



Rama Petrochemicals Limited

23RD ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS

CHAIRMAN

H. D. RAMSINGHANI

TECHNICAL DIRECTOR

D. N. SINGH

DIRECTORS

S. S. ARORA

MAHENDRA LODHA

AUDITORS

HARIBHAKTI & CO.

CHARTERED ACCOUNTANTS

BANKERS

BANK OF INDIA

BANK OF BARODA

DENA BANK

REGISTERED OFFICE

812, RAHEJA CHAMBERS,

NARIMAN POINT,

MUMBAI 400 021

CORPORATE OFFICE

51/52, FREE PRESS HOUSE,

FREE PRESS JOURNAL MARG,

NARIMAN POINT,

MUMBAI 400 021.

PLANT

VILLAGE VASHIVALLI,

SAVROLI KHARPADA ROAD,

PATALGANGA,

DIST. RAIGAD

MAHARASHTRA

REGISTRARS AND TRANSFER AGENT

LINK INTIME INDIA PVT. LTD.

C-13, PANNALAL SILK MILLS

COMPOUND,

L. B. S. MARG, BHANDUP (WEST),

MUMBAI 400 078

TEL: 25946970

FAX: 25946969

E-MAIL: rnt.helpdesk@linktime.co.in

Website: www.linktime.com

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Wednesday, the 23rd day of September, 2009 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, 12, K Dubhash Marg, Fort, Mumbai 400 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 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. Mahendra Lodha who retires by rotation and is eligible for reappointment.
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.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL 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 FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday the 16th day of September, 2009 to Wednesday the 23rd day of September, 2009 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at its Corporate Office 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.
4. Members/Proxies should 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 PETROCHEMICALS LTD.

H. D. RAMSINGHANI
CHAIRMAN

Place: Mumbai

Date: July 31, 2009.

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. Mahendra Lodha who has been a Director of the Company since 1998, is an eminent Chartered Accountant and has over 26 years of rich and varied experience in the field of Finance and Corporate Advisory services. Mr. Mahendra Lodha does not hold any Equity Shares of the Company.

He is a Director of the following Public Limited Companies:

Rainbow Denim Ltd.	Arvind Products Ltd.
Nitrex Chemicals India Ltd.	Shivalik Golf and Forest Resort Ltd.
Kalyanpur Cements Ltd.	Steelco Gujarat Ltd.
Tulip Star Hotels Ltd.	Bihar Hotels Ltd.

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

Rainbow Denim Limited	Steelco Gujarat Limited	Tulip Star Hotels Limited
Audit Committee – Chairman	Audit Committee – Member	Audit Committee – Chairman
Arvind Products Limited	Shareholders Committee – Member	Kalyanpur Cements Limited
Audit Committee – Member		Audit Committee – Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

	YEAR ENDED 31.03.2009	(Rs. in lacs) YEAR ENDED 31.03.2008
Profit/(Loss) before Depreciation	(261.06)	(135.33)
Depreciation	12.03	100.47
Profit/(Loss) before tax	(273.09)	(235.80)
Exceptional Income	—	110.00
Release of Deferred Tax Liability	2.15	30.96
Fringe Benefit Tax	0.84	0.88
Prior years Income/(Expenditure)	(2.51)	—
Profit/(Loss) after tax before Extraordinary Items	(274.29)	(95.72)
Less: Extra ordinary Items	383.75	—
Profit/(Loss) for the Year	109.46	(95.72)
Balance brought forward from previous year	(3235.11)	(3139.39)
Balance carried to Balance Sheet	(3125.65)	(3235.11)

DIVIDEND

Your Directors regret their inability to recommend any dividend for the year under review.

REVIEW OF OPERATIONS

There was no Sales Turnover of the Methanol Division during the year under review as also in the previous year. The Methanol Plant of the Company continued to be closed during the entire year under review since the operation of the Plant by using Naphtha as feed stock continues to be economically not viable.

FUTURE PROSPECTS

The Directors view the Future Prospects with cautious optimism as there is likely to be a greater availability of natural gas in the near future. Mismatch between demand and supply continues, with the shortfall being met by imports.

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.

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, 2009 and the profit of the Company for the year ended March 31, 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 annual accounts have been prepared on a going concern basis.

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. Mahendra Lodha (Chairman), Mr. Deonath Singh and Mr. S. S. Arora. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

SUBSIDIARY COMPANY

The Statement as required under Section 212 of the Companies Act, 1956 in respect of the Subsidiary Company viz. Rama Capital and Fiscal Services Pvt. Ltd. is annexed hereto and forms a part of the Report.

SAFETY, ENVIRONMENTAL CONTROL & PROTECTION

The Company has taken all the necessary steps for safety and environmental control and protection.

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 to the extent applicable, is annexed hereto and forms a part of this Report.

PERSONNEL

There were no employees drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 during the year under review or part thereof.

DIRECTORS

Mr. Mahendra Lodha retires from the Board of Directors by rotation and is eligible for reappointment.

AUDITORS REPORT

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

- a) The Company is in the process of reviewing its investment in the Subsidiary Company.
- b) The Company has not provided for interest on working capital loan in view of the difficult financial position and closure of the plant during the entire year under review.
- c) The Company has not provided for interest on Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.
- d) As regards the physical condition and valuation of closing stock lying at factory and customs warehouse, the management states that the same are in good physical condition and the value of the said items is not lower than that stated in the books.
- e) As per the practice followed by the Company all transactions of the construction division are recorded on technical estimates.
- f) The Company has not paid statutory liability on account of Sales Tax dues in view of difficult financial position and closure of the plant during the entire year under review.
- g) The Company is in the process of obtaining confirmation of debit / credit balances referred to in Note No. 5.
- h) The Company has not disclosed information regarding dues to Micro small and medium Enterprises since no information is available regarding their status.
- i) The Company is in the process of appointing a whole Time Company Secretary.

AUDITORS

M/s. Haribhakti & Company, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

COST AUDIT

The Cost Accounts Records for "Chemicals" are subject to yearly audit by qualified Cost Auditors. However, the Company has been exempted by the Central Government from maintaining cost records and audit of the same for the year under review in view of the fact that the manufacturing activities of the Company have been closed during the entire financial year.

INDUSTRIAL RELATIONS

The Industrial Relations remained cordial during the year under review.

ACKNOWLEDGEMENT

Your Directors sincerely record their appreciation with gratitude for the continued support and assistance extended to the Company by the Banks and various Government Departments and Agencies.

For and on behalf of the Board

Place: Mumbai

Date: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	:	Rama Capital & Fiscal Services Pvt. Ltd.
Holding Company's Interest	:	5,00,300 Equity Shares of Rs. 10/- each fully paid and 25,00,000, 9% Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each fully paid.
Extent of Holding	:	100%
Twelve months period of the Subsidiary company ended on	:	31st March, 2009
Net aggregate amount of the Subsidiary Company's profits/ (losses) dealt with in the holding company's accounts:		
For the subsidiary's aforesaid period	:	NIL
For the previous financial years since it became a subsidiary	:	NIL
Net aggregate amount of the Subsidiary Company's profits/ (losses) not dealt with in the holding company's accounts:		
For the subsidiary's aforesaid period	:	(Rs. 20,26,972/-)
For the previous financial years since it became a subsidiary	:	(Rs. 24,39,95,935/-)

For and on behalf of the Board

Place: Mumbai
Date: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING A PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

I. CONSERVATION OF ENERGY:

- A. Energy conservation measures taken:
- B. Additional investment proposals, if any, being implemented for reduction of 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:

Not Applicable as the Plant was closed during the entire year under review.

- D. Particulars with respect to energy consumption per unit of production:

a) POWER AND FUEL CONSUMPTION	2008-2009 (12 months)	2007-2008 (12 months)
1) ELECTRICITY :		
A) Purchased (MSEB) Units (in Thousand)	290.370	217.899
Total cost (Rs. in lacs)	24.85	24.46
Rate per Unit (Rs.)	8.56	11.20

	2008-2009 (12 months)	2007-2008 (12 months)
B) Own Generation: Through Diesel Generation		
Units (in Thousand)	2.400	40.200
Units/KL of Diesel	0.800	13.400
Cost/Unit (Rs.)	12.66	11.43
Through Steam Turbine/Generator		
Units (in thousand)	NIL	NIL
Units/Lt Of Fuel Oil, Gas	NIL	NIL
Cost/Unit	NIL	NIL
2) Coal	NIL	NIL
3) Furnace Oil	NIL	NIL
b) CONSUMPTION PER UNIT OF PRODUCTION		
Consumption/ton of Methanol	N.A	N.A
Electricity (KWH)	N.A	N.A
Furnace Oil	N.A	N.A
Coal	N.A	N.A
Other - Diesel Oil (KL)	N.A	N.A

II. TECHNOLOGY ABSORPTION:

A. RESEARCH AND DEVELOPMENT (R & D)

a) Specific areas in which R & D is carried out by the Company:

b) Benefits derived as a result of R & D:

c) Future Plan of Action:

Not Applicable as the Plant was closed during the entire year under review.

d) Expenditure on R & D

(Rs. in lacs)

i) Capital

NIL

ii) Recurring

NIL

iii) Total

NIL

iv) Total R & D expenditure as a percentage of total turnover

N.A.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

a) Efforts in brief made towards technology absorption and innovation:

b) Benefits derived as a result of above efforts:

Not Applicable as the Plant was closed during the entire year under review.

c) Information of Imported Technology:

Technology Imported: Low pressure technology for manufacture of Methanol from M/s. Lurgi GmbH, Germany.

Year of Import:

1987 - 88

Whether the technology has been fully absorbed.

In terms of the scope of agreement with the technical collaborator, the technology has been fully absorbed.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lacs)

Foreign Exchange used

12.93

Foreign Exchange earned

NIL

For and on behalf of the Board

Place: Mumbai

Date: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

As required by the Listing Agreement with Bombay Stock Exchange Limited, the Company has implemented the Code of Corporate Governance and it is committed to the philosophy of good Corporate Governance in letter and in spirit.

2. Board of Directors

- (a) As on the date of this Report, the Board consists of four Directors (One Executive and three Non-Executive Directors of which two Directors are independent. The Company does not have a Managing Director)
- (b) The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year was as under:

Name of Director	Category Executive, Non-executive/ Independent	Attendance at		Membership of other Board (including alternate Directorship and Directorship in Private Companies)	Membership/ Chairmanship of other Board Committees.		Share holding (No. of Shares)
		Board Meetings	Last Annual general meeting		Chairman	Member	
Mr H.D. Ramsinghani	Non-Executive Chairman	Five	Yes	Five	Nil	Three	1110
Mr. Deonath Singh	Executive	Five	Yes	Three	Two	Two	9388
Mr. Mahendra Lodha	Non-Executive Independent	Five	Yes	Seventeen	Two	Four	Nil
Mr. S. S. Arora	Non-Executive Independent	Five	No	Three	Nil	One	101465

- (c) During the year Four Board Meetings were held on the following dates:

May 30, 2008, June 30, 2008, July 31, 2008, October 31, 2008, January 28, 2009.

3. Code of Conduct

The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the company. The declaration by the Chairman regarding compliance by the members of the Board and the Senior Management personnel with the said code of conduct is annexed hereto.

4. Audit Committee

Role of the Audit Committee and its terms of reference include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with Auditors.

The Committee presently comprises of Mr. Mahendra Lodha – Chairman, Mr. Deonath Singh and Mr. S. S. Arora. Four meetings of the Audit Committee were held during the year on June 30, 2008, July 31, 2008, October 31, 2008 and January 28, 2009. The attendance at the Audit Committee meetings of each of the Directors is as under:

Name of the Director	Attendance at Audit Committee meetings
Mr. Mahendra Lodha	Four
Mr. Deonath Singh	Four
Mr. S. S. Arora	Four

In the absence of the Company Secretary, Mr. R. D. Jog acts as the Secretary of the Audit Committee.

5. Share Transfer Committee

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. Deonath Singh (Chairman) and Mr. H. D. Ramsinghani as also to the Registrars and Transfer Agent of the Company who

attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates, issue of certificates on split/consolidation/renewal and demat/remat of Share certificates, etc.

Barring certain cases pending in Courts relating to disputes over the title of shares in which the Company has been made a party, no investor complaint is pending for a period exceeding one month.

6. Remuneration Committee

The Remuneration Committee determines the managerial remuneration including perquisites payable to Directors and makes recommendations to the Board of Directors.

The Committee presently comprises of Mr. Mahendra Lodha – Chairman, Mr. H. D. Ramsinghani and Mr. S. S. Arora. No Remuneration Committee Meeting was held during the year.

7. Shareholders'/Investors' Grievances Committee

The Shareholders/Investors Grievances Committee specifically looks into the redressing of Shareholder's and Investor's complaints relating to Share transfers, Non receipt of Balance Sheet, Dividend and demat/remat of Share Certificates etc. In terms of Clause 47 of the Listing Agreement, the Company has appointed Mr. R. D. Jog as the Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive e-mail ID: rdjog@ramagroup.co.in

The committee presently comprises of Mr. Mahendra Lodha (Chairman) and Mr. Deonath Singh.

