



Rama Phosphates Limited

22ND ANNUAL REPORT

2006-2007

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
R.C. Khurana – Nominee Director of BOI
Silpita Guha – Nominee Director of UTI
(up to 19.3.2007)
Luke Fernandez – Nominee Director of UTI
(From 19.3.2007)

CHIEF EXECUTIVE OFFICER

A.N. Manudhane

COMPANY SECRETARY

J.K. Parakh

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

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,
Mumbai 400 021

CORPORATE OFFICE

51/52, Free Press House
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. 25963838 Fax No.: 25946969
Email: isrl@intimespectrum.com

ADMINISTRATIVE OFFICES

Indore

100, Chetak Centre, R.N.T. Marg,
Indore 452 001, M.P.

Pune

P.O. Loni Kalbhor,
Pune Solapur Road, Tal. Haveli,
Dist. Pune – 412 201

Udaipur

204-B, Circle View Sukhadia Circle,
Dist. Udaipur 313 001 (Rajasthan)

WORKS

Indore (Oil & Fertilizer Division)

20/6 KM Stone, Indore – Ujjain Road
(Dharampuri), Dist. Indore,
Madhya Pradesh – 453 557.

Pune (Fertilizer Division)

Rama Krishi Rasayan
Division of Rama Phosphates Ltd.
P.O. Loni, Kalbhor, Pune Solapur Road,
Tal. Haveli, Dist. Pune 412 201

Udaipur (Fertilizer Division)

4807/11, Umra Village,
Jamarkotra Road, Teh. Girwa,
Dist. Udaipur (Rajasthan) 313 901

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NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Tuesday the 18th day of September 2007 at 10.00 a.m. at Babasaheb Dahanukar Hall, Oricon House, 12, K Dubhash Marg, Fort, Mumbai 400001 to transact the following business:-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2007 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.

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 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.”

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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday the 11th day of September 2007 to Tuesday the 18th day of September 2007 (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 provision of Section 205(A) of the Companies Act, 1956, Unclaimed Interim Dividend for the year ended December 31, 1999 has been transferred to the Credit of the Investor Education and Protection Fund (“the Fund”). No claim shall lie against the Fund or the Company in respect of the Unclaimed Interim Dividend as 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.

By Order of the Board
For **RAMA PHOSPHATES LIMITED**
J.K. PARAKH
COMPANY SECRETARY

Place: Mumbai
Date : July 31, 2007

Rama Phosphates Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956, WITH REFERENCE TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO 3

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.

By Order of the Board
For **RAMA PHOSPHATES LIMITED**
J.K. PARAKH
COMPANY SECRETARY

Place: Mumbai
Date : July 31, 2007

INFORMATION PURSUANT TO CLAUSE 49 (VI) OF THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Director who is proposed to be reappointed at the forthcoming Annual General Meeting is given below:

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 40 years. He is a design and process consultant for various companies and has commissioned several SSP and Sulphuric Acid projects for various companies. Mr. Malaviya is also a Director of Rama Industries Ltd.

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DIRECTORS' REPORT

Your Directors present the Twenty Second Annual Report together with Audited Accounts for the year ended March 31, 2007.

(Rs. in lacs)

FINANCIAL RESULTS

	YEAR ENDED 31/03/2007	YEAR ENDED 31/03/2006
Sales & Other Income	18184.83	17103.10
Profit before financial charges & Depreciation	468.49	757.81
Less: Financial Charges	1428.63	1143.10
Profit/(Loss) before Depreciation and amortization	(960.14)	(385.29)
Less: Depreciation and other amortization	563.46	567.72
Net Profit/(Loss) for the year	(1523.60)	(953.01)
Prior year Adjustment (Net)	(11.56)	(57.07)
Excess Provision for depreciation written back	14.39	—
Sundry Debtors / Creditors Balance written off	(16.16)	(7.61)
Provision for doubtful advances	(665.52)	—
Excess provision written back	47.65	—
Fringe Benefit Tax	(12.63)	(14.58)
Profit/(Loss) after adjustments	(2167.43)	(1032.27)
Profit & Loss balance brought forward from the previous year	(9464.60)	(9265.88)
Appropriation on account of Reduction in Equity Share Capital	—	833.55
Balance carried to Balance Sheet	(11632.03)	(9464.60)

1. DIVIDEND

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

2. REVIEW OF OPERATIONS

Performance: The Company is engaged in manufacture of fertilizer, i.e. Single Super Phosphate and Soya oil. The production of Single Super Phosphate has been increased during the year to 63.5% from the capacity utilisation of 53.61% in the previous year. However, it may be noted that the Company could not achieve optimum capacity utilization due to scarcity of indigenous raw material, viz. Rock Phosphate. Moreover, financial performance has been severely affected due to non-remunerative MRP fixed by the respective State Governments as also inadequate concession paid by the Central Government to SSP industry. It is pertinent to note that increased distribution cost on account of restriction on overloading of trucks has also played vital role in affecting financial performance of the Company. At the same time input cost has also gone up substantially. Thus the non-increase of concession increased input costs and increased logistics costs have severely affected financial performance of our Company despite increase in capacity utilisation. During the year under review, your Company has crushed 33,156 MT of Soya seeds.

