



Rama Phosphates Limited

26TH ANNUAL REPORT

2010 - 2011

BOARD OF DIRECTORS

Rama Phosphates Ltd.

CHAIRMAN & MANAGING DIRECTOR

D.J. Ramsinghani

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,
Mumbai 400 021

DIRECTORS

H D Ramsinghani

D N Singh

C R Malaviya

A.P. Mohanty – Nominee Director of Bank of India
(Upto 10/08/2011)

P. K. Srivastava - Nominee Director of Bank of India
(From 10/08/2011)

K. Raghuraman – Special Director of BIFR
(Upto 20/12/2010)

ADMINISTRATIVE OFFICES

51-52 Free Press House
Nariman Point, Mumbai - 400 021.

Indore - Madhya Pradesh

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

Pune - Maharashtra

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

Udaipur - Rajasthan

106, 1st Floor, 4-A Vinayak Complex,
New Fatehpura, Udaipur-313 004

COMPANY SECRETARY

J K Parakh

WORKS :**a) Fertilizer Division****1) Indore - Madhya Pradesh**

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

2) Rama Krishi Rasayan

(Division of Rama Phosphates Limited)

Pune - Maharashtra

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

3) Udaipur - Rajasthan

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

b) Oil Division - ISO-14001 Accredited**Indore - Madhya Pradesh**

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

AUDITORS

M/s. Dayal & Lohia
Chartered Accountants
Mumbai

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@linkintime.co.in
Website : www.linkintime.com

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Friday the 30th day of September, 2011 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 year ended March 31, 2011 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.
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.”

SPECIAL BUSINESS

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

“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, 2011 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.”

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 Friday the 23rd day of September 2011 to Friday the 30th day of September 2011 (both days inclusive).
4. Information required to be furnished as per the Listing Agreement about Director proposed to be

Rama Phosphates Ltd.

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.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.

By Order of the Board
For RAMA PHOSPHATES LIMITED

Place : Mumbai
Date : August 12, 2011

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 TWENTY SIXTH ANNUAL GENERAL MEETING OF THE COMPANY.

ITEM NO. 4

The Board of Directors of the Company, at their meeting held on February 4, 2011 have reappointed Mr. D.J. Ramsinghani as the Managing Director of the Company for a period of three years from April 1, 2011 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, 2011
2. Period of Reappointment : Three years from April 01, 2011
3. Salary : Rs. 1,00,000/- per month in the grade of
100000 – 12500 – 125000 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 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.

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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 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. Mr. H. D. Ramsinghani may also be deemed to be concerned or interested in the resolution being related to Mr. D. J. Ramsinghani.

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 12, 2011

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 45 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

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

Rama Petrochemicals Limited

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

Rama Industries Limited

Share Transfer Committee - Member

Rainbow Denim Limited

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

Rama Phosphates Ltd.

DIRECTORS' REPORT

Your Directors present the Twenty Sixth Annual Report together with Audited Accounts for the year ended March 31, 2011.

	(Rs. in lacs)	
FINANCIAL RESULTS	YEAR ENDED 31/03/2011 (12 MONTHS)	PERIOD ENDED 31/03/2010 (9 months)
Sales & Other Income	35587.83	13406.96
Profit before financial charges & Depreciation	4468.73	751.26
Less: Financial Charges	594.44	301.65
Profit before Depreciation	3874.29	449.61
Less : Depreciation	441.65	367.90
Net Profit before tax	3432.64	81.71
Deferred Tax Expenses	490.37	NIL
Net Profit Before Adjustment	2942.27	81.71
Prior period Adjustment (Net)	52.43	11.24
Capital surplus on waiver of principal liabilities by term lenders / banks	351.00	758.22
Waiver of Interest	NIL	276.22
Profit/(Loss) after adjustments	3345.70	1127.39
Transfer to capital reserve	(351.00)	(758.22)
Profit / (Loss) for the year / period	2994.70	369.17
Profit & Loss balance brought forward from the previous year	(4859.53)	(5228.70)
Balance carried to Balance Sheet	(1864.83)	(4859.53)

1. RESERVE AND DIVIDEND

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

During the year under review, the company has created capital reserve of Rs. 351 Lacs being capital surplus arising out of waiver of principal liability in respect of term loan from lender.

During the year under review, the company has allotted 1,21,36,187 equity shares of Rs. 10/- each at a premium of Rs. 20/- per share. Accordingly, share premium reserve has been increased by Rs. 2427.24 Lacs.

2. 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.