A summary of complaints received and resolved by the Company during the year under review is given below:

	Received	Resolved
Non-Receipt of Share Certificates duly transferred	11	11
Non-Receipt of Dividend Warrants.	3	3
Non-Receipt of Annual Report	7	7
Non-Receipt of Demat Credit / Remat Certificates	3	3
Non-Receipt of Rejected DRF	1	1
Non-Receipt of Exchange Certificate	1	1
Miscellaneous	1	1
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	Nil	Nil

8. Remuneration of Directors

(a) Executive Director

No remuneration was paid to the Wholetime Director during the year under review.

(b) Non-Executive Directors:

The Non-Executive Directors are not paid any remuneration except sitting fees for attending meetings of the Board or committees thereof. Details of Sitting Fees paid to the Non-Executive Directors are as follows:

Name of the Director	Sitting Fees (Rs.)
Mr. H. D. Ramsinghani	10000/-
Mr. Mahendra Lodha	18000/-
Mr. S. S. Arora	18000/-
TOTAL	46000/-

9. General Body Meetings

Financial Year	Date	Time	Location
2005-2006	15/09/2006	10.00 A.M.	Ashoka Hall, Nariman Point, Mumbai 400 021
2006-2007	14/09/2007	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400 001
2007-2008	24/09/2008	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400 001

10. Postal Ballot

No Resolutions were required to be approved through Postal Ballot at the last Annual General Meeting nor is any resolution proposed for passing through Postal Ballot at the ensuing Annual General Meeting.

The details of Special Resolutions passed in the previous Three Annual General Meetings are as under:

Date	Matter
15.09.2006	Delisting of Equity Shares of the Company from The Delhi Stock Exchange Assoc. Ltd. and Ahmedabad Stock Exchange Limited.
14.09.2007	Reappointment of Mr. D. N. Singh as Whole Time Director designated as Technical Director for a further period of three years w.e.f. May 01, 2007.
24.09.2008	No Special Resolutions were passed.

11. Disclosures

- There were no transactions of material nature with the Directors or the management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.
- Transactions with related parties as per requirements of Accounting Standard – 18 are disclosed elsewhere in the Annual Report. None of these transactions have potential conflict with interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

12. Means of communication

The Company has not made any presentation to the institutional investors or analysts.

13. General Shareholder Information:

Financial Year	: 31st March, 2009
Annual General Meeting	: September 23, 2009 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, 12, K Dubhash Marg, Fort, Mumbai 400001
Dates of Book Closure	: September 16, 2009 to September 23, 2009 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 500358
International Securities	: INE 783A01013
Identification Number allotted By NSDL	

14. Market Price Data (High/Low in Rs. during each month):

Month	High	Low
April 2008	18.87	10.86
May 2008	19.10	14.00
June 2008	15.00	11.86
July 2008	13.11	10.25
August 2008	13.35	11.02
September 2008	13.34	8.05
October 2008	11.65	6.53
November 2008	9.00	6.02
December 2008	13.00	7.32
January 2009	10.99	5.70
February 2009	8.29	5.33
March 2009	7.49	6.10

15. Registrars & Transfer Agent

Link Intime India Private Limited

C - 13, Pannalal Silk Mills Compound, L. B. S Marg, Bhandup (West), Mumbai 400 078

Tel: 25963838; Fax: 25946969; E-mail: rnt.helpdesk@linktime.co.in; Website: www.linktime.com

16. Share Transfer System

The Share Transfers which are received in the Physical Form are processed well within prescribed statutory period from time to time, subject to the documents being valid and complete. The Transfers etc. approved by the Registrar and Transfer Agents and Share Transfer Committee are also noted at every meeting of the Board of Directors.

17. Distribution of Equity Shareholding as of March 31, 2009:

Number of Equity Shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	15423	93.56	2432570	23.24
501 – 1000	623	3.78	527047	5.03
1001 – 2000	230	1.40	355802	3.40
2001 – 3000	70	0.42	180136	1.72
3001 – 4000	38	0.23	132941	1.27
4001 – 5000	18	0.11	87850	0.84
5001 – 10000	36	0.22	242924	2.32
10001 & above	46	0.28	6510130	62.18
Total	16484	100.00	10469400	100.00

18. Shareholders' Profile as on March 31, 2009:

Category of Shareholders	No. of Shares held	% to Total Capital
Foreign Collaborators	Nil	N.A.
Promoters	5502754	52.56
Banks	10100	0.10
Financial Institutions	17101	0.16
Foreign Institutional Investors	Nil	N.A.
Mutual Funds	900	0.01
Domestic Companies	249922	2.39
Non-Domestic Companies	Nil	N.A.
Non-Resident Indians	79890	0.76
General Public	4608733	44.02
Total	10469400	100.00

19. Dematerialization of shares as on March 31, 2009:

82.55% of the Company's total share capital representing 86,42,570 shares are held in dematerialised form.

20. Plant Location:

Village Vashivalli, Savroli Kharpada Road, Patalganga, Dist. Raigad, Maharashtra

21. Address for Correspondence:

Shareholders should address all correspondence to the Company at its Corporate Office at 51/52, Free Press House, Nariman Point, Mumbai 400 021 or to the Registrars and Transfer Agent – Link Intime India Private Limited at C – 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078.

22. Non Mandatory Items:

- An office for the use of the non-executive Chairman is made available whenever required. At present there is no policy for fixing the tenure of independent Directors.
- The Company has constituted a Remuneration Committee.
- Half yearly financial results including summary of significant events in the past six months are presently not being sent to the Shareholders.

- d) There is no formal policy at present for training of the Board members as all the Board members are eminent and experienced professionals.
- e) There is no formal mechanism at present for evaluation of non-executive Directors.
- f) The Company has not established at present any formal Whistle Blower Policy.
- g) The replies to the Qualifications in Auditors Report on the financial statement are given in the Directors Report.

23. Reappointment of Directors:

Mr. Mahendra Lodha is proposed to be reappointed at the forthcoming Annual General Meeting. The relevant information about Mr. Mahendra Lodha is given in the Notice convening the Annual General Meeting.

For and on behalf of the Board

Place: Mumbai

Dated: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement.

The Company has, in respect of the financial year ended March 31, 2009, received from the members of the Board of Directors and the Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Place: Mumbai

Dated: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE

To

The Members of Rama Petrochemicals Limited

We have examined the compliance of the conditions of the Corporate Governance by RAMA PETROCHEMICALS LIMITED (the company), for the year ended on March 31, 2009 as stipulated in the Clause 49 of the Listing Agreement of the said company with the stock exchange in India.

The compliance of the condition of the Corporate Governance is the responsibility of the company's management. Our examination was limited to review of procedure and implementation thereof, adopted by the company for compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the company.

In our opinion and according to the information, explanation and representation given to us, we certify that the company has generally complied in all material requirements with the condition of the corporate governance as stipulated in the above mentioned listing agreement except:

- a) The company does not have Company Secretary therefore it has not complied with the provision regarding secretary to the Audit Committee [Clause 49 II (A)]
- b) The company has not published Quarterly Results for the year ended 31st March, 2009. [Clause 49 VI]

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **HARIBHAKTI & CO.**
Chartered Accountant

RAKESH RATHI
Partner

Place : Mumbai

Date : 31st July, 2009.

Membership No.045228

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Number of methanol manufacturing companies in the country remains the same, however some manufacturers are increasing their plant capacity. The country remains the net importer of methanol as the indigenous capacity is not able to meet the total demand.

2. OPPORTUNITIES AND THREATS

Natural gas pipeline to carry gas to our plant has been laid which will facilitate the starting of the plant by using natural gas as the feedstock. However due to the present policy of the Government of India regarding supply of gas to various consumers, the Company has not yet received the allocation of Gas. Naphtha price remains unviable for our plant operation.

3. SEGMENT-WISE PERFORMANCE

The segment wise details as required by Accounting Standard – 17 are given in the notes forming part of the Accounts.

4. OUTLOOK

India being net importer of methanol, the future prospects of the Company depend upon the price of natural gas and it's availability.

5. RISKS AND CONCERNS

Govt. of India's policy on natural gas is a concern as the priority of allocation of natural gas to petrochemical sector is low and also it's price has to be competitive with international methanol price.

6. INTERNAL CONTROL SYSTEMS

The Company has an adequate system of internal controls that ensures that all assets are protected against loss from unauthorised use or disposition and all transactions are recorded and reported in conformity with generally accepted accounting principles.

7. FINANCIAL PERFORMANCE

During the year under review there was no production and sales as the operations of the Methanol unit remained suspended. The Profit for the year after extra ordinary items is Rs. 109.46 lacs as compared to a loss of Rs 95.72 lacs in the previous year.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Human Resource and Industrial relations remained cordial during the year under review.

9. CAUTIONARY STATEMENT

Statements in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include domestic and global prices of Methanol/Naphtha, changes in Government regulations, future availability of gas, litigation and industrial relations. The Company assumes no responsibility to amend, modify or revise any of the statements on the basis of subsequent developments, information or events.

For and on behalf of the Board

Place: Mumbai
Dated: July 31, 2009

H. D. RAMSINGHANI
CHAIRMAN

AUDITOR'S REPORT

TO THE MEMBERS OF RAMA PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of **RAMA PETROCHEMICALS LIMITED**, as at 31 March, 2009 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and as amended by Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. We invite attention to: -

- I. (a) *Non-provision of diminution in the value of investment of Rs. 301.15 lacs in the equity and preference shares of the subsidiary company. (Refer Note No. 4(a))*
(b) *Non-provision of interest on working capital loan till March 31, 2009 amounting to Rs. 169.40 lacs (P.Y Rs. 195.47 Lacs) (Refer Note No. 8(a)).*
(c) *Non-provision of interest on unpaid custom duty till March 31 2009 aggregating to Rs. 50.41 Lacs (P.Y Rs. 43.52 Lacs) (Refer Note No. 8 (b)).*

In view of the above paragraph the accumulated losses are understated by Rs. 520.96 Lacs and Secured Loans are understated by Rs. 169.40 Lacs, Investments are overstated by Rs. 301.15 Lacs, outstanding liability is understated by Rs. 50.41 Lacs and profit for the year is overstated by Rs. 74.05 Lacs.

- II. (a) *As regards the physical condition and the valuation of closing stock amounting to Rs. 508.23 Lacs (P.Y. Rs. 567.65 Lacs) lying at factory and custom's warehouse we have not been able to verify the same and accordingly we have relied on the written representation provided by the company to us in this regards.*
(b) *As regards the recognition of revenue of the Construction division, due to non availabilities of architect certificate we have not been able to verify the same and hence we have relied on the written representation provided by the company to us in this regards.*
(c) *Non-payment of statutory liability on account of sales tax aggregating Rs. 2355.63 Lacs (P.Y Rs. 2004.48 Lacs) till March 31 2009. (Refer Note No. 2)*
(d) *Certain debit / credit balances are subject to confirmation / reconciliation. (Refer to Note No 5)*
(e) *Non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises (Refer Note No. 6)*
(f) *The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.*

III. The company's net worth is completely eroded and it has been declared as sick industrial companies by BIFR vide order dated 01.07.2002. As mentioned in the Note No. 9, the management considers that the methanol division can be made viable and accordingly the accounts have been prepared on going concern assumption. The revival of operations being technical matter, we are unable to express our opinion in this regards.

5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as under:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit **except as stated in paragraph 4.**
 - (b) in our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examinations of the books **except as stated in paragraph 4.**
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

- (d) in our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and Accounting Standards Rules 2006 **except as stated in paragraph 4.**
- (e) On the basis of the written representations received from the directors of the Company as on 31 March, 2009 and taken on record by the Board of Directors of the Company, we report that prima facie none of the director is disqualified as on 31 March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, ***subject to our comments in paragraph 4 and 5 above*** the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance sheet, of the state of affairs of the company as at 31 March, 2009;
 - ii) in the case of the profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO.,
Chartered Accountants

RAKESH RATHI
Partner

Membership No. 45228

Place : Mumbai.
Date : 30.6.2009

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF RAMA PETROCHEMICALS LIMITED

I. Fixed Assets:

1. The Company has maintained, prima facie, proper records showing full particulars including quantitative details and situation of fixed assets.
2. *We are informed that the fixed assets are physically verified by the management, every 2-3 year. However no such verification has been carried out during the year and in the past 3 years.*
3. During the year, the company has not disposed off substantial parts of fixed assets.

II. Inventories:

4. As informed to us, the inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
5. According to the information and explanation given by the management and on the basis of audit procedures performed by us we are of the opinion that the procedures of verification of inventory are reasonable and adequate in relation to the size of the Company and nature of its business.
6. According to the information and explanation given by the management and on the basis of audit procedures performed by us we are of the opinion that the Company is maintaining proper records of inventory. We have been informed that the discrepancies between the physical stocks and the book stocks noticed on physical verification, were not material in relation to the operations of the Company.