The industry has approached the concerned ministry for upward revision in concession payment considering higher input costs and distribution cost. The Company is hopeful that both the Central and State Governments shall review the problems being faced by the industry as a whole and give suitable relief to the industry.

Rama Phosphates Ltd.

Your Directors are hopeful that considering strong Brand leader image of our product in the field of operation and with state-of-art infrastructure available at all our plants, the performance of the Company in the coming years will improve and will be at par with peer group.

3. FUTURE PROSPECTS

With sincere efforts made by the Company in consolidating its operations, reduction of operating costs and optimization in logistics costs by marketing its products in Economic Zone, the Company is improving its market share. Continuous efforts made by the Company will help to reap the fruit in the years to come. The increase in capacity utilisation of Fertilizer division would enable the Company to increase its sale volume. Your Company has strategically planned to concentrate on Mixed Fertilizers, viz. NPK of various grades to utilize its idle capacity which would generate additional revenue to the Company. Increased quantity availability of Soya Seeds in ensuing year owing to good sowing of soyabean in Madhya Pradesh, will improve capacity utilisation of Soya division. Your Directors are optimistic that the Soya division will perform at its full capacity and bring in better results considering conducive atmosphere prevailing for edible oil industry.

4. REFERENCE TO BIFR

As the members are aware the Company has been declared as a Sick Industrial Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 at the hearing held on November 29, 2005 and IDBI Limited has been appointed as the Operating Agency.

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. As per the CDR restructuring package approved, the CDR members have sanctioned various relief / concession viz. conversion of part of overdue interest in to Equity / Preference shares, reduction in the rate of interest, re-scheduling of loans, funding of interest, waiver of penal interest and liquidated damages etc. This has brought down the interest burden of the Company to certain extent.

However, Company has sought more relief and concessions from the lenders considering shortfall in projections subsequent to adverse Government policies and other reasons stated above. The Company is hopeful that lenders will take positive view on the current situation and grant necessary relief and concessions sought for.

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, 2007 and of the Loss of the Company for the year ended March 31, 2007;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The 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 Mr. Luke Fernandez. Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

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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.

11. 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.

12. DIRECTORS

During the year under review UTI Asset Management Co. Pvt. Ltd. has withdrawn the nomination of Ms. Silpita Guha from the Board of Directors of the Company and nominated Mr. Luke Fernandez as its Nominee Director w.e.f. March 19, 2007. The Board places on record its sincere appreciation of the valuable contribution made by Ms. Silpita Guha during her association with the Company.

Mr. C.R. Malaviya retires from the Board of Directors by rotation and is 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:

The Company has informed all the parties concerned to confirm the balances. The Company is in the process of compiling information in respect of the status of the party. As regards the default in repayment of dues to Financial Institutions / Banks, your Directors wish to inform you that the default was due to the difficult financial position faced by the Company during the year under review.

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. COST AUDIT

The Cost Accounts Records maintained by the Company for "Fertilizers" and "Sulphuric Acid" are subject to yearly audit by qualified Cost Auditors. The Company has appointed Mr. R.S. Raghavan, a qualified Cost Auditor for conducting the Cost Audit of such records for the financial year 2007-08.

16. INDUSTRIAL RELATIONS

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

17. 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.

For and on behalf of the Board

Place : Mumbai
Dated: July 31, 2007

D.J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Rama Phosphates Ltd.

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2007.

I. CONSERVATION OF ENERGY:

A. Energy conservation measures taken:

Over the years Company has taken several measures for energy conservation viz. installation of Steam Turbine and Coal Fired Boiler, regular monitoring of Consumption of Power through managers, installation of energy saving fans, installation of capacitors, modification of steam traps, conversion of heaters, revamping of Turbine cooling tower, operating ball mill with the Turbine etc.

B. Additional investment proposals, if any, being implemented for reduction of consumption of energy:

The Company has already invested substantial amount in the Steam Turbine and Coal Fired Boiler during the previous year, which are in operation. During the year, the Company has successfully installed Coal Fired Furnaces to change feedstock from Furnace oil to Coal in respect of GSSP and NPK plant. The Company has several investment proposals such as installation of variable frequency drives, additional economizer in Sulphuric Acid plant which will increase steam generation resulting in power generation. Accordingly, the Company is actively considering various investment proposals for further reduction in consumption of energy.

