



Rama Phosphates Limited

25TH ANNUAL REPORT

2009 - 2010

BOARD OF DIRECTORS

Rama Phosphates Ltd.

CHAIRMAN & MANAGING DIRECTOR

D.J. Ramsinghani

DIRECTORS

H D Ramsinghani

D N Singh

C R Malaviya

Yashpal Gupta – Nominee Director of IDBI Bank Ltd.
(Upto April 5, 2010)

K.D. Ailani – Nominee Director of IDBI Bank Ltd.
(From April 5, 2010 to August 13, 2010)

A.P. Mohanty – Nominee Director of Bank of India

K. Raghuraman – Special Director of BIFR

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 - Madhya Pradesh**

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

Pune - Maharashtra

P.O. Loni Kalbhori, Tal. Haveli, Dist. Pune – 412 201

COMPANY SECRETARY

J K Parakh

Udaipur - Rajasthan

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

New Fatehpura, Udaipur-313 004

BANKERS

Bank of India

State Bank of Indore

Central Bank of India

Syndicate Bank

State Bank of Hyderabad

WORKS : Fertilizer**Indore - Madhya Pradesh (Both Fertilizer and Oil)**

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

Dist. Indore, Madhya Pradesh – 453 557.

AUDITORS

M/s. Dayal & Lohia

Chartered Accountants

Mumbai

Rama Krishi Rasayan

(Division of Rama Phosphates Limited)

Pune - Maharashtra

P.O. Loni, Kalbhori, Pune Solapur Road, Tal. Haveli,

Dist. Pune 412 201

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai 400 021

Udaipur - Rajasthan

4807/11, Umra Village,

Jamarkotra Road, Teh. Girwa,

Dist. Udaipur 313 901

NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of the Company will be held on Thursday the 30th day of September, 2010 at 10.00 a.m. at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400 001 to transact the following business :-

1. To receive, consider and adopt the Profit & Loss Account for the Nine Months period ended March 31, 2010 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. H. D. Ramsinghani who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider, and if thought fit, to pass with or without modifications, the following Resolution, as an Ordinary Resolution :

“RESOLVED THAT the retiring Statutory Auditors M/s. Dayal and Lohia (Registration No 102200W) be and they are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors.”

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 Thursday the 23rd day of September 2010 to Thursday the 30th day of September 2010 (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

J. K. PARAKH
COMPANY SECRETARY

Place : Mumbai
Date : August 13, 2010

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 as follows ;

Mr. H.D. Ramsinghani retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr. H. D. Ramsinghani has done his Post Graduation in Management from U. S. A. and has over 25 years of rich and varied experience in the field of Textiles, Petrochemicals, Fertilizers, etc..

He is the Chairman and Managing Director of Rainbow Denim Limited and also Chairman & Director of Rama Petrochemicals Limited and Rainbow Agri Industries Limited. He is also Director in Rama Industries Ltd. and Nova Gelicon Private Limited.

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

Rama Industries Limited

Audit Committee – Member

Rainbow Denim Limited

Shareholders Committee – Member

Share Transfer Committee – Chairman

Rama Petrochemicals Limited

Share Transfer Committee - Member

Rainbow Agri Industries Limited

Audit Committee – Chairman

DIRECTORS' REPORT

Your Directors present the Twenty Fifth Annual Report together with Audited Accounts for the nine months period ended March 31, 2010.

	(Rs. in lacs)	
FINANCIAL RESULTS	PERIOD ENDED 31/03/2010 (9 MONTHS)	PERIOD ENDED 30/06/2009 (15 months)
Sales & Other Income	13406.96	44,204.29
Profit before financial charges & Depreciation	754.81	1,870.35
Less: Financial Charges	301.65	856.21
Profit before Depreciation	453.16	1,014.14
Less : Depreciation	367.90	586.18
Net Profit for the period	85.26	427.96
Prior period Adjustment (Net)	7.69	20.81
Capital surplus on waiver of principal liabilities by Banks and Institutions	758.22	1,110.63
Waiver of Interest	276.22	NIL
Capital surplus on waiver of right to redeem Preference capital	NIL	940.00
Fringe Benefit Tax	NIL	(18.28)
Profit/(Loss) after adjustments	1127.39	2,481.12
Transfer to Capital Reserve	(758.22)	(2,050.63)
Transfer to Capital Redemption Reserve	NIL	(60.00)
Profit / Loss for the period	369.17	370.49
Profit & Loss balance brought forward from the previous period	(5228.70)	(5,599.19)
Balance carried to Balance Sheet	(4859.53)	(5,228.70)

