



Rama Phosphates Limited

27TH ANNUAL REPORT 2011 – 2012

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

D. J. Ramsinghani

DIRECTORS

H. D. Ramsinghani

Deonath Singh

C. R. Malaviya

P. K. Srivastava

(Nominee Director of Bank of India)

COMPANY SECRETARY

J. K. Parakh

BANKERS

Bank of India

State Bank of India

Syndicate Bank

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 400 078

Tel.No. 25963838 Fax No.:25946969

Email : rnt.helpdesk@linktime.co.in

Website : www.linktime.com

REGISTERED OFFICE

812, Raheja Chambers, Nariman Point,

Mumbai 400 021.

Website : www.ramaphosphates.com

ADMINISTRATIVE OFFICES

51-52, Free Press House,

Nariman Point, Mumbai 400 021

Indore – Madhya Pradesh

100, Chetak Centre, 12/2, 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.

WORKS :

a) **Fertilizer Division**

1) **Indore – Madhya Pradesh**

20/4 KM Stone, Indore – Ujjain Road

(Dharampuri), Dist. Indore 453 557.

2) **Rama Krishi Rasayan**

(A 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.



NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of the Company will be held on Friday, the 21st day of September, 2012 at 10.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, Kaikhushru Dubhash Marg, Mumbai 400 001 to transact the following business :-

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended March 31, 2012 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 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. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY 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.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 14th day of September, 2012 to Friday the 21st day of September, 2012 (both days inclusive).
3. 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.
4. 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 prior to the date of Meeting so that the requested information can be made available at the time of the Meeting.
5. 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.
6. The Ministry of Corporate Affairs (vide circulars no. 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
J. K. PARAKH
COMPANY SECRETARY

Place: Mumbai

Date : August 13, 2012

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 44 years. He is a design and process consultant and has commissioned several SSP and Sulphuric Acid projects for various companies.

He is a Director of the following companies :

- (1) Rama Petrochemicals Limited
- (2) Rainbow Agri Industries Limited
- (3) Rama Industries Limited
- (4) Rama Capital & Fiscal Services Pvt. Ltd.

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

Rama Petrochemicals Limited

- Audit Committee - Member
- Remuneration Committee - Member

Rama Industries Limited

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

Rainbow Agri Industries Limited

- Audit Committee - Member
- Remuneration Committee - Member

DIRECTORS' REPORT

Your Directors present the Twenty Seventh Annual Report together with Audited Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS	(₹ in lacs)	
	YEAR ENDED 31/03/2012	YEAR ENDED 31/03/2011
Sales & Other Income	55476.52	35638.61
Profit before financial charges & Depreciation	6227.60	4521.16
Less: Financial Charges	825.95	594.44
Profit before Depreciation	5401.65	3926.72
Less : Depreciation	391.15	441.65
Net Profit before tax	5010.50	3485.07
Tax Expenses		
Current tax	1570.00	-
Deferred Tax	80.70	490.37
Net Profit Before Adjustment	3359.80	2994.70
Capital Surplus on waiver of principal liabilities by Term Lender	-	351.00
Profit/(Loss) after adjustments	3359.80	3345.70
Transfer to capital reserve	-	(351.00)
Profit/(Loss) for the year	3359.80	2994.70
Profit & (Loss) balance brought forward from the previous year	(1864.83)	(4859.53)
Balance carried to Balance Sheet	<u>1494.97</u>	<u>(1864.83)</u>

1. RESERVE AND DIVIDEND

In order to conserve funds for working capital and Capex and also being the first year after wiping out of accumulated losses, your Directors regret their inability to recommend any dividend for the year under review.

2. REVIEW OF OPERATIONS

The company manufactures phosphatic fertilizer (SSP) viz. Single Super Phosphates (Powder & Granulated) along with various grades of mixed fertilizer NPK and industrial chemicals Sulphuric Acid and Oleum and also Soya oil.