C. Impact of measures at (A) and (B) above for reduction of Energy Consumption and consequent impact on the cost of production of goods:

As a result of continuous effort, the Company has been able to achieve substantial saving in energy cost.

D. Particulars with respect to energy consumption per unit of production

a) POWER AND FUEL CONSUMPTION:

	12 months ended 31.03.2007	12 months ended 31.03.2006
i) Electricity		
a) Purchased:		
Units (in thousands)	5383	4276
Total amount (Rs. in lacs)	267.79	209.73
Rate / Unit (Rs.)	4.97	4.90
b) Own Generation:		
i) Through diesel generator:		
Units (in thousand)	90.90	129.86
Units per litre of diesel oil	3.12	2.91
Cost / Unit (Rs.)		
ii) Through steam turbine/generator:		
Units (in thousand)	11656	12499
Units per M.T. of Steam	110.47	130.36
Cost / Unit (Rs.)	1.18	1.41
ii) Coal (Rs. in lacs)	172.93	150.76
iii) Furnace Oil (Rs. in lacs)	131.98	115.82

22ND ANNUAL REPORT 2006-2007**b) CONSUMPTION PER UNIT OF PRODUCTION:**

SSP: Single Super Phosphate
SEP: Solvent Extraction Plant

GSSP: Granulated

SA: Sulphuric Acid

	31.03.2007					31.03.2006				
	Refinery	SEP	SSP	GSSP	SA	Refinery	SEP	SSP	GSSP	SA
Electricity (Units) PMT	55.35	40.03	20.96	14.50	66.98	83.66	38.86	23.06	13.05	67.52
Furnace Oil PMT	NIL	NIL	1.15	10.55	NIL	NIL	NIL	1.14	11.20	NIL
Coal PMT	96.47	54.00	NIL	25.16	NIL	NIL	NIL	NIL	18.69	NIL

II. TECHNOLOGY ABSORPTION:**A. RESEARCH & DEVELOPMENT (R & D)****a) Specific areas in which R & D is carried out by the Company:**

The specific areas in which the R & D activities are carried out by the Company are relating to improvement in quality of the existing products and development of new products to meet market demands and change in the product mix.

b) Benefits derived as a result of R & D:

Research and Development has always been a continuous process at various Units of the Company. The areas in which R & D is carried out are (a) minimization of effluents and (b) better sampling.

c) Future Plan of Action:

The Company could not implement them during the year under review due to financial constraints.

d) Expenditure on R & D:

Due to financial constraints the Company was unable to make any additional investment in R & D activities.

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

The Company has not imported any foreign technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**A. Activities relating to exports, initiatives taken to increase exports, development of new export plans.**
During the year, the Company has made indirect exports in Oil Division.**B. Total foreign exchange used & earned:**

(Rs. in lacs)

Used:

1115.21

Earnings:

NIL

For and on behalf of the Board

Place : Mumbai
Dated: July 31, 2007

D.J. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

Rama Phosphates Ltd.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

As required by the Listing Agreement with various Stock Exchanges, the Company has fully implemented the code of Corporate Governance and it is committed to the Philosophy of good Corporate Governance in letter and in spirit.

2. Board of Directors

- a) The present strength of the Board consists of Seven Directors. (One Executive and Six Non Executive all of whom are Independent Directors.)
- b) The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year of the Company was as under:

Name of Director	Category Executive, Non- Executive Independent	Attendance at		Director- ship of other Board (including alternate Director- ships and Private Companies	Membership/ Chairmanship of other Board Committees	
		Board Meetings	Last Annual General Meeting		Chairman	Member
Mr. D.J. Ramsinghani Chairman & Managing Director	Executive	Four	Yes	Three	Nil	Nil
Mr. Deonath Singh Director	Non- Executive Independent	Five	No	Four	One	Three
Mr. C.R. Malaviya Director	Non- Executive Independent	Four	Yes	One	One	Nil
Mr. V.T. Khardekar Director	Non- Executive Independent	Five	Yes	One	Nil	One
Ms. Silpita Guha Nominee Director – UTI (upto 19/03/2007)	Non- Executive Independent	Four	No	One	Nil	One
Mr. R.C. Khurana Nominee Director – BOI	Non- Executive Independent	Three	No	One	Nil	Nil
Mr. Yashpal Gupta Nominee Director – IDBI	Non- Executive Independent	Four	No	Nil	Nil	Nil
Mr. Luke Fernandez Nominee Director – UTI (from 19/03/2007)	Non- Executive Independent	N.A.	N.A.	One	Nil	Nil

- c) During the year Five Board Meetings were held on the following dates:
April 27, 2006, July 27, 2006, August 16, 2006, October 18, 2006 and January 24, 2007.