III. Loans and Advances:

7. The Company has not granted any loans, secured or unsecured to companies, firms or parties listed in the register maintained under section 301, of the Companies Act, 1956. As the Company has not granted any loans secured or unsecured to parties listed in the register maintained under section 301, of the Companies Act, 1956, paragraph (iii) (b), (c) and (d) of the Order, are not applicable.
8. The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans secured or unsecured from parties listed in the register maintained under section 301 of the Companies Act, 1956, paragraph (iii) (f) and (g) of the Order, are not applicable.
9. In respect of the loans given by the Company to its employees and other parties, the loan instalment and interest thereon, wherever applicable, have been recovered as stipulated, *except for loans and advances of Rs. 2.20 lacs given to factory workers.*
10. According to the information and explanation given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4 (xiii) of the order is not applicable to the Company.

- 11 According to the records of the Company, it has defaulted in repayment of interest dues amounting to Rs. 285.08 Lacs to Bank of Baroda since August 2002.

IV. Internal Control:

12. According to the information and explanation given to us and on the basis of audit procedures performed by us we are of the opinion that there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and Fixed Assets and for the sale of goods.

V. Transactions with parties under section 301 of the Companies Act, 1956:

13. According to the information and explanation given to us there are no particulars of contracts/ arrangements that need to be entered in the register maintained under section 301 of the Companies Act 1956 and hence sub clause(b) of clause (v) is not applicable to the Company.

VI. Fixed Deposits:

14. According to the information and explanation given to us and based on the audit procedures performed by us, we are of the opinion that the company has not accepted the deposits from the public attracting the provisions of Sections 58A, 58AA of the Companies Act, 1956, or the rules framed there under or any other relevant provisions of the Companies Act, 1956 during the year.

VII. Internal Audit:

15. *The Company does not have an Internal Audit System.*

VIII. Statutory Dues:

16. According to the information and explanation given to us and based on the audit procedures performed by us we are of the opinion that the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues as applicable to it.
17. In our opinion and according to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory dues as applicable to it which are outstanding as at 31.3.2009 for the period of more than six months from the date they become payable *except the following:*

Rs. in Lacs

Statute	Period	Amount
Custom Duty	Since 21.02.1998	55.00

18. According to the information and explanation given to us and on the basis of audit procedures performed by us we are of the opinion that there are no disputed dues in respect of Sales Tax, Wealth Tax, Service Tax and Custom Duty as at 31.3.2009 which have not been deposited with the respective authorities. *However in respect of income tax and excise duty, following disputed demands are pending:*

Rs. in Lacs

Statute	Period	Amount	Forum where dispute is pending
Income Tax	A.Y. 1990-91	20.85	High Court, Mumbai
Income Tax	A.Y. 1997-98	73.59	ITAT, Mumbai
Income Tax	A.Y. 1998-99	119.98	ITAT, Mumbai
Income Tax	A.Y. 2000-01	32.41	ITAT, Mumbai
Excise Duty	F.Y. 1993-94	3.60	Asst. Commissioner, Khopoli Div. Raigad
Excise Duty	F.Y. 1994-95	0.10	
Excise Duty	F.Y. 1995-96	0.22	
Excise Duty	F.Y. 1997-98	0.20	
Excise Duty	F.Y. 1998-99	0.24	
Excise Duty	F.Y. 1993-94	2.86	Commissioner of Central Excise, Panvel

IX. Accumulated Losses:

19. *The Company has accumulated losses amounting to Rs. 3,646.61 Lacs including qualification to the extent quantification as at March 31, 2009. During the year and in immediately preceding financial year it has incurred cash losses amounting to Rs. 259.12 Lacs and Rs. 26.67 Lacs respectively.*

X. Guarantees:

20. According to the information and explanation given to us the Company has not given guarantees for loan taken by others from banks or financial institutions during the year.

XI. Utilisation of Funds:

21. According to the information and explanation given to us the Company has not availed any term loan during the year
22. *According to the information and explanation given to us and on an overall examination of Balance Sheet of the Company, funds raised on short term basis to the extent of Rs. 400.00 Lacs have been used for long-term Investment.*

XII. Miscellaneous:

23. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
24. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.
25. *We are informed that the maintenance of cost records has been prescribed by Central Government under Section 209(1)(d) of the Companies Act, 1956 for methanol division of the Company. The Company has applied for the exemption for not maintaining the same, since the manufacturing activities are suspended. Hence, the company is not maintaining any such records.*
26. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
27. According to the information and explanation given to us, the Company has not issued any debentures during the year.
28. The Company has not raised any money by way of public issue during the year.
29. The Clause xiii of Order is not applicable to company and hence not reported.

For **HARIBHAKTI & CO.,**
Chartered Accountants

RAKESH RATHI
Partner

Membership No. 45228

Place : Mumbai
Dated: 30.6.2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE NO.		AS AT 31ST MARCH 2009	(‘000 OMITTED) AS AT 31ST MARCH 2008
SOURCES OF FUNDS:				
Shareholders' Fund:				
Share Capital	1	104,694		104,694
Reserves and Surplus	2	6,030		6,030
			110,724	110,724
Loan Funds:				
Secured Loans	3		29,027	79,402
Deferred Tax Liability			4,741	4,956
TOTAL			144,492	195,082
APPLICATION OF FUNDS:				
Fixed Assets:	4			
Gross Block		384,175		384,171
Less: Depreciation		362,399		361,196
Net Block			21,776	22,975
Capital work in Progress: (Including Capital Advances)			1,558	—
Investments:	5		30,115	30,115
Current Assets, Loans and Advances:				
Interest Accrued and Due		109		91
Inventories	6	50,823		56,765
Sundry Debtors	7	—		10,825
Cash and Bank Balances	8	761		3,566
Loans and Advances	9	18,422		10,801
Other Current Assets	10	5,168		4,095
		75,283		86,143
Less: Current Liabilities & Provisions:	11			
Current Liabilities		294,848		265,928
Provisions		1,957		1,734
		296,805		267,662
Net Current Assets			(221,522)	(181,519)
Profit and Loss Account:			312,565	323,511
TOTAL			144,492	195,082
Significant Accounting Policies and Practices and Notes on Accounts	18			

As per our Audit report of even date

For **HARIBHAKTI & CO.**
Chartered Accountants

RAKESH RATHI
Partner
M. No. 45228

Place : Mumbai
Date : June 30, 2009

For and on behalf of the Board

D. N. SINGH
Technical Director

Place : Mumbai
Date : June 30, 2009

H. D. RAMSINGHANI
Chairman

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE NO.	FOR THE YEAR ENDED 31ST MARCH 2009	('000 OMITTED) FOR THE YEAR ENDED 31ST MARCH 2008
INCOME			
Sales	12	16,813	20,589
Other Income	13	28	422
		<u>16,841</u>	<u>21,011</u>
EXPENDITURE			
Cost of Construction		6,958	5,268
Employee Cost	14	10,244	6,967
Operating and Other Expenses	15	25,551	22,443
Financial Charges (Net)	16	194	(134)
		<u>42,947</u>	<u>34,544</u>
Profit/(Loss) Before Depreciation		(26,106)	(13,533)
Depreciation		1,203	10,047
Profit/(Loss) after Depreciation before Exceptional Items		(27,309)	(23,580)
Exceptional Items		—	11,000
Profit/(Loss) after Exceptional Items		(27,309)	(12,580)
Provision for Taxation			
Current		—	—
Less: Release of Deferred Tax Liability (Ref. Note No 16)		(215)	(3,096)
Fringe Benefit Tax		84	88
Profit/(Loss) After Tax		(27,178)	(9,572)
Add/Less: Prior Period Income / (Expenditure)		(251)	—
Profit/(Loss) After Tax before extra ordinary items		(27,429)	(9,572)
Extra — Ordinary Items (Ref. Note No 3)	17	38,375	—
Profit/(Loss) After Extra -ordinary Items		10,946	(9,572)
Balance brought forward from previous year		(323,511)	(313,939)
Balance carried to Balance Sheet		(312,565)	(323,511)
Earning Per Share Basic/Diluted before extra ordinary items (not annualised)		(2.62)	(0.91)
Earning Per Share Basic/Diluted after extra ordinary items (not annualised) (Ref. Note No 15)		1.05	(0.91)
Significant Accounting Policies and Practices and Notes on Accounts	18		

As per our Audit report of even date

For **HARIBHAKTI & CO.**

Chartered Accountants

RAKESH RATHI

Partner

M. No. 45228

Place : Mumbai

Date : June 30, 2009

For and on behalf of the Board

D. N. SINGH

Technical Director

H. D. RAMSINGHANI

Chairman

Place : Mumbai

Date : June 30, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

('000' OMITTED)

AS AT
31ST MARCH
2009

AS AT
31ST MARCH
2008

SCHEDULE 1 SHARE CAPITAL

Authorised:

5,00,00,000 (5,00,00,000)

Equity Shares of Rs. 10/- each

500,000

500,000

Issued, Subscribed and Paid - up:

1,04,69,400 (1,04,69,400)

Equity Shares of Rs. 10/- each

104,694

104,694

104,694

104,694

SCHEDULE 2 RESERVES AND SURPLUS

Capital Reserve

6,030

6,030

6,030

6,030

SCHEDULE 3 SECURED LOANS

Working Capital Loans From Banks

Interest accrued and due

17,459

39,346

11,568

40,056

29,027

79,402

NOTE:

- Working Capital Loans are secured by hypothecation of raw materials, stock-in-process, finished goods, stores and spares and book debts by way of second pari passu charge on fixed assets at patalganga and personal guarantee of a Director.
- Bank of Baroda has absolutely assigned and transferred to International Asset Reconstruction company Pvt. Ltd. the facilities together with all underlying security interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities.

SCHEDULE 4 FIXED ASSETS

('000 OMITTED)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01-04-08	ADDITION	DEDUCTION	AS AT 31-03-09	AS AT 01-04-08	FOR THE YEAR	DEDUCTION/ ADJUSTMENT	AS AT 31-03-09	AS AT 31-03-09	AS AT 31-03-08
FREE HOLD LAND	3,731	—	—	3,731	—	—	—	—	3,731	3,731
LEASE HOLD LAND	256	—	—	256	59	3	—	62	194	197
BUILDINGS	25,980	—	—	25,980	10,997	516	—	11,513	14,467	14,983
PLANT AND MACHINERY	345,173	—	—	345,173	341,772	537	—	342,309	2,864	3,401
FURNITURE AND FIXTURE	3,488	4	—	3,492	3,112	96	—	3,208	284	376
OFFICE EQUIPMENTS	4,449	—	—	4,449	4,162	51	—	4,213	236	287
VEHICLES	1,094	—	—	1,094	1,094	—	—	1,094	—	—
TOTAL	384,171	4	—	384,175	361,196	1,203	—	362,399	21,776	22,975
PREVIOUS YEAR	399,544	3	15,376	384,171	355,850	10,047	4,701	361,196	22,975	43,694

NOTES:

- Freehold land includes an amount of Rs. 1.21 lacs in respect of land for which registration is in the process of being effected.
- Fixed assets of the Company is also mortgaged on first pari-passu charge basis in favour of Financial Institution and Banks to secure Term Loan sanctioned to Rainbow Denim Ltd for its Denim Division which was earlier division of the Company.

SCHEDULES FORMING PART OF THE BALANCE SHEET

('000 OMITTED)

SCHEDULE 5

INVESTMENTS (At Cost)

Long Term

Unquoted

Investment in Subsidiary Company

5,00,300 (5,00,300) Equity Shares of Rs. 10/- each in
Rama Capital & Fiscal Services Pvt. Ltd. fully paid up
25,00,000 (25,00,000) 9% Cumulative Compulsorily
Convertible Preference Shares of Rs. 10/- each in
Rama Capital & Fiscal Services P. Ltd. fully paid-up.