1. CHANGE IN ACCOUNTING YEAR

The previous Accounting year of the Company was for a period of 15 months from 1st April 2008 to 30th June 2009. The Board of Directors have decided to change the Accounting year so as to align the same with the Financial Year under the Income Tax Act, 1961 and hence the current Accounting Year is for a period of nine months commencing from 1st July 2009 and ending on 31st March, 2010.

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. 758.22 Lac being capital surplus arising out of waiver of principal liability in respect of term loan from lender .

During the period under review, an amount of Rs. 16.50 Lacs has been transferred from Investment Allowance Reserve to General Reserve.

3. REVIEW OF OPERATIONS

The company manufactures phosphatic fertilizers viz., Single Super Phosphate (SSP) in both Powder and Granular form along with Mixed Fertilizers, Sulphuric Acid and Soya oil. The concession scheme announced by the Govt. w.e.f. 1st May 2008 envisaged uniform MRP @ Rs. 3400/- per MT with differential concession payment based on prevailing rate of Rock Phosphate and Sulphur and this scheme was revised w.e.f. 1st Oct. 2009 by implementing fixed ad-hoc subsidy of Rs. 2000/- per MT with open selling price of SSP.

It may be pertinent to note that Govt. of India thankfully finalized the revised Nutrient Based Subsidy (NBS) Policy effective from 1st May, 2010 and this placed SSP industry at par with other complex manufacturers. Moreover, the main objective of shifting from product-based subsidy (PBS) to nutrient-based subsidy (NBS) regime was to restore soil health by addressing the nutrient imbalances since sulphur has also been considered as one of the nutrients, which was neglected till now.

The capacity utilization during the period was 70.22% as against 58.79% reported for 15 months period ended 30th June, 2009 which is considered to be highest in the industry of our size and operations. This increase in increased capacity utilization was mainly due to availability of Rock Phosphate and better management of working capital with support from consortium member banks.

The Company also decided to concentrate on other products like mixed fertilizers – NPK of various grades, Sulphuric acid, Oleum and Sulphur Trading activities etc. The company was granted permission to manufacture value-added product viz. Boronated SSP at our Indore unit. The combined results of the activities undertaken ultimately helped the Company in improving the bottom line.

During the period under review Soya industry underwent huge speculative business resulted into mismatch between seed procurement price and oil & de-oiled cake price. This led to unviable operations during the entire season and thus there was lack lustre performance in the industry. During the period, your company took cautious move and decided to go slow by under-utilising the facility. However, this approach ultimately helped in incurring avoidable losses.

Due to implementation of CDR package and with the infusion of promoters contribution commensurating with reduction of debt burden, your company could be able to substantially reduce interest burden of the company which has helped in improving financials.

Due to proposed allotment of 1,21,36,190 equity shares of Rs. 10/- each at a premium of Rs. 20/-, equity base will go up from present level to Rs. 17.69 Crores.

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

With the establishment of its brand leadership in M.P. and Maharashtra states, company would be in a position to reap benefits in the days to come. The Management is also planning to plunge in a big way in Uttar Pradesh, Karnataka and Andhra Pradesh markets.

The company also proposes to import and trade in P&K Fertilizers viz. MOP, DAP etc., which would also be consumed for various grades of NPK fertilizers. In view of increasing trend in consumption of Mixed fertilizers, company is increasing its production at Indore and Pune plants which remained under utilised as of now. Company is also introducing Boronated SSP in Indore market to take advantage of better realization and also to improve its capacity utilization.

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The management is hopeful to encash the opportunity of increased soya sowing subsequent to good monsoon in the year and thus will revive its soya seed crushing and refining activities at its Indore plant.

