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Rama Phosphates Limited

23RD ANNUAL REPORT

2007-2008

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

D. J. Ramsinghani

DIRECTORS

D. N. Singh

C. R. Malaviya

V. T. Khardekar (up to 07.08.2008)

Yashpal Gupta - Nominee Director of IDBI

R. C. Khurana - Nominee Director of BOI

Luke Fernandez - Nominee Director of UTI

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 AGENT

INTIME SPECTRUM REGISTRY LTD.

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West),

Mumbai 400 078

Tel.: 2596 3838 Fax No. : 2594 6969

Email : isrl@intimespectrum.com

ADMINISTRATIVE OFFICE

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

106, 1st Floor, 4-A, Vinayak Complex,

Opp. St. Mary's Convent School,

New Fatehpura, Udaipur 313 004

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

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.

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of the Company will be held on Monday, the 29th day of September 2008 at 10.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubhash Marg, Mumbai 400 001 to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2008 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. D. N. Singh 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.”

4. 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, 2008 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 initiated 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.”

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 Monday the 22nd day of September 2008 to Monday the 29th day of September 2008 (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.

Rama Phosphates Ltd.

5. 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.
6. 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 RAMAPHOSPHATES LIMITED

Place : Mumbai
Date : August 14, 2008

J. K. PARAKH
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 WITH REFERENCE TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE TWENTYTHIRD 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.

ITEM NO. 4

The Board of Directors of the Company, at their meeting held on April 29, 2008, have reappointed Mr D. J. Ramsinghani as the Managing Director of the Company for a period of three years from April 1, 2008 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, 2008
2. Period of Reappointment : Three years from April 01, 2008
3. Salary : Rs. 90,000/- per month in the grade of 90000 – 5000 – 100000 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, 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, 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 basic salary.

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

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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 aforesaid.

5. Commission :

1% of the Net Profit subject to a maximum of his Annual basic 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.

By Order of the Board
For RAMA PHOSPHATES LIMITED

Place : Mumbai

Date : August 14, 2008

J. K. PARAKH
COMPANY SECRETARY

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 are given below :

Mr. D. N. Singh is a Chemical Engineer from Banaras Hindu University and has over 42 years experience in the field of Chemicals and Petrochemicals. He has held senior positions in several companies viz. Synthetics and Chemicals Ltd., Cyanides and Chemicals Co., Alkyl Amines Chemicals Ltd. etc. Mr. D. N. Singh does not hold any Equity Shares of the Company.

He is a Director of the following companies :

- | | |
|---------------------------------|--|
| (1) Rama Petrochemicals Limited | (2) Rainbow Denim Limited |
| (3) Rama Industries Limited | (4) Rama Capital and Fiscal Services Pvt. Ltd. |

He is a Committee Member / Chairman in the following companies:

Rama Petrochemicals Limited

Audit Committee - Member
Shareholders Committee - Member
Share Transfer Committee - Chairman

Rainbow Denim Limited

Audit Committee - Member
Shareholders Committee - Chairman
Share Transfer Committee - Member
Remuneration Committee - Member

Rama Industries Limited

Share Transfer Committee - Member

*Rama Phosphates Ltd.***DIRECTORS' REPORT**

Your Directors present the Twenty Third Annual Report together with Audited Accounts for the year ended March 31, 2008.

FINANCIAL RESULTS	(Rs. in lacs)	
	YEARENDED 31/03/2008	YEARENDED 31/03/2007
Sales & Other Income	26725.88	18184.83
Profit before financial charges & Depreciation	1177.56	468.50
Less: Financial Charges	118.38	1428.63
Profit/(Loss) before Depreciation and amortization	1059.18	(960.13)
Less : Depreciation and other amortization	517.23	563.46
Net Profit/(Loss) for the year	541.95	(1523.60)
Prior year Adjustment (Net)	(36.60)	(11.56)
Waiver of interest as per modified CDR Package	5533.73	—
Excess Provision for depreciation written back	—	14.39
Sundry Debtors / Creditors Balance written off	0.28	(16.16)
Provision for doubtful advances	—	(665.52)
Excess provision written back	6.79	47.65
Fringe Benefit Tax	(13.31)	(12.63)
Profit/(Loss) after adjustments	6032.84	(2167.43)
Profit & Loss balance brought forward from the previous year	(11632.03)	(9464.60)
Balance carried to Balance Sheet	(5599.19)	(11632.02)

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

The company is engaged in manufacture of fertilizer namely, Single Super Phosphate (SSP), NPK, Sulphuric Acid and Soya oil. The capacity utilization during the year was 46.32% as compared to 63.51% in the previous year. The reduction in capacity utilization was mainly on account of scarcity of indigenous raw material namely, Rock Phosphate coupled with steep rise in cost of imported Rock Phosphate in international market. The year also witnessed steep rise in the cost of another raw material, Sulphuric Acid. Due to all around increase in the cost of raw material on one side and stagnant MRP of the fertilizers fixed by the Govt., the Company took a conscious decision to keep production at the optimum level so as to improve bottom line. The Company also decided to concentrate on other products like mixed fertilizers – NPK of various grades, Sulphuric acid, Oleum etc. The combined results of the activities undertaken ultimately helped the Company in improving the bottom line drastically. During the year, the Oil Division crushed 70316 MT Soya seed as compared to 33156 MT in previous year.