**AS AT
31ST MARCH
2009**

**AS AT
31ST MARCH
2008**

5,021

5,021

25,094

25,094

30,115

30,115

SCHEDULE 6

CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES (AT COST)

(As taken, valued & certified by Management)

Stores and Spares

32,052

37,994

Stock in Bonded Warehouse

18,771

18,771

50,823

56,765

SCHEDULE 7

SUNDRY DEBTORS (Unsecured)

Outstanding Over Six months

Considered good

384

384

Considered doubtful

384

384

Outstanding under Six months

Considered good

384

10,825

11,209

Less: Provision for Doubtful Debts

384

384

10,825

SCHEDULE 8

CASH AND BANK BALANCES

Cash on hand

118

608

Balances with Scheduled Banks

— Current Accounts

382

1,944

— Fixed Deposits

261

1,014

643

2,958

761

3,566

SCHEDULE 9

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or
for value to be received

8,190

7,879

Other Advances

Considered good

9,905

2,595

Considered doubtful

22,782

22,784

32,687

25,379

Less: Provision for Doubtful Advances

22,782

22,784

9,905

2,595

Balance with Central Excise

327

327

18,422

10,801

SCHEDULES FORMING PART OF THE BALANCE SHEET

(‘000 OMITTED)

SCHEDULE 10

OTHER CURRENT ASSETS

Security and Other Deposits
Other receivables

AS AT 31ST MARCH 2009	AS AT 31ST MARCH 2008
2,473	2,499
2,695	1,596
<u>5,168</u>	<u>4,095</u>

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

Due to MSME

Other Creditors

Advance from Customers

Advance from Subsidiary Company

Other Liabilities

Interest accrued and due

4,112	5,286
4,112	5,286
19,429	13,838
179,613	136,007
91,596	110,699
98	98
<u>294,848</u>	<u>265,928</u>

PROVISIONS

Fringe Benefit Tax (Net of Advance Tax)

Gratuity

Leave Encashment

Bonus / Ex-gratia

2	3
859	829
516	409
580	493
<u>1,957</u>	<u>1,734</u>
<u>296,805</u>	<u>267,662</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 12

SALES

Revenue from Construction Division

FOR THE YEAR ENDED 31ST MARCH 2009	FOR THE YEAR ENDED 31ST MARCH 2008
16,813	20,589
<u>16,813</u>	<u>20,589</u>

SCHEDULE 13

OTHER INCOME

Sundry Balances Written Back

Miscellaneous Income

—	84
28	338
<u>28</u>	<u>422</u>

SCHEDULE 14

EMPLOYEE COST:

Salaries, Wages and Allowances

Contribution to P.F./F.P.F.

Welfare & Other Amenities

9,055	6,243
455	380
734	344
<u>10,244</u>	<u>6,967</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (‘000 OMITTED)

SCHEDULE 15

OPERATING AND OTHER EXPENSES

FOR THE	FOR THE
YEAR ENDED	YEAR ENDED
31ST MARCH	31ST MARCH
2009	2008

Power and Fuel	2,515	3,127
Warehouse Charges	197	199
Consumption of Stores and Spares	9,124	5,606
Repairs to:		
Building	41	109
Plant and Machinery	7,566	7,466
Others	797	1,706
	<u>8,404</u>	<u>9,281</u>
Insurance	189	441
Rates, Taxes and Duties	374	150
Director's Sitting Fees	46	40
Auditor's Remuneration		
Audit Fees	133	45
Other Services	40	31
	<u>173</u>	<u>76</u>
Security Charges	698	402
Water Charges	130	134
Conveyance	868	606
Printing and Stationary	93	95
Postage and Telegram	117	120
Legal and Professional Charges	1,448	920
Share Department Expenses	140	176
Books and Periodicals	12	25
Travelling Expenses	93	245
Telephone and Telex	157	97
Staff Recruitment Expenses	98	234
Bank Charges	50	41
Miscellaneous Expenses	625	428
	<u>25,551</u>	<u>22,443</u>

SCHEDULE 16

FINANCIAL CHARGES (NET)

Interest on Other Loans	415	—
Less: Interest Received	221	134
	<u>194</u>	<u>(134)</u>

SCHEDULE 17

EXTRA-ORDINARY ITEMS

Waiver of Interest by bank	28,488	—
Remission of Principal by bank	9,887	—
	<u>38,375</u>	<u>—</u>

SCHEDULE 18**SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES ON ACCOUNTS:****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Accounting:**

The Company maintains its accounts on accrual basis following historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the requirements of the Companies Act, 1956.

2. Accounting for Construction Division:

In respect of Construction Division, the Company follows "Percentage of Completion Method of Accounting" which is based upon technical estimates of cost to be incurred to complete the project.

3. Revenue Recognition:

- (a) Revenue is recognized when the substantial risks and rewards of ownership is transferred to the buyer on dispatch of goods.
- (b) Claims and damages are accounted as and when they are finalized.

4. Fixed Assets:

Fixed assets have been stated at cost including related incidental expenditure less accumulated depreciation.

5. Depreciation:

- (a) Depreciation on Fixed Assets is provided on Straight Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- (b) Depreciation on addition/deletion is provided pro-rate basis with reference to the date of addition/deletion as the case may be.
- (c) Individual low cost assets acquired for less than Rs. 5000/- are depreciated fully in the year of acquisition.

6. Impairment of Assets:

- (a) The carrying amounts of assets are reviewed by the management at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to there present value at the weighted average cost of capital.
- (b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending upon changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

7. Excise Duty:

Excise duty, if applicable, has been accounted on the basis of payment made in respect of finished goods cleared. No provision is made for the finished good lying in bonded warehouse.

8. Foreign Currency Transactions:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The gain or loss arising out of settlement/translation of the assets and the liabilities at the closing rates due to exchange fluctuations is recognized as income/expenditure in the profit and loss account.

9. Investments:

Investments classified as long term investments are stated at cost. Provision is made to recognize any diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost or fair value.

10. Valuation of Inventories:

- (a) Raw Material and Stores & Spares are valued at cost (on "first in first out basis") or market value whichever is lower.
- (b) Stock in transit are valued at cost or market value whichever is lower.
- (c) Finished goods are valued at cost or net realizable value, whichever is lower.

11. Employee's Benefits:

Long Term Employee Benefits:

(a) **Defined Contribution Plan:**

The company has Defined Contribution plans for post employment benefits namely Provident Fund. Under the provident Fund Plan, the company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company's contribution to the above funds are charged to revenue every year.

(b) **Defined Benefit Plans:**

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at the balance sheet date. Actuarial gains/losses are recognized immediately in the profit and loss account. Long term compensated absences are provided for based on actuarial valuations.

12. Provision for Current and Deferred Tax:

(a) Tax expenses comprise both current tax and deferred tax. Provision for the current income tax is made on the basis of relevant provision of the Income Tax Act, 1961 as applicable to the financial year.

(b) Deferred Tax resulting from the "Timing Difference" between book profit and taxable profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing difference are expected to crystallize. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that the sufficient future taxable income will be available against which such deferred tax asset can be realized.

13. Provisions:

A provision is recognized when the company has a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

14 Contingent Liabilities:

Contingent liabilities, if any are disclosed in the notes on accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the board of directors and which have material effect on the position stated in the balance sheet.

B. NOTES ON ACCOUNTS:

1. Contingent Liabilities:

(a) Income Tax and Excise Duty claims not acknowledged by the Company Rs. 254.05 lacs (Rs. 258.59 lacs)
The Company is in appeal for these claims.

(b) Guarantees/Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs. 10,968.76 Lacs (Rs. 10,968.76 lacs)

(c) Sales Tax Liability of Rs. 3,103.44 Lacs (Rs. 3103.44 Lacs) (Refer Note No. 2 below)

2. Interest Free Sales Tax Deferment:

The Company has a liability of Rs. 3,123.33 lacs payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol division. The Company has assigned the said liability to another company during the year 1999 – 2001. The assignee company has paid Rs. 19.89 lacs (Rs. 19.89 Lacs) upto 31st March 2009 out of Rs. 2,375.52 lacs (Rs. 2,024.37 Lacs) due upto 31st March 2009. Since the assignee company has failed in paying the sales tax dues, the assignor is responsible to pay the same. The company is registered under BIFR and no dues have been paid to the sales tax department.

3. The Company has finalized One Time Settlement (OTS) with its bankers and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to Rs. 284.88 lacs and the remission in principal to Rs. 98.87 lacs which have been treated as Extra – Ordinary Items in the profit and loss account.

4. (a) The Company has made long term investments in its wholly owned subsidiary company. However the net worth of the subsidiary company has been completely eroded.

- (b) Dividend of Rs 292.50 Lacs (Rs. 270.00 Lacs) upto 31.03.2009 on investment in Cumulative Convertible Preference Shares of subsidiary company has not been received by the company since the subsidiary company has not paid any dividend as the net worth of the subsidiary company has been completely eroded.
5. The outstanding balances of debtors, creditors, secured loans and advances from customers and balances with excise authorities are subject to confirmation and reconciliation.
 6. In the absence of information from suppliers of their status as defined under "Micro, Small and Medium Enterprises Development Act, 2006", amount overdue and interest payable thereon, if any, cannot be quantified.
 7. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
 8. The company has not provided for:
 - (a) Interest of Rs. 67.16 Lacs (Rs. 105.59 Lacs) on working capital loans from banks, during the year, due to this the profit is overstated and secured loans are under stated by the said amount.
 - (b) Interest on custom duty aggregating to Rs. 50.41 Lacs (Rs. 43.52 Lacs) till March 31, 2009.
 9. The operation of company's methanol division has been unviable and in turn forced the company to suspend its production activities since September 1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas is at advance stage, the company is hopeful that the plant is likely to restart soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".
 10. As mentioned above the company had suspended its production activities since September 1999, as a result of this the company has transferred some of the employees to other Division/Group Companies w.e.f. 30th October, 1999. None of the transferred employees has reported to their duties and they have approached the Industrial Court. However, Company does not expect any financial liability, apart from their service benefit, which has been provided in the books of account.
 11. The disclosures required under Accounting Standard 15 "Employees Benefits" are given below:

A. Defined Contribution Plan

Provident Fund

The company has recognized the following amount in the profit and loss account for the year
Employers' contribution to Provident Fund Rs. 4.55 Lacs

B. Defined Benefit Plan

The Company has a defined benefit plan for gratuity and leave encashment.
The disclosure as required by AS-15 Employee Benefits towards gratuity are as under:

(a) Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Opening defined benefit obligation	8.29	9.22
Interest cost	0.78	0.69
Current service cost	2.22	0.99
Benefits paid	(1.60)	(3.12)
Actuarial (gains)/losses on obligation	(1.09)	0.51
Closing defined benefit obligation	8.59	8.29

(b) Changes in the fair value of plan assets are as follows:

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Opening fair value of plan assets	0	0
Expected return	0	0.12
Contributions by employer	0	3.12
Benefits paid	(1.60)	(3.12)
Actuarial gains/(losses)	2.69	(0.12)
Closing fair value of plan assets	0	0
Actuarial Return on plan Assets	0	0
Estimated contribution to be made in next annual year	0	0

(c) Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Present value of Funded Obligation	(8.59)	(8.29)
Fair value of Plan Assets	0	0
Funded (Asset)/Liability recognized in the Balance Sheet	0	0
Present value of Unfunded Obligation	0	0
Unrecognized Past Service Cost	0	0
Unrecognized Actuarial	0	0
Unfunded Net Liability recognized in the Balance Sheet	(8.59)	(8.29)

(d) Balance Sheet

Details of Provision for gratuity

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Defined benefit obligation	(8.59)	(8.29)
Fair value of plan assets	0	0
Liability recognized in Balance Sheet	(8.59)	(8.29)

(e) Profit and Loss Account

Net employee benefit expenses

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Current service cost	2.22	0.99
Interest cost on benefit obligation	0.78	0.69
Expected return on plan assets	0	(0.12)
Net Actuarial (gain)/loss recognized in the year	(1.60)	0.63
Total Expenses recognized in the Profit & Loss Account	0.30	2.19

(f) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2009	March 31, 2008
Discount rate	7.00%	8.00%
Expected rate of return on assets	7.00%	8.00%
Salary Escalation	4.00%	4.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Type of Plan	Unfunded	Unfunded

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

12. The company has obtained a valuation report dated May 4, 2005 from registered valuer in respect of its methanol division. On considering the same, the management is of the opinion that there is no loss on account of impairment of assets as per AS – 28 “Impairment of Assets” as issued by ICAI pertaining to this division.