The announcement of nutrient based subsidy (NBS) policy was one of the major positive decisions implemented by the Government. On one hand it helped in conserving outgo on subsidy amount payable by the Government and on the other side, it removed price capping on fertilizer prices. 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. It is further expected that the urea subsidy regime could be moved to nutrient-based subsidy (NBS). This will bring in a uniform subsidy regime for all fertilizers to ensure that there is a balanced use of all major nutrients. Current policy of differential subsidy for "N" fertilizers may lead to imbalanced use of fertilizers.

The average capacity utilization of SSP industry for financial year ended March 2012 has increased to 60.20%. During the year your company has achieved 88% of average capacity utilization of SSP as against 79.61% reported during the previous financial year, which is considered to be highest in the industry of our size and operations. It is pertinent to note that that your company could achieve this feat with active support from consortium member banks and better management of working capital at its disposal and timely availability of raw material.

Your company was awarded "Best Performance Award" in the SSP industry for overall performance in the year 2011 by Fertilizer Association of India, (FAI) New Delhi, apex body of the industry.

Subsequent to the announcement of free-pricing in the NBS policy, your 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 intends to concentrate on – NPK, Sulphuric acid, Oleum and Soya oil with the sanction of additional working capital.

Due to this, during the year ended March 31, 2012 your company has achieved production of 4,24,164 MT of SSP against the previous best production of 3,67,823 MT in the year 2010-11. Thus, your company achieved highest sales turnover of ₹ 55,397.01 Lacs whilst fertilizer and chemicals division contributed ₹ 45,346.30 Lacs and soya division contributed ₹ 10,050.71 lacs. EBIDTA of the company stood at ₹ 5,401.65 Lacs. Thus, we have surpassed the previous best (EBIDTA of ₹ 3,926.72 lacs in 2010-11) and now the current 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.

The Oil Division of your company has conformed with the requirements under ISO 14001 : 2004 accreditation for the Environmental Management System and the certificate issued in the year June-2007 is periodically renewed and the same is now renewed upto June-2013.

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

3. EXPANSION ACTIVITY

At Udaipur, the production of SSP increased from 1.32 lac MT to 1.81 lac MT in the current year. At the same time, company has increased capacity of GSSP from 0.66 lac MT to 1.66 lac MT. The trial run has already started.

At Indore, company has already applied for environmental clearances for expansion of SSP capacity from 1.65 lac to 2.50 lac MT. The public hearing has already taken place and the company is expecting to receive permission very soon.

Moreover, at Pune unit, with the de-bottlenecking, capacity would further increase by 12,000 MT.

At Soya oil division, company has started erection of Lecithin plant which will generate value-added product and thus improve realization.

4. 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.

5. 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, 2012 and of the Profit of the Company for the year ended March 31, 2012;
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.

6. 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.

7. 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.

8. 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.

9. 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.

10. DIRECTORS

Mr. C. R. Malaviya retires from the Board of Directors by rotation and is eligible for reappointment.

11. AUDITORS REPORT

Your Directors refer to the observations made by the Auditors in their Report and wish to state as follows:

In order to ascertain 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.

12. 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.

13. COST AUDIT

The Cost Account Records maintained by the Company for “Fertilizers”, “Sulphuric Acid” and “Soya” 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 2012-13.

The Company has received a Certificate from Cost Auditor certifying his independence and arm’s length relationship with the company. In accordance with Cost Audit Rules, the due date for filing the Cost Audit Report for the financial year ended 31st March, 2011 was 30th September, 2011 and the same was filed on 30th September, 2011 with Ministry of Corporate Affairs, New Delhi. The Cost Audit Report for the financial year ended 31st March, 2012 will be filed on or before December 31, 2012.

14. INDUSTRIAL RELATIONS

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

15. 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 duties.

For and on behalf of the Board,

Place : Mumbai

Dated : August 13, 2012

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, 2012.

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.

At Pune, the conventional Cooling Tower for Steam Turbine has been replaced by new improved design Cooling Tower. This has helped in extracting more heat and improving the Turbine Efficiency by way of increased power generation.

At Indore, 4 nos. of higher rating torque motor starters are replaced with latest technology Kronendorfer Technology auto transformer type for achieving energy saving.

To increase TG power generation, Company plans to install 4 nos. small panels in PCC/MCC room.

