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Rama Phosphates Limited
20TH ANNUAL REPORT
2004-2005

Rama Phosphates Ltd.

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

D.J. Ramsinghani

DIRECTORS

D N Singh

C R Malaviya

V T Khardekar

Yashpal Gupta – Nominee Director of IDBI

Silpita Guha – Nominee Director of UTI

R C Khurana – Nominee Director of BOI

CHIEF EXECUTIVE OFFICER AND MANAGER

A N Manudhane

COMPANY SECRETARY

J K Parakh

BANKERS

Bank of India

Central Bank of India

State Bank of Indore

Syndicate Bank

State Bank of Hyderabad

AUDITORS

M/s. Dayal & Lohia

Chartered Accountants

Mumbai

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai 400 021

REGISTRARS & TRANSFER AGENTS

• INTIME SPECTRUM REGISTRY LTD.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup West,

Mumbai 400078

Tel.No. 55555454 Fax No.:55555353

Email : isrl@intimespectrum.com

ADMINISTRATIVE OFFICES

Indore

22, Press Complex, Press House,

1st Floor, A.B. Road,

Indore 452005

Pune

P.O. Loni Kalbhor, Tal. Haveli,

Dist. Pune – 412 201

Udaipur

204-B, Circle View Sukhadia Circle,

Dist. Udaipur 313 001 (Rajasthan)

WORKS

Indore

20/4 KM Stone, Indore – Ujjain Road

(Dharampuri), Dist. Indore,

Madhya Pradesh – 453 557.

Pune

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

Dist. Pune 412 201

Udaipur

4807/11, Umra Village,

Jamarkotra Road, Teh. Girwa,

Dist. Udaipur (Rajasthan) 313 001

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Friday the 25th day of November 2005 at 10.00 a.m. at M C Ghia Hall, Bhogilal Hargovindas Building, 18/20 Kaikhushru Dubhash Marg, Mumbai 400001 to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the nine months period ended 31st March 2005 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. V T Khardekar 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 they are hereby appointed as the Statutory 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 an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the consent of the member be and it is hereby accorded for payment of Rs. 1000/- (Rupees One Thousand Only) or such other amount as may be approved by the Board of Directors subject to the ceiling prescribed under the Companies Act, 1956 or Rules framed there under, as amended from time to time, as sitting fees for each meeting of the Board of Directors or Committee(s) thereof attended by the non-executive Directors of the Company."

6. 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 J Ramsinghani as the Managing Director of the Company for a period of three years from April 1, 2005 on the terms and conditions as set out in the draft agreement between the Company and Mr. D J Ramsinghani 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 J Ramsinghani."

"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."

Rama Phosphates Ltd.

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 ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN 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 18th day of November 2005 to Friday the 25th day of November 2005 (both days inclusive).
4. Information required to be furnished as per the Listing Agreement about Directors proposed to be reappointed at the forthcoming Annual General Meeting is annexed hereto.
5. Pursuant to the provision of Section 205(A) of the Companies Act, 1956, unclaimed Dividend upto the year ended December 31, 1997 has been transferred to the Credit of the Investor Education and Protection Fund ("the Fund"). The Unclaimed Dividend for the period ended December 31, 1998 will be transferred to the said Fund after a period of seven years from the date of transfer of such dividend to the unclaimed/unpaid Dividend Account i.e. in August 2006. No claim shall lie against the Fund or the Company in respect of the unclaimed Dividend after the same is transferred to the Fund.
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.
Place : Mumbai
Dated : October 14, 2005

By order of the Board
For RAMA PHOSPHATES LTD.

J K PARAKH
COMPANY SECRETARY

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 WITH REFERENCE TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE TWENTIETH ANNUAL GENERAL MEETING OF THE COMPANY.
ITEM NO. 4

Section 224A of the Companies Act, 1956 requires that in case of such 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 Resolution is proposed for the appointment of M/s Dayal and Lohia, Chartered Accountants as the Auditors of the Company.