13. Segment Reporting:

The Company is having only primary segment which is business segment and it is not having any secondary segment

Information about Primary Business Segment:

(‘000 Omitted)

REVENUE	Methanol		Construction		Total	
	2009	2008	2009	2008	2009	2008
External Sales/Income	—	—	16813	20589	16813	20589
Add: Intersegment Sales	—	—	—	—	—	—
Total Sales/Income	—	—	16813	20589	16813	20589
Less: Intersegment Sales	—	—	—	—	—	—
Total Revenue	—	—	16813	20589	16813	20589
Segment Result before interest, exceptional/extraordinary items and tax	(36968)	(39119)	9853	15405	(27115)	(23714)
Less: Unallocable Income/(Expenses)						
Financial Charges (Net)					194	(134)
Profit/(Loss) before Exceptional items and Tax					(27309)	(23580)
Exceptional Items					—	11000
Profit/(Loss) after Exceptional items before Tax					(27309)	(12580)
(Provision)/Release of Deferred Tax					215	3096
Fringe Benefit Tax					84	88
Prior Period Income/(Expenditure)					(251)	—
Profit/(Loss) after Tax but before extra ordinary items					(27429)	(9572)

OTHER INFORMATION

(‘000 Omitted)

	Methanol		Construction		Total	
	2009	2008	2009	2008	2009	2008
Segment Assets	88042	96526	10575	12592	98617	109118
Segment Liabilities	279544	254663	17261	12999	296805	267662
Depreciation	1203	10047	—	—	1203	10047
Non cash expenses other than depreciation	—	—	—	—	—	—
					2009	2008
Unallocated Segment Assets: Investment					30115	30115
Unallocated Segment Liabilities: Secured Loan					29027	79402
Deferred Tax Liability					4741	4956

14. Related Party Disclosure:

(a) List of Related Parties and Relationships (As Certified by the Management)

Party	Relation
i) Rama Capital & Fiscal Services Pvt. Ltd.	100% Subsidiary
ii) Rainbow Denim Ltd. Rama Phosphates Ltd. Rama Industries Ltd.	} Associates
iii) Indo-Us Investment Inc.	Holding more than 20% equity in Rama Petrochemicals Ltd.
iv) Key Management Personnel Mr. H. D. Ramsinghani Mr. D. N. Singh	Chairman Technical Director
v) Relatives of Key Management Personnel Bluelagoon Investment Pvt. Ltd.	Relatives of Key Management Personnel holds more than 20% share holding

(b) Related Party Transactions

('000 Omitted)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Loan/Advances Received	77866	57775	5061	62317	—	—	—	—	82927	120092
Loan/Advances Given	34260	77205	62878	—	—	—	—	12687	97138	89892
Sitting Fees	—	—	—	—	46	8	—	—	46	8
Debit Balance Outstanding	—	—	—	—	—	—	—	—	—	—
Credit Balance Outstanding	179613	136007	40525	98342	—	—	—	—	220138	234349
Debit/Credit Balances W/off or (W/Back)	—	—	—	—	—	—	—	—	—	—

15. Earning Per Share (EPS)

	Unit	31.03.2009	31.03.2008
i) Net Profit/(Loss) after Tax available for equity shareholder	In Thousand	10,946	(9572)
ii) Weighted Average No of Equity Shares for Basic & diluted EPS	Nos	10,469,400	10,469,400
iii) Nominal Value of Equity Shares	Rs.	10.00	10.00
iv) Basic/Diluted Earning per Share (i/ii)	Rs	1.05	(0.91)

16. Deferred Tax Liability

The Company's Methanol Unit is closed and company is yet to finalize the scheme of revival of the unit in consultation with operating agency appointed by BIFR. In view of this, the company is not expecting any taxable profit in near future. Hence no deferred tax asset is created on account of huge carryforward losses under Income Tax Act. Working of deferred tax liability is as under:

('000 Omitted)

	31.03.2008	Current Year	31.03.2009
Deferred Tax Liability			
Difference between WDV of Fixed Assets	4,956	(215)	4,741
Deferred Tax Assets			
Net Deferred Tax Liability/(Asset)	4,956	(215)	4,741

17. (a) No remuneration is paid to Whole Time Director during the year under review u/s 198 of the Companies Act 1956.
 (b) No commission is payable to Directors hence computation of net profit u/s 349 of Companies Act 1956, is not applicable.

18. Information pursuant to the provisions of paragraphs (3) and (4) of part II of Schedule VI of the Companies Act, 1956.

(a) Manufactured Goods: Methanol

Installed Capacity (MTs)	Opening Stock (MTs)	Production (MTs)	Closing Stock (MTs)	Sales Qty. (MTs)	Sales Value (Rs. in lacs)
60000 (60000)	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL

(b) Raw Material Consumed: **Rs. NIL** (NIL)

19. Value of Imported/Indigenous Raw Material, Stores and Spares Consumed

	2008 – 2009		2007 – 2008	
	Value ('000 omitted)	%	Value ('000 omitted)	%
Stores & Spares				
Imported	6097	66.82	462	8.24
Indigenous	3027	33.18	5144	91.76
	9124	100.00	5606	100.00

20. C.I.F. Value of Imports:

Stores and Spares **Rs. 7.19 Lacs** (NIL)

21. Earnings in Foreign Currency:

Rs. NIL (NIL)

Expenditure in Foreign Currency:

Membership & Subscriptions **Rs. 1.03 Lacs** (NIL)

Travelling Expenses **Rs. 0.53 Lacs** (NIL)

Advances **Rs. 11.37 Lacs** (NIL)

22. Previous year figures are given in brackets and have been regrouped/rearranged wherever necessary to make them comparable.

Signature to Schedule 1 to 18

For and on behalf of the Board

Place : Mumbai

D. N. SINGH
Technical Director

Date : June 30, 2009

H. D. RAMSINGHANI
Chairman

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	AS AT 31st March 2009	('000 Omitted) AS AT 31st March 2008
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	10,946	(9,572)
Add: Depreciation	1,203	10,047
Interest Paid	415	—
Prior period Adjustments	251	—
Deferred Tax and FBT	(131)	(3,008)
	<u>1,738</u>	<u>7,039</u>
	12,684	(2,533)
Less: Interest Received	221	134
Extra Ordinary Items	38,375	—
	<u>38,596</u>	<u>134</u>
Operating Profit before Working Capital Changes	(25,912)	(2,667)
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	2,113	(22,787)
Increase/(Decrease) in Trade Payables	28,808	63,693
(Increase)/Decrease in Inventories	5,942	(870)
	<u>36,863</u>	<u>40,036</u>
	<u>10,951</u>	<u>37,369</u>
Net Cash from Operative Activities (A)	<u>10,951</u>	<u>37,369</u>
B. CASHFLOW FROM INVESTING ACTIVITIES		
Net Fixed Assets Movements	(1,562)	(3)
Net cash used in investing activities (B)	<u>(1,562)</u>	<u>(3)</u>
C. CASHFLOW FROM FINANCING ACTIVITIES		
Net Repayments of Borrowings	(12,000)	(34,387)
Interest Received	221	134
Interest Paid	415	—
	<u>(194)</u>	<u>134</u>
Net cash used in financial activities (C)	<u>(12,194)</u>	<u>(34,253)</u>
Net Increase/(Decrease) in Cash and		
Cash Equivalents (A + B + C)	(2,805)	3,113
Cash & Cash Equivalents (Opening Balance)	3,566	453
Cash & Cash Equivalents (Closing Balance)	761	3,566

For and on behalf of the Board

Place : Mumbai
Date : June 30, 2009

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Registration No.	35187	State Code	11
Balance Sheet Date	31.03.2009		

II Capital raised during the year ('000 omitted)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of funds ('000 omitted)

Total Liabilities	1,44,492	Total Assets	1,44,492
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Source of Funds

Paid up Capital	1,04,694	Reserves & Surplus	6,030
Secured Loan	29,027	Deferred Tax Liability	4,741

Application of Funds

Net Fixed Assets	21,776	Investments	30,115
Capital Work in Progress	1,558	Accumulated Losses	3,12,565
Net Current Assets	(2,21,522)		

IV Performance of Company ('000 omitted)

Turnover	16,841	Total Expenditure	44,150
Profit/(Loss) before tax	(27,309)	Profit/(Loss) after tax	(27,178)
Earning per share Rs.	(2.62)	Dividend Rate %	Nil

V Generic Name of Principal Product of the Company

Item Code No. (ITC Code)	290511
Product Description	Methanol (Methyl Alcohol)

For and on behalf of the Board

Place : Mumbai
Date : June 30, 2009

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RAMA PETROCHEMICALS LIMITED AND ITS SUBSIDIARIES

To

The Board of Directors,

Rama Petrochemicals Limited

1. We have audited the attached Consolidated Balance Sheet of Rama Petrochemicals Limited and its subsidiary (the Group) as at 31st March, 2009, the Consolidated Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of management of Rama Petrochemicals Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted on auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs.3007.81 lacs as at 31st March, 2009 and total income of Rs.453.54 lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that Consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, on "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Group in the Consolidated Financial Statements.
5. We invite attention to: -
 - I. a) *Non-provision of interest on working capital loan till March 31, 2009 amounting to Rs.169.40 lacs (P.Y Rs. 195.47 Lacs) (Refer Note No. 7(a)).*
 - b) *Non-provision of interest on unpaid custom duty till March 31 2009 aggregating to Rs. 50.41 Lacs (P.Y Rs. 43.52 Lacs) (Refer Note No. 7 (b)).*
In view of the above paragraph the consolidated accumulated losses are understated by Rs. 219.81 Lacs and Secured Loans are understated by Rs.169.40 Lacs, outstanding liability is understated by Rs. 50.41 Lacs and profit for the year is overstated by Rs.74.05 Lacs.
 - II. a) *As regards the physical condition and the valuation of closing stock amounting to Rs 508.23 Lacs (P.Y Rs. 567.65 Lacs) lying at factory and custom's warehouse we have not been able to verify the same and accordingly we have relied on the written representation provided by the company to us in this regards.*
 - b) *As regards the recognition of revenue of the Construction division, due to non availabilities of architect certificate we have not been able to verify the same and hence we have relied on the written representation provided by the company to us in this regards.*
 - c) *Non-payment of statutory liability on account of sales tax aggregating Rs. 2355.63 Lacs (P.Y Rs. 2004.48 Lacs) till March 31 2009. (Refer Note No. 2)*
 - d) *Certain debit / credit balances are subject to confirmation / reconciliation. (Refer to Note No 4)*
 - e) *Non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises (Refer Note No.5).*

f) *The Company is in the process of appointing a whole time Company Secretary as required under section 383A of the Companies Act, 1956.*

III. The company's net worth is completely eroded and it has been declared as sick industrial companies by BIFR vide order dated 01.07.2002. As mentioned in the Note No. 8, the management considers that the methanol division can be made viable and accordingly the accounts have been prepared on going concern assumption. The revival of operations being technical matter, we are unable to express our opinion in this regards.

6. Based on our audit and on consideration of separate audit reports on the individual audited financial statements of the Group, we are of the opinion that the said Consolidated Financial Statements read together with the significant accounting policies and other notes thereon, *subject to our comments in paragraph 5*, give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) In the case of the Consolidated Balance sheet, of the state of affairs of the company as at 31st March, 2009;

(ii) In the case of the Consolidated profit and Loss Account, of the profit for the year ended on that date; and

(iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **HARIBHAKTI & CO.,**
Chartered Accountants

Place : Mumbai,
Dated : 30th June, 2009

RAKESH RATHI
Partner
Membership No. 45228

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE NO.	AS AT 31ST MARCH 2009	AS AT 31ST MARCH 2008
SOURCES OF FUNDS:			
Shareholders' Fund:			
Share Capital	1	104,694	104,694
Reserves and Surplus	2	<u>6,030</u>	<u>6,030</u>
		110,724	110,724
Loan Funds:			
Secured Loans	3	29,026	79,402
Unsecured Loans	4	<u>270,778</u>	<u>250,523</u>
		299,804	329,925
Deferred Tax Liability		<u>4,741</u>	<u>4,956</u>
TOTAL		<u>415,269</u>	<u>445,605</u>
APPLICATION OF FUNDS:			
Fixed Assets:	5		
Gross Block		386,528	386,524
Less: Depreciation		<u>363,597</u>	<u>362,303</u>
Net Block		22,931	24,221
Capital work in Progress: (Including Capital Advances)		1,558	—
Investments:	6	—	1,600
Goodwill:		113	113
Current Assets, Loans and Advances:			
Interest Accrued and Due		109	91
Inventories	7	50,830	56,772
Sundry Debtors	8	—	18,781
Cash and Bank Balances	9	901	5,239
Loans and Advances	10	215,857	147,919
Other Current Assets	11	<u>5,168</u>	<u>4,095</u>
		272,865	232,897
Less: Current Liabilities and Provisions:	12		
Current Liabilities		438,787	378,963
Provisions		<u>1,996</u>	<u>1,767</u>
		440,783	380,730
Net Current Assets		(167,918)	(147,833)
Profit and Loss Account:		558,585	567,504
TOTAL		<u>415,269</u>	<u>445,605</u>
Significant Accounting Policies and Practices and Notes on Accounts	19		

As per our attached report of even date

For and on behalf of the Board

For HARIBHAKTI & CO.
Chartered Accountants

RAKESH RATHI
Partner
M No 45228

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Place : Mumbai
Date : June 30, 2009

Place : Mumbai
Date : June 30, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE NO.	FOR THE YEAR ENDED 31ST MARCH 2009	('000 OMITTED) FOR THE YEAR ENDED 31ST MARCH 2008
INCOME			
Sales	13	61,322	20,589
Other Income	14	874	27,099
		<u>62,196</u>	<u>47,688</u>
EXPENDITURE			
Cost of Construction		6,958	5,268
Cost of Traded Goods		25,662	—
Employee Cost	15	10,350	7,059
Operating and Other Expenses	16	27,025	24,960
Financial Charges (Net)	17	20,243	24,407
		<u>90,238</u>	<u>61,694</u>
Profit/(Loss) Before Depreciation		(28,042)	(14,006)
Depreciation		1,294	10,137
Profit/(Loss) after depreciation before Exceptional Items		(29,336)	(24,143)
Exceptional Items		—	11,000
Profit/(Loss) after Exceptional Items		(29,336)	(13,143)
Provision for Taxation			
Current		—	—
Less: Release of Deferred Tax Liability (Refer Note No. 15)		(215)	(3,096)
Fringe Benefit Tax		84	88
Profit/(Loss) After Tax		(29,205)	(10,135)
Add/Less: Prior Period Income/(Expenditure)		(251)	—
Profit/(Loss) After Tax before Extra Ordinary Items		(29,456)	(10,135)
Extra-Ordinary Items (Refer Note No.3)	18	38,375	—
Profit/(Loss) after Extra Ordinary Items		8,919	(10,135)
Balance brought forward from previous year		(567,504)	(557,369)
Balance carried to Balance Sheet		<u>(558,585)</u>	<u>(567,504)</u>
Earning Per Share Basic/Diluted before extra ordinary items (not annualised)		(2.81)	(0.97)
Earning Per Share Basic/Diluted after extra ordinary items (not annualised) (Refer Note No.14)		0.85	(0.97)
Significant Accounting Policies and Practices and Notes on Accounts	19		

As per our attached report of even date

For and on behalf of the Board

For HARIBHAKTI & CO.