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

Improvement in heat recovery systems (Hot Heat Exchanger) in Sulphuric Acid plant thereby reducing system pressure and achieve power saving.

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

The Company periodically reviews the operation of major equipments and predictive and preventive maintenance to maintain the moving parts in the machinery in shipshape condition. The company overhauls its equipments / machinery during annual shut down to achieve better energy efficiency over a period of time. 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 proposals for further reduction in consumption of energy.

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

As a result of continuous 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:**

	Year ended 31.03.2012	Year ended 31.03.2011
i) Electricity		
a) Purchased:		
Units (in thousands)	11799	9945
Total amount (₹ in lacs)	770.23	554.31
Rate / Unit (₹)	6.53	5.56
b) Own Generation:		
i) Through diesel generator:		
Units (in thousand)	17.61	26.76
Units per litre of diesel oil	1.81	3.10
Cost / Unit (₹)	31.04	33.33
ii) Through steam turbine/generator :		
Units (in thousand)	7419.39	7869.82
ii) Coal (₹ in lacs)	515.68	258.75
iii) Furnace Oil (₹ in lacs)	132.21	119.83

b) **CONSUMPTION PER UNIT OF PRODUCTION:**

SSP : Single Super Phosphate

GSSP : Granulated SSP

SA : Sulphuric Acid

SEP : Solvent Extraction Plant

	31.03.2012						31.03.2011					
	Refinery	SEP	SSP	GSSP	SA	NPK	Refinery	SEP	SSP	GSSP	SA	NPK
Electricity Units / PMT	59.48	38.38	20.76	11.06	66.24	13.19	94.24	43.09	23.16	12.58	65.74	14.83
Furnace Oil Litre / PMT	NIL	NIL	0.72	NIL	0.14	NIL	NIL	NIL	0.84	NIL	0.10	NIL
Coal Kg / PMT	95.07	68.74	NIL	35.34	NIL	15.15	87.86	62.45	NIL	29.59	NIL	14.38

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.

1. An addition, Special additive is introduced in Single Super Phosphate Manufacturing Process to improve the product quality and maintain free flow of material to minimize caking tendencies.
2. A Plate Heat Exchanger & a Natural draft cooling tower for acid cooling is installed in sulphuric acid plant thereby improved product quality, consistency & water conservation.
3. Introduction of Belt stackers (4 nos.) in Powder Packing line to optimise packing capacity.
4. Installation of Online SO₂ analyser in SAP & Online Fluorine analyser in SSP for continuous stack monitoring.

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. In addition to this, following benefits have been arrived -

1. Automation in Oleum manufacturing process by installation of Auto control valves & Strength Monitoring instrument.
2. Improvement in Fluorine scrubbing system in SSP Plant by installation of Moisture Separator and Filter Press for minimising Stack appearance and thus maintain good environment.

c) Future Plan of Action:

1. The company plans Automation in SSP manufacturing process through fully computerised DCS technology for maintaining Product quality & faster curing of product.
2. The Company plans to install 2 nos. 400 TPD Granulated SSP plants at Indore unit once environment clearance is granted by Govt. of India, Ministry of Environment and Forest, New Delhi very soon this year.
3. The Company plans for Wind Energy sector to be installed in the state of Madhya Pradesh to begin with 1.5 MW WTG Set.
4. The Company plans for in-house modifications of SSP plant along with its crane shed extension to the tune of 2.5 lacs MT Capacity Enhancement at Indore for which awaiting EC from Govt. of India, MoEF.
5. The company plans for installation of 2nd Ball Mill project of 18 TPH at Indore.
6. The company plans for keeping another stand-by STG of Germany make in ready to operate at Indore.

d) Expenditure on R & D:

The Company made investment of ₹ 15.00 lacs on installation of Filter Press and Moisture Separator as part of on-going 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 year, there is NIL export. The company is looking forward for increase in exports in its Soya business.

II. Total foreign exchange used & earned :

(₹ in lacs)

Used : 9660.72

Earnings : NIL

For and on behalf of the Board,

Place : Mumbai

Dated : August 13, 2012

D. J. RAMSINGHANI

CHAIRMAN & MANAGING DIRECTOR