Your Directors are glad to inform you that with the implementation of Nutrient Based Subsidy (NBS) policy, which envisages at-par treatment with other complex fertilizers, will help in improving capacity utilization and performance of the company in the years to come.

With better financial management within the existing available limits and also reduction in overall debts and timely support from bankers, 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. The same is under implementation as per the Scheme.

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. The entire equity contribution has been infused in phased manner by promoter subsequent to direction by CDR and H'ble BIFR. Promoter has brought stipulated contributions equity shown as share application money account and allotment of 1,21,36,190 equity shares of Rs. 10/- each would be made shortly at premium of Rs. 20/- per share in accordance with DRS sanctioned scheme. With the implementation of this package, the company is regularly servicing its obligation with banks and institutions.

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 March 31, 2010 and of the Profit of the Company for the period ended March 31, 2010;
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.

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. Deonath Singh, Mr. H. D. Ramsinghani and K. Raghuraman. 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 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.

13. DIRECTORS

IDBI Bank Limited has withdrawn the nomination of Mr. Yashpal Gupta from the Board of Directors and has nominated Mr. K.D. Ailani w.e.f. 05th April, 2010, whose nomination was also withdrawn w.e.f. 13th August, 2010. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Yashpal Gupta and Mr. K. D. Ailani during their association with the company.

Shri H D Ramsinghani 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:

In respect of ascertainment of dues with micro small and medium enterprises, 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.

15. AUDITORS

M/s. Dayal & Lohia, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible to 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.

16. COST AUDIT

The Cost Account 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 2010-11.

17. INDUSTRIAL RELATIONS

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

18. 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 and Creditors. The Directors place on record their appreciation for continued support of shareholders of the company. 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 13, 2010

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 PERIOD ENDED MARCH 31, 2010.

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, pulsating grating furnace, 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, which are in operation. 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 additional power generation. The company is also exploring the possibility of fuel change over from coal to alternate fuel. Accordingly, the Company is actively considering various investment proposal 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 efforts, 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:

	9 months period ended 31.03.2010	15 months period ended 30.06.2009
i) Electricity		
a) Purchased:		
Units (in thousands)	7081	9954.78
Total amount (Rs. in lacs)	370.63	498.54
Rate / Unit (Rs.)	5.23	5.01
b) Own Generation:		
i) Through diesel generator:		
Units (in thousand)	33.44	60.19
Units per litre of diesel oil	2.29	2.84
Cost / Unit (Rs.)	15.37	12.73
ii) Through steam turbine/generator :		
Units (in thousand)	3304.33	6769
Units per M.T of Steam	308.19	80.00
Cost / Unit (Rs.)	1.23	2.06
ii) Coal (Rs. in lacs)	159.92	364.61
iii) Furnace Oil (Rs. in lacs)	46.46	79.71

b) CONSUMPTION PER UNIT OF PRODUCTION:

SSP: Single Super Phosphate GSSP: Granulated SSP SA: Sulphuric Acid

SEP : Solvent Extraction Plant

	31.03.2010						30.06.2009					
	Refinery	SEP	SSP	GSSP	SA	NPK	Refinery	SEP	SSP	GSSP	SA	NPK
Electricity (Units) / PMT	73.82	46.57	21.82	13.01	69.06	16.00	63.49	41.09	19.51	12.70	65.29	27.32
Furnace Oil Litre / PMT	NIL	NIL	0.65	0.21	0.40	NIL	NIL	NIL	0.76	NIL	NIL	NIL
Coal Kg / PMT	128.43	70.17	NIL	32.47	NIL	27.78	96.59	63.15	NIL	34.93	NIL	59.86

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 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 period 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 :

I. Activities relating to exports, initiatives taken to increase exports, development of new export plans.

During the period, there is NIL export. The company is looking forward for increase in exports in its Soya business.

II. Total foreign exchange used & earned :

	(Rs. in lacs)
Used:	4192.56
Earnings:	NIL

For and on behalf of the Board

Place : Mumbai

Dated : August 13, 2010

D J RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR