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Rama Phosphates Limited

24TH ANNUAL REPORT

2008-2009

Rama Phosphates Ltd.

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

D.J. Ramsinghani

DIRECTORS

H D Ramsinghani

D N Singh

C R Malaviya

Yashpal Gupta - Nominee Director of IDBI Bank Ltd.

A.P. Mohanty - Nominée Director of Bank of India.

K. Raghuraman - Special Director of BIFR

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

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai-400 021

REGISTRARS & TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,

Bhandup West, Mumbai 400078

Tel.No. 25963838 Fax No.:25946969

Email : rnt.helpdesk@linktime.co.in

Website : www.linktime.com

ADMINISTRATIVE OFFICES

Indore

100, Chetak Centre, R.N.. Marg,

Indore 452 001, M.P.

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

20/6 KM Stone, Indore - Ujjain Road (Dharampuri),

Dist. Indore, Madhya Pradesh - 453 557.

Pune

P.O. Loni, Kalbhor, Pune Solapur Road,

Tal. Haveli, Dist. Pune 412 201

Udaipur

4807/11, Umra Village,

Jamarkotra Road, Teh. Girwa,

Dist. Udaipur (Rajasthan) 313 901.

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Monday the 30th day of November, 2009 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 period ended 30th June 2009 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 Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT Mr. H. D. Ramsinghani be and he is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation,”

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

“RESOLVED THAT subject to the provisions of Sections 16(1), 94 and other applicable provisions, if any, of the Companies Act, 1956 and in terms of the Articles of Association of the Company and subject to such approvals, consents and sanctions as may be required 1,10,00,000 (One crore Ten lacs) Preference Shares of Rs 10/- each forming part of the existing un issued Authorised Share Capital of the Company be and are hereby reclassified into 1,10,00,000 (One crore Ten Lacs) Equity Shares of Rs 10/- each and on such reclassification the Authorised Share Capital of the Company be and is hereby reclassified as Rs. 41,00,00,000/- (Rupees Forty one Crore Only) divided into 3,10,00,000 (Three Crore Ten Lacs) Equity Shares of Rs. 10/- each and 1,00,00,000 Preference Shares of Rs 10/- each.”

“FURTHER RESOLVED THAT consequent upon reclassification as above the Authorised Share Capital of the Company shall stand altered and accordingly the Memorandum of Association of the Company be and is hereby altered by deleting there from the existing Clause V and substituting in its place and stead the following as new Clause V :

- V. The Authorised Share Capital of the Company is Rs 41,00,00,000/- (Rupees Forty one Crore Only) divided into 3,10,00,000 (Three Crore Ten Lacs) Equity Shares of Rs 10/- (Rupees Ten Only) each and 1,00,00,000 Preference Shares of Rs 10/- each with the rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company for the time being; with power to increase and reduce the Capital of the Company and to divide and/or subdivide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company but subject always to the provisions of the Companies Act, 1956 (1 of 1956) including amendments thereto from time to time.

Rama Phosphates Ltd.

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution.”

6. 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 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting there from the existing Article 2 and substituting in its place and stead the following as new Article 2 :

2. The Authorised Share Capital of the Company is Rs. 41,00,00,000/- (Rupees Forty one Crore Only) divided into 3,10,00,000 (Three Crore ten Lacs) Equity shares of Rs. 10/- (Rupees Ten only) each and 1,00,00,000 Preference Shares of Rs 10/- each

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 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 23rd day of November 2009 to Monday the 30th day of November 2009 (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. 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 RAMA PHOSPHATES LIMITED

Place : Mumbai
Date : September 30, 2009

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 TWENTY FOURTH ANNUAL GENERAL MEETING OF THE COMPANY.**ITEM NO. 4**

Mr. H. D. Ramsinghani was appointed as an Additional Director by the Board of Directors at their meeting held on October 31, 2008 pursuant to the Provisions of Section 260 of the Companies Act, 1956. Mr. H. D. Ramsinghani will hold office of Additional Director up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a Member pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr. H. D. Ramsinghani as a Director of the Company. Mr. H. D. Ramsinghani has filed his consent to act as a Director.

Except Mr. H. D. Ramsinghani and Mr. D. J. Ramsinghani, who is related to Mr. H. D. Ramsinghani, none of the Directors are in any way concerned or interested in the Resolution.

ITEM NO. 5 and 6

The Resolutions vide Item Nos. 5 and 6 relate to changes in the Authorised Share Capital of the Company by way of reclassification of the existing un issued Preference share Capital into Equity share Capital with a view to accommodate fresh issue of Equity Shares, as and when required, and the consequential amendments to the Capital Clause (Clause V) of the Memorandum of Association and relevant article (Article 2) of the Articles of Association of the Company.

A copy of the Memorandum and Articles of Association together with the proposed changes is open for inspection of the Members at the Registered Office of the Company on all working days except Saturdays, Sundays and Public Holidays between 10.00 a.m and 1.00 p.m

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

By Order of the Board
For RAMA PHOSPHATES LIMITED

Place : Mumbai
Date : September 30, 2009

J. K. PARAKH
COMPANY SECRETARY

Rama Phosphates Ltd.

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. 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 42 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 and Chairman of the Audit Committee of Rama Industries Limited.

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DIRECTORS' REPORT

Your Directors present the Twenty Fourth Annual Report together with Audited Accounts for the period ended June 30, 2009.

FINANCIAL RESULTS	PERIOD ENDED 30/06/2009 (15 months)	YEAR ENDED 31/03/2008 (12 months)
	(Rs. in lacs)	
Sales & Other Income	44,204.29	26725.88
Profit before financial charges & Depreciation	1,870.35	1184.62
Less: Financial Charges	856.21	118.38
Profit before Depreciation	1,014.14	1066.24
Less : Depreciation	586.18	517.23
Net Profit for the period	427.96	549.01
Prior year Adjustment (Net)	20.81	(36.60)
Waiver of interest as per modified CDR Package	—	5533.73
Capital surplus arised on waiver of principal liabilities by Banks and Institutions	1,110.63	—
Capital surplus arised on waiver of right to redeem Preference capital	940.00	—
Fringe Benefit Tax	(18.28)	(13.31)
Profit/(Loss) after adjustments	2,481.12	6032.84
Transfer to Capital Reserve	(2,050.63)	—
Transfer to Capital Redemption Reserve	(60.00)	—
Profit / Loss for the period	370.49	6032.84
Profit & Loss balance brought forward from the previous year	(5,599.19)	(11632.03)
Balance carried to Balance Sheet	(5,228.70)	(5599.19)

1. CHANGE OF ACCOUNTING YEAR.

The Accounting Year of the Company was from 1st day of April 2008 to 31st March 2009. The Board of Directors of the Company has decided to extend the period by 3 more months and accordingly the Current Accounting period is for 15 months commencing from 1st April 2008 to 30th June 2009.

2. RESERVE AND DIVIDEND

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

During the period under review, the company has created capital reserve of Rs.2050.63 Lacs being capital surplus arising out of waiver of principal liability of debenture, preference capital and principal portion of working capital loans on account of settlement approval from banks and institutions.

During the period under review, the company has transferred Rs. 60.00 lacs to capital redemption reserve due to redemption of preference capital.

3. REVIEW OF OPERATIONS

The company is engaged in manufacture of fertilizer namely, Single Super Phosphate (SSP) and Soya oil. During the period, Government of India has announced new concession policy for SSP fertilizer with effect from 1st May 2008. In this policy government has decided to revise amount of concession Per Ton on SSP on monthly basis after taking due consideration of escalation-de escalation in the prices of major raw materials i.e. rock phosphate and sulphur: The period has also witnessed sky rocketing prices of rock phosphate and sulphur. In spite of extraordinary fluctuations in the prices, the company has been able to increase capacity utilization. The capacity utilization during the period was 58.79%, which is one of the best in the industry as compared to 46.32% in the previous year. Thus, the company during the period of operation has achieved the highest production in terms of single entity company. The increase in capacity utilization was mainly due to availability of imported rock phosphate in adequate quantity and better management of working capital and favorable Government policies.

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.

Soyabean season has started with the global turmoil and economic recession which has resulted into disparity of soya business. Therefore, the company has taken cautious view in soya business so as to protect major losses. During the period, the Oil Division crushed 34805 MT Soya seed as compared to 70136 MT in previous year.

In spite of above odds beyond the control of the company, the company has achieved significant turnover of Rs. 442 Crores during the period.

During the year the company has implemented Corporate Debt Restructuring package approved by CDR – Empowered Group which envisaged infusion of promoter contribution and servicing of interest at concessional rate with effect from 1st April 2008 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.

During the period under review, the company has entered into settlement with some of the secured lenders.

Your Directors are hopeful that all round 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.

4. FUTURE PROSPECTS

The Management is hopeful to achieve optimum production in the ensuing "Rabi" season. The company would be in a position to maintain leadership in its area of operation, i.e. M.P., Rajasthan, Maharashtra for Single Super Phosphate fertilizer. The demand for mixed fertilizer is also increasing in the country and that company is fully equipped to encash this opportunity. As a long term strategy keeping this trend in mind, the company has increased its production capacity for Granulated fertilizers at its Indore plant. The company is also introducing Boronated Single Super Phosphate, which is a value-added product in the M.P. market during this "Rabi" season and thus improve its margin.

Cultivation of Soyaseed is marginally increased in M.P. and Maharashtra and that it is forecasted that quality seeds would be available in adequate quantity. The Management hopes to encash this opportunity by crushing optimum quantity of Soyaseed in our plant.

Your Directors are glad to inform you that for the first time, Govt. of India has decided to move SSP Fertilizer to de-controlled regime w.e.f. 1st Oct. 2009. As such, the SSP companies are free to fix their own MRP and simultaneously Govt. has announced Fixed subsidy of Rs. 2000/- pmt. This decision is welcome move on the part of Govt. of India and it is hoped that it will benefit the company in better realization and improvement in capacity utilization.

With better financial management within the existing available limits and also reduction in overall debts, the Management is hopeful to improve its operations and achieve better results in coming years.

5. SANCTION OF SCHEME BY BIFR

Your Directors are glad to put on record that the Debt Rehabilitation Scheme (DRS) submitted by the Operating Agency has been approved by Hon. BIFR vide their Order dated 6th August, 2009 confirming the reliefs and concessions granted by CDR – EG. In addition to the same, reliefs and concessions sought from various State Governments and other agencies has been incorporated in the scheme with cut-off date of 1st April, 2008.

6. CORPORATE DEBT RESTRUCTURING (CDR)

In line with the CDR package approved by CDR – EG, the promoter has complied with the prime requirement of infusion of promoter's contribution. With the implementation of this package, the company is servicing of interest at concessional rate with effect from 1st April 2008 waiver of interest and other reliefs based on sustainable debt capacity of the Company as per the schedule. This has substantially reduced interest burden on the company and helped in improving its performance.

7. 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.

8. 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, 2009 and of the Profit of the Company for the period ended June 30, 2009;
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.

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9. 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, Mr. Deonath Singh, Mr. H.D. Ramsinghani and K Raghuraman, Special Director appointed by Hon. BIFR. Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

10. 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.

11. 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.

12. 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.

13. DIRECTORS

During the period under review, Bank of India has withdrawn the nomination of Mr. R C Khurana from the Board of Directors and nominated Mr. A P Mohanty w.e.f. 17th July, 2009. The Board places on record its sincere appreciation of the valuable contribution made by Mr. R C Khurana during his association with the company.

During the period under review, UTI has withdrawn its nominee director, Mr. Luke Fernandez w.e.f. 18th June, 2009. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Luke Fernandez during his association with the company.

During the period under review, Mr. H.D. Ramsinghani has been appointed as an Additional Director of the company w.e.f. 31st Oct. 2008 and hold office upto the date of the forthcoming Annual General Meeting. The Company has received Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose the name of Mr. H D Ramsinghani as Director of the Company.

Mr. K Raghuraman was nominated as Special Director appointed by Hon. BIFR w.e.f. 10th August, 2009.

Shri C R Malaviya retires from the Board of Directors by rotation and is eligible for re-appointment.

14. 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 micro small and medium