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 average capacity utilization of SSP industry for financial year ended March 2011 has remained at 49.50%. The capacity utilization of SSP during the year was 79.61% as against 70.22% reported during the previous financial year, which is considered to be highest in the industry of our size and operations. This increased capacity utilization was mainly due to availability of raw material and de-bottlenecking activities carried out at plants with active support from consortium members bank and better management of working capital though the working capital at the disposal of company remained at comparatively lower level as against peers in the industry.

Due to expectant better realization on SSP with limited availability of working capital, the company focused its attention mainly on SSP segment which is its core competence. Hence the company made little focus on other products like mixed fertilizers – NPK, which require higher working capital and soya oil. However, during the current year the Company decided to concentrate on – NPK, Sulphuric acid, Oleum and Sulphur Trading activities etc with the sanction of additional working capital.

Due to this, during the year ended March 31, 2011 your company has achieved remarkable sales turnover of Rs. 35,425.71Lacs whilst fertilizer and chemicals division contributed Rs. 30,780.79 Lacs and soya division contributed Rs. 4644.92 Lacs. EBIDTA of the company stood at Rs. 3874.29 Lacs. This achievement is unparalleled in the entire operation since inception of the company.

During the year under review, the company has decided to utilize soya facilities depending on economic viability. Moreover, throughout the year, there was no parity in soya oil business which compelled the company to go slow in this regard to avoid losses.

During the year, subsequent to negotiation with term lender and with thrust on debt reduction exercise, the term liability has been reduced by Rs. 1160 Lacs which will improve liquidity position in the long term.

Your Directors are hopeful that with the continuance of NBS Policy with additional contribution from soya division and with the additional support from working capital bankers, the performance of the company would improve in the current year.

3. CAPITAL RESTRUCTURE

In accordance with the DRS sanctioned by Hon. BIFR, the company has allotted to promoters 1,21,36,190 equity shares of Rs. 10/- each at a premium of Rs. 20/-per share which has resulted in increase of equity base from present level of Rs.5.55 crores to Rs. 17.69 Crores. These shares have been listed in Bombay Stock Exchange (BSE) with lock-in period as per SEBI Guidelines.

4. EXPANSION ACTIVITY

At Udaipur, the production of SSP will increase from 1.32 lac MT to 1.81 lac MT in the current year. At the same time, company is also in the process of increasing capacity of GSSP from 0.66 lac MT to 1.66 lac MT. The related expansion work is going on as per schedule.

At Indore, company has already applied for environmental clearances for expansion of SSP capacity by 1.00 lac MT.

Moreover, at Pune unit with the de-bottlenecking, capacity would further increase.

At Soya oil division, company has floated enquiry for Lecithin plant which will generate value-added product.

- 5. DISCHARGE FROM THE PURVIEW OF SICA** Your Directors are glad to put on record that Hon. BIFR has discharged the company from the purview of Sick Industries Company Act (SICA) 1985 subsequent to the net worth of the company becomes positive. Your Directors are thankful to respective stake holders for unstinted support during difficult phase of the company.

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, 2011 and of the Profit of the Company for the year ended March 31, 2011;
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. Deonath Singh and Mr. H.D. Ramsinghani . 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 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 Hon'ble Board for Industrial & Financial Reconstruction (BIFR) , vide its Order dated December 12, 2010, has discharged the Company from the purview of SICA / BIFR. Consequent to this the Hon'ble BIFR had withdrawn the nomination of Mr. K. Raghuraman from the Board of Directors of the Company with immediate effect. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Raghuraman during his association with the company.

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Bank of India has withdrawn the nomination of Mr. A. P. Mohanty from the Board of Directors of the company w.e.f. 10/08/2011 and Mr. P. K. Srivastava was nominated the Nominee Director w.e.f. 10/08/2011. The Board places on record its sincere appreciation of the valuable contribution made by Mr. A. P. Mohanty during his association with the company.

Shri D.N. 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:

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.

14. 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.

15. 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 2011-12.

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 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 12, 2011

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, 2011.

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 Furnace for Rock drying at Udaipur unit, 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. In addition to this, VFD's (Variable Frequency Drives) have been installed at important locations. In order to control the power factor at "unity", APFC (Automatic Power Factor Controller) Panel has been installed.

Recycle in the process of Granulation has been reduced. This has helped in minimizing the fuel consumption.

By way of proper raw material procurement planning during monsoon, fuel consumption for Drying Operation was avoided.

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

The Company has already invested substantial amount in the Steam Turbine and Coal Fired Furnace which are in operation. The Company has several investment proposals such as installation of additional 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.

As recommended during energy audit at Indore, 4 nos. of higher rating torque motor starters are to be replaced with latest technology Krondorfer Technology auto transformer type which will result in energy saving.

In our GSSP plant, higher HP rating motor is being replaced with suitable HP rating motor (cooler drum ID fan).

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.