Chartered Accountants

RAKESH RATHI

Partner

M No 45228

D. N. SINGH

Technical Director

H. D. RAMSINGHANI

Chairman

Place : Mumbai

Date : June 30, 2009

Place : Mumbai

Date : June 30, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

('000 OMITTED)

	AS AT 31ST MARCH 2009	AS AT 31ST MARCH 2008
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10/- each	500,000	500,000
Issued, Subscribed & Paid - up:		
1,04,69,400 (1,04,69,400) Equity Shares of Rs. 10/- each	104,694	104,694
	<u>104,694</u>	<u>104,694</u>

SCHEDULE 2
RESERVES AND SURPLUS

Capital Reserve	6,030	6,030
	<u>6,030</u>	<u>6,030</u>

SCHEDULE 3
SECURED LOANS

Working Capital Loans From Banks	17,459	39,346
Interest accrued and due	11,567	40,056
	<u>29,026</u>	<u>79,402</u>

NOTES:

- Working Capital Loans are secured by hypothecation of raw materials, stock-in-process, finished goods, stores and spares and book debts by way of second *pari passu* charge on fixed assets at Patalganga and personal guarantee of a Director.
- Bank of Baroda has absolutely assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. the facilities together with all underlying security interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities.

SCHEDULE 4
UNSECURED LOANS

Sales Tax Deferral	270,778	250,523
	<u>270,778</u>	<u>250,523</u>

SCHEDULE 5
FIXED ASSETS

(*000 OMITTED)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.08	ADDITION	DEDUCTION	AS AT 31.03.09	AS AT 01.04.08	FOR THE YEAR	DEDUCTION/ ADJUSTMENT	AS AT 31.03.09	AS AT 31.03.09	AS AT 31.03.08
FREE HOLD LAND	3,731	—	—	3,731	—	—	—	—	3,731	3,731
LEASE HOLD LAND	256	—	—	256	59	3	—	62	194	197
BUILDINGS	27,105	—	—	27,105	11,231	534	—	11,765	15,340	15,874
PLANT AND MACHINERY	345,173	—	—	345,173	341,772	537	—	342,309	2,864	3,401
FURNITURE AND FIXTURE	4,367	4	—	4,371	3,781	152	—	3,933	438	586
OFFICE EQUIPMENTS	4,798	—	—	4,798	4,366	68	—	4,434	364	432
VEHICLES	1,094	—	—	1,094	1,094	—	—	1,094	—	—
TOTAL	386,524	4	—	386,528	362,303	1,294	—	363,597	22,931	24,221
PREVIOUS YEAR	403,002	3	16,481	386,524	357,972	10,137	5,806	362,303	24,221	45,030

NOTES:

- Freehold land includes an amount of Rs. 1.21 lacs (Rs. 1.21 lacs) in respect of land for which registration is in the process of being effected.
- Fixed assets of the Company is also mortgaged on first *pari-passu* charge basis in favour of Financial Institution and Banks to secure Term Loan sanctioned to Rainbow Denim Ltd for its Denim Division which was earlier division of the company.

('000 OMITTED)
AS AT
31ST MARCH
2009

AS AT
31ST MARCH
2008

SCHEDULE 6

INVESTMENTS (At cost)

Long Term

Unquoted

Nil (7,99,800) Equity Shares of Rainbow Agri Industries Ltd. of Rs. 10/- each fully paid up

Less: Provision for Diminution in the Value of Investment

—	3,999
—	2,399
<u>—</u>	<u>1,600</u>

SCHEDULE 7

CURRENT ASSETS, LOANS AND ADVANCES

INVENTORIES (AT COST)

(As taken, valued & certified by Management)

Stores and Spares

32,052

37,994

Stock in Bonded Warehouse

18,771

18,771

Stock in Trade (shares)

7

7

50,830

56,772

SCHEDULE 8

SUNDRY DEBTORS (Unsecured)

Outstanding Over Six months

Considered good

384

8,340

Considered doubtful

384

8,340

Outstanding under Six months

Considered good

384

10,825

Less: Provision for Doubtful Debts

384

19,165

384

18,781

SCHEDULE 9

CASH AND BANK BALANCES

Cash on Hand

127

615

Balances with Scheduled Banks

— Current Accounts

513

3,610

— Deposit Accounts

261

1,014

774

4,624

901

5,239

SCHEDULE 10

LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received

8,238

8,135

Other Advances

Considered good

207,292

137,326

Considered doubtful

22,782

24,915

230,074

162,241

Less: Provision for Doubtful Advances

22,782

22,784

207,292

139,457

Balance with Central Excise

327

327

215,857

147,919

	AS AT 31ST MARCH 2009	('000 OMITTED) AS AT 31ST MARCH 2008
SCHEDULE 11		
OTHER CURRENT ASSETS		
Security and Other Deposit	2,473	2,499
Other Receivable	2,695	1,596
	<u>5,168</u>	<u>4,095</u>

SCHEDULE 12
CURRENT LIABILITIES AND PROVISIONS
CURRENT LIABILITIES

Sundry Creditors	—	—
Due to MSME	—	—
Other Creditors	4,139	5,843
	<u>4,139</u>	<u>5,843</u>
Advance from Customers	24,208	13,838
Other Liabilities	410,342	359,184
Interest accrued but not due	98	98
	<u>438,787</u>	<u>378,963</u>
PROVISIONS		
Fringe Benefit Tax (Net of Advance Tax)	2	3
Gratuity	891	856
Leave Encashment	519	411
Bonus/Exgratia	584	497
	<u>1,996</u>	<u>1,767</u>
	<u>440,783</u>	<u>380,730</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED 31ST MARCH 2009	('000 OMITTED) FOR THE YEAR ENDED 31ST MARCH 2008
SCHEDULE 13		
SALES		
Revenue from Construction Division	16,813	20,589
Sales — Traded Goods	44,509	—
	<u>61,322</u>	<u>20,589</u>

SCHEDULE 14
OTHER INCOME

Dividend Income	21	22
Profit on Sale of Assets	—	2
Sundry Balances Written Back	422	26,583
Miscellaneous Income	431	492
	<u>874</u>	<u>27,099</u>

SCHEDULE 15

EMPLOYEE COST:

	FOR THE YEAR ENDED 31ST MARCH 2009	(‘000 OMITTED) FOR THE YEAR ENDED 31ST MARCH 2008
Salaries, Wages and Allowances	9,158	6,335
Contribution to P.F./F.P.F.	455	380
Welfare and Other Amenities	737	344
	<u>10,350</u>	<u>7,059</u>

SCHEDULE 16

OPERATING AND OTHER EXPENSES:

Power and Fuel	2,515	3,127
Warehouse Charges	197	199
Consumption of Stores and Spares	9,124	5,606
Repairs to:		
Building	41	109
Plant and Machinery	7,566	7,466
Others	797	1,706
	8,404	9,281
Insurance	189	441
Rates, Taxes and Duties	397	182
Directors' Sitting Fees	46	40
Auditors' Remuneration		
Audit Fees	138	51
Tax Audit	6	34
Other Services	55	36
	199	121
Selling Expenses	150	—
Security Charges	698	402
Water Charges	130	134
Conveyance	868	606
Printing and Stationary	100	95
Postage and Telegram	117	120
Legal and Professional Charges	1,671	938
Share Department Expenses	140	176
Loss on Sale of Investment	800	2,399
Books and Periodicals	12	25
Travelling Expenses	93	245
Telephone and Telex	161	97
Staff Recruitment Expenses	98	234
Bank Charges	261	53
Miscellaneous Expenses	655	439
	<u>27,025</u>	<u>24,960</u>

SCHEDULE 17

FINANCIAL CHARGES (NET)

Interest on Other Loans	20,670	24,541
Less: Interest Received	427	134
	<u>20,243</u>	<u>24,407</u>

('000 OMITTED)

Year ended 31.03.2009	Year Ended 31.03.2008
--------------------------	--------------------------

SCHEDULE 18

EXTRA-ORDINARY ITEMS

Waiver of Interest by Bank	28,488	—
Remission in Principal by Bank	9,887	—
	38,375	—

SCHEDULE 19

SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES AND NOTES ON CONSOLIDATED ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statement relate to Rama Petrochemicals Ltd. (the company) and Rama Capital & Fiscal Services Pvt. Ltd., (the Subsidiary). The Consolidated Financial Statements have been prepared on the following basis :

The financial statements of the Company and its subsidiary Company have been combined on a line by line basis by adding together the books values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2009.

The excess of cost to the Company's of its investment in the subsidiary company over the company's position of the equity of the subsidiary is recognized in the financial statement as Goodwill.

As the Company hold 100% equity in a subsidiary company, question of minority interest does not arise. Subsidiary company is incorporated in India.

B. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting :

The Company maintains its accounts on accrual basis following historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the requirements of the Companies Act, 1956.

2. Accounting for Construction Division :

In respect of Construction Division, the Company follows "Percentage of Completion Method of Accounting" which is based upon technical estimates of cost to be incurred to complete the project.

3. Revenue Recognition :

- a. Revenue is recognized when the substantial risks and rewards of ownership is transferred to the buyer on dispatch of goods.
- b. Claims and damages are accounted as and when they are finalized.

4. Fixed Assets :

Fixed assets have been stated at cost including related incidental expenditure less accumulated depreciation.

5. Depreciation :

- a. Depreciation on Fixed Assets is provided on Straight Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b. Depreciation on addition / deletion is provided pro-rate basis with reference to the date of addition / deletion as the case may be.
- c. Individual low cost assets acquired for less than Rs. 5000/- are depreciated fully in the year of acquisition.

6. Impairment of Assets :

- a. The carrying amounts of assets are reviewed by the management at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever

the carrying amount of assets exceeds its recoverable amount. The recoverable amount is greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

- b. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognized impairment loss is increased or reversed depending upon changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

7. Excise Duty :

Excise duty, if applicable, has been accounted on the basis of payment made in respect of finished goods cleared. No provision is made for the finished good lying in bonded warehouse.

8. Foreign Currency Transactions :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The gain or loss arising out of settlement / translation of the assets and the liabilities at the closing rates due to exchange fluctuations is recognized as income / expenditure in the profit and loss account.

9. Investments :

Investments classified as long term investments are stated at cost. Provision is made to recognize any diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost or fair value.

10. Valuation of Inventories :

- a. Raw Material and Stores & Spares are valued at cost (on "first in first out basis") or market value whichever is lower.
- b. Stock in transit are valued at cost or market value whichever is lower.
- c. Finished goods are valued at cost or net realizable value, whichever is lower.
- d. In case of subsidiary company, inventories (Shares & Securities) have been valued at cost or market price whichever is lower on basket valuation method.

11. Employee's Benefits :

Long Term Employee Benefits :

a. Defined Contribution Plan :

The company has Defined Contribution plans for post employment benefits namely Provident Fund. Under the provident Fund Plan, the company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company's contribution to the above funds are charged to revenue every year.

b. Defined Benefit Plans :

The Company's liabilities towards gratuity and leave encashment are determined using the projected unit credit method as at the balance sheet date. Actuarial gains / losses are recognized immediately in the profit and loss account. Long term compensated absences are provided for based on actuarial valuations.

- c. In case of subsidiary company provision for leave encashment and gratuity are made on the basis of actual valuation based on the period of service.

12. Provision for Current and Deferred Tax :

- a. Tax expenses comprise both current tax and deferred tax. Provision for the current income tax is made on the basis of relevant provision of the Income Tax Act, 1961 as applicable to the financial year.
- b. Deferred Tax resulting from the "Timing Difference" between book profit and taxable profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing difference are expected to crystallize. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that the sufficient future taxable income will be available against which such deferred tax asset can be realized.