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

ITEM NO. 5

The Securities & Exchange Board of India has amended Clause 49 of the Listing Agreement relating to the Corporate Governance requirements which will be effective from December 31, 2005. One of the requirements stipulated under the revised Clause 49 is that all the fees / compensation payable to Non Executive Directors including the Independent Directors shall be fixed by the Board of Directors and shall require previous approval of the members.

Accordingly the approval of the members is being sought pursuant to the revised Clause 49 of the Listing Agreement for payment of sitting fees to Non executive Directors of the Company.

Except Mr. D J Ramsinghani, Chairman & Managing Director, all the other Directors may be deemed to be concerned or interested in the resolution.

ITEM NO. 6

The Board of Directors of the Company, at their meeting held on April 21, 2005, have reappointed Mr D J Ramsinghani as the Managing Director of the Company for a period of three years from April 1, 2005 subject to such consents, approvals and sanctions as may be required.

The terms and conditions of the reappointment of Mr. D J Ramsinghani as the Managing Director of the Company are as follows :

1. Date of Reappointment : April 01, 2005
2. Period of Reappointment : Three years from April 01, 2005
3. Salary : Rs 60,000/- per month in the grade of 60000 – 6000 – 72000 with annual increments on 1st April in each year.
4. Perquisites & Allowances

In addition to the salary, Mr. D J Ramsinghani as the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, servants allowance, use of Car with Driver with all running and maintenance expenses to be paid for by the Company, contribution to Provident Fund and Superannuation or Annuity Fund as per the Rules of the Company, Gratuity as per the Rules of the Company, medical reimbursement for self and family, leave travel concession for self and family, use of telephone for the Company's business at the residence, club fees, personal accident insurance for self and family, life insurance and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors and Mr. D J Ramsinghani, PROVIDED such perquisites and allowances will be subject to a maximum of his Annual Salary.

Rama Phosphates Ltd.

Perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling. Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of his tenure shall also not be included in the computation of limits for the remuneration or perquisites as aforesaid.

5. Commission

1% of the Net Profit subject to a maximum of his Annual Salary as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

6. Minimum Remuneration

Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals being obtained.

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

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

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

REGISTERED OFFICE

812, Raheja Chambers,
Nariman Point,
Mumbai 400 021.
Place : Mumbai
Dated : October 14, 2005

By order of the Board
For RAMA PHOSPHATES LTD.

J K PARAKH
COMPANY SECRETARY

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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 reappointed at the forthcoming Annual General Meeting are given below :

- (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 38 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 : Rama Industries Limited

- (B) 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 38 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.

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DIRECTORS' REPORT

Your Directors present the Twentieth Annual Report together with Audited Accounts for the nine months period ended March 31, 2005.

FINANCIAL RESULTS	(Rs. in lacs)	
	2004 - 05 (9 months)	2003 - 04 (12 months)
Sales & Other Income	12748.02	18792.79
Profit before financial charges & Depreciation	453.73	686.69
Less: Financial Charges	770.85	2137.17
Profit/(Loss) before Depreciation and amortisation	(317.12)	(1450.48)
Less : Depreciation and other amortisation	422.35	604.26
Net Profit/(Loss) for the period/year	(739.47)	(2054.76)
Prior year Adjustment (Net)	(69.07)	(130.07)
Extra-ordinary Items	1185.08	0.00
Profit/(Loss) after adjustments	376.54	(2184.83)
Profit & Loss balance brought forward from the previous year	(9642.42)	(7457.59)
Balance carried to Balance Sheet	(9265.88)	(9642.42)

1. CHANGE OF ACCOUNTING YEAR :

The Accounting Year of the Company was from 1st day of July in each year upto 30th June in the subsequent year. The Board of Directors of the Company have decided to change the Accounting Year so as to commence from 1st day of April in each year and end on 31st day of March in the subsequent year. Accordingly, the Current Accounting period is for nine months commencing from 1st day of July 2004 and ending on 31st day of March 2005.