In view of constant increase in input costs in domestic as well as international market, fertilizer industry continued pressure on Central Govt. to upwardly revise MRP as also compensate increased cost by revising subsidy amount. After due persuasion, during the year, Central Govt. partially compensated increased cost on account of increase in freight. The revised subsidy scheme has since been announced by the Govt. for the year 2008-09.

During the year Corporate Debt Restructuring – Empowered Group (CDR-EG) approved company's proposal of debt restructuring which envisaged waiver of interest and other reliefs based on sustainable debt capacity of the Company. This has substantially reduced interest burden on the company and helped in improving its performance.

Your Directors are hopeful that all around efforts made by the Company in achieving production efficiency, improving brand image and thriving for higher capacity utilization, will help the Company to stay afloat in competitive market. Various reliefs and concessions approved by CDR-EG will further strengthen Company's position in future.

3. FUTURE PROSPECTS

Sincere efforts made by the company in optimizing its capacity utilization in spite of severe scarcity of basic raw material, has helped the company to keep an edge over its competitors. Various reliefs and concessions granted to the company by CDR-EG will further help the company in saving substantial interest costs and ultimately will help in easing liquidity position. Also, the recent announcement of subsidy revision by Central Govt. will further help the company to keep increased cost compensated fully and thereby achieve higher capacity utilization. Increase in top line will ultimately lead to improve profitability of the company. As a strategy, company is now concentrating on mixed fertilizers – NPK of various grades – to utilize its idle capacity. Similarly, Company is also concentrating in increasing capacity of Soya seed crushing and with the availability of seeds round the year, Company will be able to run the plant during off-season. Combined results of all these activities are helping the Company to slowly improve its performance which is evident from the results placed before the members.

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.

The Operating Agency has since submitted Debt Rehabilitation Scheme (DRS) in line with Corporate Debt Restructuring proposal already approved by CDR-EG. The Company is hopeful of getting the rehabilitation proposal approved by BIFR shortly.

5. CORPORATE DEBT RESTRUCTURING (CDR)

Your Directors are pleased to inform you that during the year CDR – EG has approved company's revised debt restructuring proposal. As per the revised debt restructuring package approved, the CDR members have sanctioned various reliefs / concessions envisaging revision in repayment schedule, waiver of entire overdue interest, FITL, deferred interest, accrued interest, penal interest, liquidity damage etc. This has brought down interest burden of the company substantially.

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:

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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, 2008 and of the Profit of the Company for the year ended March 31, 2008;
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.

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

Your Directors deeply regret to inform you about the sad demise of Mr. V T Khardekar on 7th August, 2008. The Board places on record its appreciation of the valuable contribution made to the Company during his tenure and the company immensely benefited in marketing strategy suggested by him.

Shri Deonath Singh retires from the Board of Directors by rotation and is eligible for re-appointment.

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 and the company is hopeful of getting the same. In respect of ascertainment of dues with small scale industries, the Company is revising procedure for purchase so that relevant information can be easily made available. As regards interest free loan given to sick company and its subsidiary in earlier years, the company has made provision in the books of accounts and at the same time the Company is making full efforts for recovery of these dues. As regards defaults to secured lenders, the company liabilities are now restructured under CDR mechanism hence the company would be able to fulfill commitments as per committed schedule.

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 2008-09.

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 : August 14, 2008

D J RAMSINGHANI

CHAIRMAN & MANAGING DIRECTOR

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, 2008.

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 proposal 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 proposal for further reduction in consumption of energy.

Rama Phosphates Ltd.

- 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 31.03.2008	12 months ended 31.03.2007
i) Electricity		
a) Purchased:		
Units (in thousands)	7484	5383
Total amount (Rs. in lacs)	367.98	267.79
Rate / Unit (Rs.)	4.91	4.97
b) Own Generation:		
i) Through diesel generator:		
Units (in thousand)	64.78	90.90
Units per litre of diesel oil	2.87	3.12
Cost / Unit (Rs.)	11.67	10.21
ii) Through steam turbine/generator :		
Units (in thousand)	5265	11656
Units per M.T of Steam	92.54	110.47
Cost / Unit (Rs.)	1.99	1.18
ii) Coal (Rs. in lacs)	227.55	172.93
iii) Furnace Oil (Rs. in lacs)	53.38	131.98

b) CONSUMPTION PER UNIT OF PRODUCTION:

SSP: Single Super Phosphate

GSSP: Granulated SSP

SA: Sulphuric Acid

SEP: Solvent Extraction Plant

	31.03.2008						31.03.2007					
	Refinery	SEP	SSP	GSSP	SA	NPK	Refinery	SEP	SSP	GSSP	SA	NPK
Electricity (Units) PMT	95.00	37.59	21.13	12.53	67.22	33.00	55.35	40.03	20.96	14.50	66.98	NIL
Furnace Oil Litre	NIL	NIL	1.10	NIL	NIL	NIL	NIL	NIL	1.15	10.55	NIL	NIL
Coal PMT	93.75	62.09	NIL	28.38	NIL	35.00	96.47	54.00	NIL	25.16	NIL	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.