13. Provisions :

A provision is recognized when the company has a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation, in respect of which a reliable

estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

14 Contingent Liabilities :

Contingent liabilities, if any are disclosed in the notes on accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the board of directors and which have material effect on the position stated in the balance sheet.

In case of subsidiary company, the value of assigned liability is determined on the basis of present value of the liability at the end of the year. The difference between the present value in the beginning of the year and at the year end is treated as finance charges for the year.

C. NOTES ON ACCOUNTS :

1. Contingent Liabilities :

- a. Income Tax and Excise Duty claims not acknowledged by the Company Rs. 480.83 lacs (Rs. 516.77 lacs). The Company is in appeal for these claims.
- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs.10,968.76 lacs (Rs. 10,968.76 Lacs)

2. Interest Free Sales Tax Deferment :

The Company had a liability of Rs. 3123.33 lacs payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol division for which NPV as on 31.03.2009 is Rs. 2505.23 Lacs. The Company has assigned the said liability to subsidiary company during the year 1999-2001. The subsidiary company had paid Rs. 19.89 Lacs (Rs.19.89 lacs) upto 31st March 2009 out of Rs. 2,375.52 Lacs (Rs. 2,024.37 lacs) due upto 31st March 2009. Since the subsidiary company have failed in paying the sales tax dues, the assignor is responsible to pay the same. The company is registered under BIFR, no due is paid to the sales tax department.

3. The Company has finalized One Time Settlement (OTS) with its bankers and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to Rs. 284.88 lacs and the remission in principal to Rs. 98.87 lacs which have been treated as Extra – Ordinary items in the profit and loss account.
4. The outstanding balances of debtors, creditors, secured loans and advances from customers and balances with excise authorities are subject to confirmation and reconciliation.
5. In the absence of information from suppliers of their status as defined under “Micro, Small and Medium Enterprises Development Act, 2006”, amount overdue and interest payable thereon, if any, cannot be quantified.
6. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
7. The company has not provided
 - a. Interest of Rs. 67.16 Lacs (Rs. 105.59 Lacs) on working capital loans from banks, during the year due to this the profit is overstated and secured loans are under stated by the same.
 - b. Interest on custom duty aggregating to Rs. 50.41 Lacs (Rs. 43.52 Lacs) till March 31, 2009.
8. The operation of company's methanol division has been unviable and in turn forced the company to suspend its production activities since Sept.'1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas is at advance stage, the company is hopeful that the plant is likely to restart soon. Accordingly the company continues to prepare accounts on the basis of “Going Concern Concept”.
9. As mentioned earlier that the company had suspended its production activities since Sept'1999, as a result of this the company has transferred some of the employees to other Division/Group Companies w.e.f. 30th October, 1999. None of the transferred employees has reported to their duties and they have approached the Industrial Court. However, Company does not expect any financial liability, apart from their service benefit, which has been provided in the books of account.

10. The disclosures required under Accounting Standard 15 "Employees Benefits" are given below :

A. Defined Contribution Plan

Provident Fund

The Company has recognized the following amount in the profit and loss account for the year

Employer's contribution to provident Fund

Rs. 4.55 Lacs

B. Defined Benefit Plan

The Company has a defined benefit plan for gratuity and leave encashment.

The disclosure as required by AS - 15 "Employees Benefits" towards gratuity are as under :

a. Changes in the present value of the defined benefit obligation are as follows :

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Opening defined benefit obligation	8.29	9.22
Interest cost	0.78	0.69
Current service cost	2.22	0.99
Benefits paid	(1.60)	(3.12)
Actuarial (gains) / losses on obligation	(1.09)	0.51
Closing defined benefit obligation	8.59	8.29

b. Changes in the fair value of plan assets are as follows:

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Opening fair value of plan assets	0	0
Expected return	0	0.12
Contributions by employer	0	3.12
Benefits paid	(1.60)	(3.12)
Actuarial gains / (losses)	2.69	(0.12)
Closing fair value of plan assets	0	0
Actuarial Return on plan Assets	0	0
Estimated contribution to be made in next annual year	0	0

c. Reconciliation of the Present Value of Defined Present Obligations and the Fair value of Assets

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Present value of Funded Obligation	(8.59)	(8.29)
Fair value of Plan Assets	0	0
Funded (Asset)/Liability recognized in the Balance Sheet	0	0
Present value of Unfunded Obligation	0	0
Unrecognised Past Service Cost	0	0
Unrecognised Actuarial	0	0
Unfunded Net Liability recognized in the Balance Sheet	(8.59)	(8.29)

d. Balance Sheet

Details of Provision for gratuity

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Defined benefit obligation	(8.59)	(8.29)
Fair value of plan assets	0	0
Liability recognised in Balance Sheet	(8.59)	(8.29)

e. Profit and Loss Account

Net employee benefit expenses

	March 31, 2009 (Rs. in lacs)	March 31, 2008 (Rs. in lacs)
Current service cost	2.22	0.99
Interest cost on benefit obligation	0.78	0.69
Expected return on plan assets	0	(0.12)
Net Actuarial (gain)/ loss recognized in the year	(1.60)	0.63
Total Expenses recognized in the Profit & Loss Account	0.30	2.19

f. The principal assumptions used in determining gratuity obligations for the Company's plans are shown below :

	March 31, 2009	March 31, 2008
Discount rate	7.00%	8.00%
Expected rate of return on assets	7.00%	8.00%
Salary Escalation	4.00%	4.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Type of Plan	Unfunded	Unfunded

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

In case of subsidiary company, provision for leave encashment and gratuity are made on the basis of actual valuation based on the period of service. The difference on account of actuarial valuation is not likely to be significant and hence not considered.

- 11.** In respect of Methanol Division of the company, valuation report dated May 4, 2005 from registered valuer has been obtained and considering the same, the management is of the opinion that there is no loss on account of impairment of assets as per AS – 28 “Impairment of Assets” as issued by ICAI pertaining to this division.

12. Segment Reporting :

The Company is having only primary segment which is business segment and it is not having any secondary segment.

Information about Primary Business Segment :

(‘000 Omitted)

	Methanol		Construction		Trading		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
External Sales/Income	—	—	16813	20589	44509	—	61322	20589
Add : Intersegment Sales	—	—	—	—	—	—	—	—
Total Sales / Income	—	—	16813	20589	44509	—	61322	20589
Less: Intersegment Sales	—	—	—	—	—	—	—	—
Total Revenue	—	—	16813	20589	44509	—	61322	20589
Segment Result before interest, exceptional / extraordinary items	(36968)	(39119)	9853	15405	18022	23978	(9093)	264

Information about Primary Business Segment : (Contd.)

Less : Unallocable Income / (Expenses)		
Financial Charges (Net)	20243	24407
Profit / (Loss) before exceptional / extra ordinary items & tax	(29336)	(24143)
Exceptional items	—	11000
Profit / (Loss) before Tax	(29336)	(13143)
(Provision) / Release of Deferred Taxes	215	3096
Fringe Benefit Tax	84	88
Profit / (Loss) after Tax	(29205)	(10135)

OTHER INFORMATION

(‘000 Omitted)

	Methanol		Construction		Trading		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Segment Assets	88042	96526	10575	12592	198737	148000	297354	257118
Segment Liabilities	279544	118656	17261	12999	143978	249075	440783	380730
Depreciation	1203	10047	—	—	91	90	1294	10137
Non cash expenses other than depreciation	—	—	—	—	—	—	—	—
Unallocated Segment Assets :							2009	2008
Goodwill							113	113
Unallocated Segment Liabilities :								
Secured Loans							29026	79402
Unsecured Loans							270778	250523
Deferred Tax Liability							4741	4956

13. Related Party Disclosure :

a. List of Related Parties and Relationships (As Certified by the Management)

	Party	Relation
i	Rainbow Denim Ltd Rama Phosphates Ltd Rama Industries Ltd. Rainbow Agri Industries Ltd. }	Key Management personnel exercising significant influence
ii	Indo-Us Investment Inc	Holding more than 20% equity in Rama Petrochemicals Ltd.
iii	Key Management Personnel Mr H D Ramsinghani Mr D N Singh Mr S S Arora	Chairman Technical Director Director
iv	Relatives of Key Management Personnel Bluelagoon Investment Pvt Ltd.	Relatives of Key Management Personnel holds more than 20% share holding

b. Related Party Transactions

(000' omitted)

	Companies		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Loans/Advances Received	203961	136992	—	—	—	—	203961	136992
Loans/Advances Given	197652	36675	—	—	—	12687	197652	49362
Sitting Fees	—	—	46	8	—	—	46	8
Debit Balance Outstanding	—	—	—	—	—	—	—	—
Credit Balance Outstanding	155425	149116	—	—	—	—	155425	149116
Debit/Credit Balances W/off or (W/Back)	—	—	—	—	—	—	—	—

14. Earning Per Share (EPS)

	Unit	31.03.2009	31.03.2008
i Net Profit / (Loss) after Tax available for equity shareholder	In Thousand	8919	(10135)
ii Weighted Average No of Equity Shares for Basic & Diluted EPS	Nos	10469400	10469400
iii Nominal Value of Equity Shares	Rs.	10.00	10.00
iv Basic / Diluted Earning per Share (i/ii)	Rs	0.85	(0.97)

15. Deferred Tax Liability

The Company's Methanol Unit is closed and company is yet to finalise the scheme of revival of the unit in consultation with operating agency appointed by BIFR. In view of this, the company is not expecting any taxable profit in near future. Hence no deferred tax asset is created on account of huge carryforward losses under Income Tax Act. Working of deferred tax liability is as under :

('000 Omitted)

	31.03.2008	Current Year	31.03.2009
Deferred Tax Liability			
Difference between WDV of Fixed Assets	4,956	(215)	4,741
Deferred Tax Assets			
Net Deferred Tax Liability / (Asset)	4,956	(215)	4,741

16. a. No remuneration is paid to Whole Time Director during the year under review u/s 198 of the Companies Act 1956.

b. No commission is payable to Directors hence computation of net profit u/s 349 of Companies Act 1956, is not applicable.

17. Information pursuant to the provisions of paragraphs (3) and (4) of part II of Schedule VI of the Companies Act, 1956

a. Manufactured Goods : Methanol

Installed Capacity (MTs)	Opening Stock (MTs)	Production (MTs)	Closing Stock (MTs)	Sales Qty. (MTs)	Sales Value (Rs. in lacs)
60000 (60000)	NIL NIL	NIL NIL	NIL NIL	NIL NIL	NIL NIL

- b. Opening and Closing stock of shares and debentures of Subsidiary Company at the beginning of the current year is Rs. 6,625/- and at the end of the current year Rs. 6,625/-
- c. Quantitative details of Traded Chemical Goods

Particular	Opening Stock Value MT	Opening Stock Value Rs.	Purchase MT	Purchase Value Rs	Sales MT	Sales Value Rs	Closing Stock MT	Closing Stock Value Rs.
Granular Sulphur	Nil	Nil	4400.000	1,63,05,193	4400.000 *	2,14,18,058	Nil	Nil
Spent Acid Sulphuric Acid 98%	Nil	Nil	1960.315	65,08,798	1960.315	1,48,31,169	Nil	Nil
	Nil	Nil	995.170	28,47,738	995.170	82,59,910	Nil	Nil

* Includes 21.820 MT Material handling loss.

- d. Raw Material Consumed : **Rs. NIL** (NIL)

18. Value of Imported / Indigenous Raw Material, Stores and Spares Consumed

	2008 - 2009		2007 - 2008	
	Value (‘000 omitted)	%	Value (‘000 omitted)	%
Stores & Spares				
Imported	6097	66.82	462	8.24
Indigenous	3027	33.18	5144	91.76
	9124	100.00	5606	100.00

19. C.I.F. Value of Imports : Rs. 136.81 Lacs (NIL)

20. Earnings in Foreign Currency : Rs. NIL (NIL)

Expenditure in Foreign Currency :

Membership and Subscription	Rs. 1.03 Lacs	(NIL)
Travelling Expenses	Rs. 0.53 Lacs	(NIL)
Advances	Rs. 11.37 Lacs	(NIL)

21. Previous year figures are given in brackets and have been regrouped / rearranged wherever necessary to make them comparable.

22. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statement.