2. DIVIDEND

In view of accumulated losses, your Directors regret their inability to recommend any dividend.

3. REVIEW OF OPERATIONS

A. Performance : Whilst the performance of the Company has improved during the period, it is still below expected level. The period witnessed steep increase in raw material prices without corresponding non-revision of Maximum Retail Price (MRP) by various State Govts., as also stagnant concession on phosphatic fertilizers by Central Govt. which ultimately resulted into pressure on margins. However, many States have made upward revision in MRP during past 2-3 months and the recent upward revision of concession by Central Government will partly off-set increase in costs in the coming years.

During the period under review, the Company continued its operations of oil division and has crushed 48,169 MT of Soya seed. The price of oil continued to be under pressure due to cheap imports of substitute edible oil and entry of new multinationals.

During the period, the Company has given financial impact of various relief/concessions envisaged in Corporate Debt Restructuring (CDR) package approved by CDR Cell with retrospective effect from 1st July, 2003. Consequent to this, the Company has credited Rs.1185.08 lacs as extra ordinary Income in its books of accounts. Interest liability for the period under review has also been reduced on account of provision of interest at the revised rate as approved by CDR Cell.

B. During the year there was no direct export.

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4. FUTURE PROSPECTS

With efforts made by the Company in consolidating its operation and marketing the product in Economic zone and optimizing logistics costs, the Company is reaping fruits slowly as it is evident from the results. Continuous efforts made by the company will help to reap the fruits in the years to come. The recent upward revision in MRP by various states and concession on Phosphatic fertilizers will help company in improving realization.

5. CORPORATE DEBT RESTRUCTURING (CDR)

Your Directors are pleased to inform you that restructuring of company's debts under Corporate Debt Restructuring mechanism has been approved by CDR Empowered Group with retrospective effect from 1st July, 2003. The Company has already received approval from majority of secured creditors for the said restructuring. As per the restructuring package approved, the lenders have sanctioned various relief /concessions viz conversion of part of overdue interest into equity/preference shares, reduction in the rate of interest, rescheduling of the loans, funding of interest, waiver of penal interest and liquidated damages. This will bring down the interest burden of the company substantially. The restructuring package also envisages de-rating of equity as also sale of its Pune unit.

6. 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.

7. 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, 2005 and of the loss of the Company for the nine months period ended March 31, 2005.
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 financial accounts have been prepared on a going concern basis.

8. 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 Yashpal Gupta and Ms Silpita Guha. Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

9. 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.

10. 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.

Rama Phosphates Ltd.

11. PERSONNEL

There were no employees who were employed during the period 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.

12. DIRECTORS

The Industrial Investment Bank of India Limited withdrew the nomination of Mr. B S Gupta from the Board of Directors of the Company w.e.f. April 4, 2005. Bank of India nominated Mr G C Tewari as its Nominee Director who was replaced w e f May 13, 2005 by Mr R C Khurana. IDBI Limited nominated Mr Yashpal Gupta as its Nominee Director in place of Mr M K Jian. The Board places on record its appreciation of the contribution made by Mr B S Gupta, Mr G C Tewari and Mr M K Jain during their association with the Company.

Mr. C R Malaviya and Mr. V T Khardekar retire from the Board of Directors by rotation and are eligible for reappointment.

13. AUDITORS REPORT

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

- a) Company has informed all the parties concerned to confirm the balances whilst majority of the parties have confirmed the balances, we are yet to receive the balance confirmation from some of them.
- b) The observation of the Auditors regarding impact of CDR package, when read together with the relevant Note No.3 to the Accounts, is self-explanatory.
- c) The Company is in the process of compilation in respect of the status of 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.

14. AUDITORS

M/s. Dayal & Lohia, 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.

15. INDUSTRIAL RELATIONS

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

16. 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. The Directors also wish to place on record the appreciation to the team of executives, staff and workers who have shown devotion and efficiency in performing their jobs.

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

For and on behalf of the Board

D J RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai
Dated : October 14, 2005