has been negligible trading in the Equity Shares of the Company on all the Stock Exchanges except The Stock Exchange, Mumbai. It is therefore proposed to voluntarily delist the Equity shares of the Company from all the Stock Exchanges except The Stock Exchange, Mumbai pursuant to the provisions of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 ('the Guidelines') so as to save the Listing fees and other administrative costs.

The Equity Shares of the Company shall continue to be listed on the The Stock Exchange, Mumbai which has nation wide trading terminals.

The approval of the Members is therefore being sought pursuant to provisions of the said Guidelines. In terms of Clause 5.2 of the said Guidelines, the Company is not required to offer exit opportunity to the Shareholders situated in the region of the Stock Exchanges from where the Equity Shares of the Company are proposed to be delisted.

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

ITEM NO 6

Mr A N Maudhane has been associated with the Company as the Chief Financial Officer for over three years and is thus well conversant with the affairs of the Company. His experience is now proposed to be suitably utilised by the Company as the 'Chief Executive Officer and Manager' for a period of three years from August 1, 2003. The remuneration payable to Mr. A. N. Manudhane as the Chief Executive Officer and Manager has also been approved by the Remuneration Committee.

As no Director is interested in the Resolution there is no requirement to circulate any abstract or memorandum of interest as required under Section 302 of the Companies Act, 1956.

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ITEM NO 7

The Oil Division of the Company has been closed for over a year due to economic non viability. The Company is exploring the possibility of leasing the Plant to other interested parties till such time as operations do not become viable. This will help the Company in generating additional revenue and also by putting the assets to productive use. The Lease as and when finalised will be subject to the Company receiving all the necessary approvals, consents and sanctions.

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

Registered Office :

812, RAHEJA CHAMBERS,
NARIMAN POINT
MUMBAI : 400 021

Mumbai, August 22, 2003

By Order of the Board

For RAMA PHOSPHATES LIMITED
D.J. RAMSINGHANI
CHAIRMAN AND MANAGING DIRECTOR

INFORMATION REQUIRED TO BE FURNISHED AS PER 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 given below :

Mr V T Khardekar retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr Khardekar is M.Sc (Agri - Plant Pathology) from Pune Vidyapeeth. For more than 36 years, 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. Dewas Chemicals & Fertilizers Co. Ltd., GSFC Ltd., Udaipur Phosphates and Fertilizers Ltd., Khaitan Chemicals and Fertilizers Ltd. Since March 1997 to March 2002, Mr Khardekar was the Director - Marketing of the Company.

Other Directorships

: Rama Industries Ltd.

DIRECTORS' REPORT

Your Directors present the Eighteenth Annual Report together with Audited Accounts for the year ended June 30, 2003.

Financial Results	2002 - 03	(Rs. in laacs)
	(12 months)	2001-02 (12 months)
Sales & Other Income	10784.46	22402.23
Profit/(Loss) before financial charges & Depreciation	(491.15)	(522.62)
Less: Financial Charges	1818.08	1957.27
Profit/(Loss) before Depreciation and amortisation	2309.23	(2479.89)
Less : Depreciation and other adjustments (Net)	705.55	1263.36
Net Profit/(Loss) for the year/Period	(3014.78)	(3743.25)
Prior year Adjustment (Net)	(52.57)	(356.58)
Profit/(Loss) after adjustments	(3067.35)	(4099.83)
Profit & Loss balance brought forward from the previous year	(4390.24)	(363.91)
Transfer from General Reserve	—	73.50
Balance carried to Balance Sheet	(7457.59)	(4390.24)

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 :-**

The performance of the company was severely affected on account of consecutive four droughts. The off take of Fertilizers reduced substantially resulting in over supplies situation. As a result the Company is required to face stiff competition, and lower realization and lower capacity utilization. On the other hand input cost continued to rise despite all out efforts for reducing the cost and optimizing production efficiency.

The performance of the Oil Division was not satisfactory. The prices of seeds were substantially higher and it was not feasible to crush the seeds at such prices. The Management was therefore constrained to take the decision to suspend the activities of Oil Division and curtail the losses in direct input cost. The prices of oil continued to be under pressure due to cheap imports of substitute edible oils and entry of new multinationals.

b) Exports :

Due to suspension of activities of Oil Division there were no exports during the year.

3. FUTURE PROSPECTS

In view of severe setback suffered by the Company for last three years, all out efforts are being made to consolidate the activities of the Company. Various Fertilizer units which were hitherto considered as separate profit centers were brought under one roof and products are marketed in the economic zones of each unit resulting in substantial reduction in transport cost. Efforts are

also being made to optimize capacity utilization and optimizing manpower. Though the operations of Oil Division were suspended, the Company is exploring the possibilities of running Oil Division on long term lease contracts and/or running refinery. In order to make the Company's operations viable, the Company has already submitted the restructuring proposal to its lead Bankers and Financial Institutions and based on their suggestions the Company is hopeful of implementing the restructuring proposal. With the various measures being undertaken, your Directors expect the Company to post better results in the coming years.

4. 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.

5. 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 June 30, 2003 and of the loss of the Company for the year ended June 30, 2003.
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.

6. 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. C.R. Malaviya (Chairman), Mr. M.K. Jain, Mr. Biswadeb Basu and Ms. Silpita Guha. Audit Committee acts in accordance with the terms of reference specified in writing from time to time by the Board.

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.