Signature to Schedule 1 to 19

For and on behalf of the Board

Place : Mumbai

Date : June 30, 2009

D. N. SINGH

Technical Director

H. D. RAMSINGHANI

Chairman

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

('000 Omitted)

	AS AT 31st March 2009	AS AT 31st March 2008
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	8,919	(10,135)
Add: Depreciation	1,294	10,137
Diminution in the value of Investment	—	2,399
Deferred Tax and FBT	(131)	(3,008)
Prior Period Items	251	—
Interest Paid	20,670	24,541
	<u>22,084</u>	<u>34,069</u>
	31,003	23,934
Less: Interest Received	427	134
Dividend Income	21	22
Extra - Ordinary Items	38,375	—
Profit on Sale Of Assets	—	2
	<u>38,823</u>	<u>158</u>
Operating Profit before Working Capital Changes	(7,820)	23,776
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	(50,248)	(146,831)
Increase/(Decrease) in Trade Payables	59,718	159,404
(Increase)/Decrease in Inventories	5,942	(870)
	<u>15,412</u>	<u>11,703</u>
	7,592	35,479
Net Cash from Operative Activities (A)	<u>7,592</u>	<u>35,479</u>
B. CASHFLOW FROM INVESTING ACTIVITIES		
Net Fixed Asset movements	(1,562)	(1)
Investments	1,600	—
Dividend Income	21	22
	<u>59</u>	<u>21</u>
Net cash used in investing activities (B)	<u>59</u>	<u>21</u>
C. CASHFLOW FROM FINANCING ACTIVITIES		
Net Receipt of Borrowing	8,254	(6,345)
Interest Received	427	134
Interest Paid	20,670	24,541
	<u>(20,243)</u>	<u>(24,407)</u>
Net cash used in financial activities (C)	<u>(11,989)</u>	<u>(30,752)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(4,338)	4,748
Cash & Cash Equivalents (Opening Balance)	5,239	491
Cash & Cash Equivalents (Closing Balance)	901	5,239

For and on behalf of the Board

Place : Mumbai
Date : June 30, 2009

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

DIRECTOR'S REPORT

Your Directors present the 15th Annual Report together with the audited statement of Accounts for the year ended on 31st March, 2009.

FINANCIAL HIGHLIGHTS :

	Year Ended 31.03.2009 (Rupees)	Year Ended 31.03.2008 (Rupees)
Profit / (Loss) before Depreciation	(19,36,218)	(4,72,252)
Less : Depreciation	90,534	90,534
Less : Fringe Benefit Tax	220	143
Profit / (Loss) after Tax	(20,26,972)	(5,62,929)
Add : Balance Brought Forward	(24,39,95,935)	(24,34,33,006)
Balance Carried to Balance Sheet	(24,60,22,907)	(24,39,95,935)

DIVIDEND :

In view of losses for the year under review, your Directors do not recommend any dividend on Equity Shares.

OPERATIONS :

During the year under review, the company could not carry on financial services like Bill Discounting, Leasing, Inter Corporate Deposits etc. due to financial constraints. The Company has carried out some trading activities during the year.

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 accounting policies have been selected and applied consistently and have made judgement 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, 2009 and the loss of the Company for the year ended March 31, 2009;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis :

DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 :

A. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company has no activity relating to conservation of Energy, Research & Development or Technology absorption.

B. FOREIGN EXCHANGE EARNING AND OUTGO :

Income : NIL

Expenditure : NIL

PARTICULARS OF EMPLOYEES :

There are no employees drawing remuneration in excess of limits specified under section 217 (2A) of the companies Act, 1956. Hence the statement under Section 217(2A) of the Companies Act, 1956 has not been appended to the report.

DIRECTORS :

In accordance with the Article of Association of the company Mr. S. S. Arora retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

During the year under review, Mr. H. D. Ramsinghani and Mr. Deonath Singh ceased to be the Directors of the Company. The Board places on record its appreciation of the valuable contribution made by Mr. H. D. Ramsinghani and Mr. Deonath Singh during their association with the Company.

During the year under review, Mr. C. M. Divakaran Nair & Mr. Vinod Sharma were appointed as Additional Directors of the Company.

FIXED DEPOSITS :

Your Company has not accepted any public deposits during the financial year under review.

AUDITORS :

The Auditors M/s Dayal & Lohia Chartered Accountants retire on the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENTS :

The Directors wish to place on record their appreciation of the assistance and co-operation extended to the Company by the Bankers.

For and on behalf of the Board

S. S. ARORA
Director

VINOD SHARMA
Director

Place : Mumbai

Date : 31st July, 2009

AUDITOR'S REPORT

To The Members of

RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED

We have audited the attached Balance Sheet of RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date, and also the Cash flow statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by CARO (Amendment) 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, on the basis of such checks of the books and records of the company as we considered appropriate and the information and explanation given to us during the course of our audit;
3. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and based on the declaration given by the directors and other information and explanations given to us, none of the directors are disqualified as on 31st March, 2009 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies' Act, 1956, in the manner so required and gives a true and fair view,
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009; and
 - ii. in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Dayal and Lohia**
Chartered Accountants

(Anil Lohia)

Partner

M. No.: 31626

Place : Mumbai.

Dated : June 30, 2009

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 of our Report of even date on the accounts of RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED for the year ended 31st March, 2009.)

1. In respect of its Fixed assets:
 - a) The Company has maintained proper records showing particulars, including quantitative details and situations of fixed assets;
 - b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
 - c) The Company has not disposed off any substantial part of fixed assets so as to affect its going concern status.
2. In respect of its inventories:
 - a) The management, during the year, has physically verified the inventories. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- c) No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
3. The Company has not granted or taken interest free loans to/from parties covered under register maintained under section 301 of the Companies Act, 1956. As the Company has not granted or taken loans to/from parties listed under register maintained Section 301 of the Companies Act. 1956 paragraphs (iii) (b), (c), (d), (e), (f) and (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
 - a) According to the information and explanations given to us, we are of the opinion that there is no contract or arrangement that needs to be entered into the register maintained under section 301 of the Companies Act, 1956.
 - b) As the Company has not done any transaction with parties listed under register maintained under Section 301 of the Companies Act. 1956 paragraph (v) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provision of the Act and Rules framed there under.
7. ***The Company does not have a formal internal audit system during the year.***
8. According to the information and explanation given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1)(d) of the Act.
9. a) According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues outstanding as on 31st March, 2009, for a period of more than six months from the date they became payable, **except the amount of assigned Sales-tax liability indicated in Note i(a) to Schedule 14.**
 - b) According to the records of the Company and information and explanations given to us there are no dues of sales tax, income tax, wealth tax, service tax, custom duty, excise duty or Cess on account of any disputes.
10. The Company has accumulated losses amounting to Rs. 2,460.23 Lacs as at 31st March, 2009 which is more than 50% of its net worth. During the year and in immediately preceding financial year, it has incurred cash losses amounting to Rs.19.36 lacs and Rs. 4.72 lacs respectively.
11. On the basis of our examination of the books and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or any other securities.
13. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Fund/Society.
14. In our opinion, the Company is maintaining proper record of the transactions and contracts of dealing in shares and securities and other investments and timely entries have been made in the records. The shares, securities, debentures and other investments are held by the Company in its own name.
15. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution. However, the Company has mortgaged its building shown under Fixed Assets for the loans taken by Rama Phosphates Ltd., an associate Company, from Financial Institutions and banks.
16. In our opinion and on the basis of information and explanations given to us no term loans are availed by the Company during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been used for long term investment by the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, and to the best of our knowledge and belief no fraud on or by the Company, has been noticed or reported during the year.

For Dayal and Lohia
Chartered Accountants

(Anil Lohia)
Partner

M. No.: 31626

Place : Mumbai.
Dated : June 30, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCH	Rupees	Rupees	As At 31st March, 2009 Rupees	As At 31st March, 2008 Rupees
SOURCES OF FUNDS:					
Shareholders' Fund:					
Share Capital	1			30,003,000	30,003,000
Loan Funds:					
Unsecured Loans:					
(Ref Note i (a) of Schedule 14)				270,778,406	250,523,045
	TOTAL			300,781,406	280,526,045
APPLICATION OF FUNDS:					
Fixed Assets:	2				
Gross Block			2,352,223		2,352,223
Less: Depreciation			1,197,081		1,106,547
Net Block				1,155,142	1,245,676
Investments:	3			—	1,599,600
Current Assets, Loans and Advances:					
Inventories	4	6,625			6,625
Sundry Debtors	5	—			7,955,428
Cash and Bank Balances	6	139,941			1,672,803
Loans and Advances	7	377,048,098			273,124,940
			377,194,664		282,759,796
Less: Current Liabilities and Provisions:	8				
Current Liabilities		323,552,077			249,041,624
Provisions		39,230			33,338
			323,591,307		249,074,962
Net Current Assets				53,603,357	33,684,834
Profit and Loss Account:				246,022,907	243,995,935
	TOTAL			300,781,406	280,526,045
Significant Accounting Policies and Practices and Notes on Accounts	14				

As per our attached report of even date

for and on behalf of the Board

For DAYAL & LOHIA
Chartered Accountants

ANIL LOHIA
Partner
M No. 31626

V. G. SHARMA
Director

S. S. ARORA
Director

Place : Mumbai
Date : June 30, 2009

Place : Mumbai
Date : June 30, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCH	For the Year Ended 31st March, 2009 Rupees	For the Year Ended 31st March, 2008 Rupees
INCOME:			
Sales		44,509,137	—
Other Income	9	844,580	26,675,921
		<u>45,353,717</u>	<u>26,675,921</u>
EXPENDITURE:			
Cost of Sale	10	25,661,729	—
Employee Cost	11	105,430	92,066
Selling, Administrative and Other Expenses	12	1,473,552	2,515,237
Finance Charges (Net)	13	20,049,224	24,540,870
		<u>47,289,935</u>	<u>27,148,173</u>
Profit/(Loss) Before Depreciation		<u>(1,936,218)</u>	<u>(472,252)</u>
Depreciation		90,534	90,534
Profit/(Loss) Before Tax		<u>(2,026,752)</u>	<u>(562,786)</u>
Fringe Benefit Tax		220	143
Profit/(Loss) After Tax		<u>(2,026,972)</u>	<u>(562,929)</u>
Balance brought forward from previous year		<u>(243,995,935)</u>	<u>(243,433,006)</u>
Balance carried to Balance Sheet		<u><u>(246,022,907)</u></u>	<u><u>(243,995,935)</u></u>
Earning per Share Basic/Diluted (Rupees)		<u>(4.05)</u>	<u>(1.13)</u>
Significant Accounting Policies and Practices and Notes on Accounts	14		

As per our attached report of even date

for and on behalf of the Board

For DAYAL & LOHIA
Chartered Accountants

ANIL LOHIA
Partner
M No. 31626

V. G. SHARMA
Director

S. S. ARORA
Director

Place : Mumbai
Date : June 30, 2009

Place : Mumbai
Date : June 30, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

As At
31st March, 2009
Rupees

As At
31st March, 2008
Rupees

SCHEDULE 1 SHARE CAPITAL:

Authorised:

25,00,000 (25,00,000) Equity Shares of Rs.10/- each	25,00,000	25,00,000
25,00,00Q (25,00,000) Cumulative Convertible Preference Shares of Rs. 10/- each	25,00,000	25,00,000
	<u>50,00,000</u>	<u>50,00,000</u>

Issued, Subscribed and Paid Up:

5,00,300 (5,00,300) Equity Shares of Rs. 10/- each	5,003,000	5,003,000
25,00,000 (25,00,000) 9% 20 years Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each issued on 09th September, 1993	25,00,000	25,00,000
	<u>30,003,000</u>	<u>30,003,000</u>

All the above shares are held by the holding company M/s Rama Petrochemicals Ltd.

SCHEDULE 2 FIXED ASSETS:

(Rupees)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 01-04-08	ADDITION/ (DEDUCTION)	AS AT 31-03-09	AS AT 01-04-08	FOR THE YEAR	ADDITION/ (DEDUCTION)	AS AT 31-03-09	AS AT 31-03-09	AS AT 31-03-08
PREMISES	1,124,324	—	1,124,324	234,358	18,326	—	252,684	871,640	889,966
FURNITURE & FIXTURES	878,628	—	878,628	667,666	55,617	—	723,283	155,345	210,962
OFFICE EQUIPMENTS	146,120	—	146,120	85,024	6,941	—	91,965	54,155	61,096
AIR CONDITIONERS	203,151	—	203,151	119,499	9,650	—	129,149	74,002	83,652
TOTAL	2,352,223	—	2,352,223	1,106,547	90,534	—	1,197,081	1,155,142	1,245,676
PREVIOUS YEAR	3,457,422	(1,105,199)	2,352,223	2,121,194	90,534	(1,105,181)	1,106,547	1,245,676	1,336,228

As At
31st March, 2009
Rupees

As At
31st March, 2008
Rupees

SCHEDULE 3 INVESTMENTS:

Unquoted, Other than Trade:

Nil (799800) Shares of Rainbow Agri Industries Ltd. of Rs. 10/- each fully paid-up	—	3,999,000
Less: Provision for diminution in the value of Investment	—	2,399,400
	<u>—</u>	<u>1,599,600</u>

SCHEDULE 4 CURRENT ASSETS, LOANS AND ADVANCES:

INVENTORIES

(As taken, Valued and Certified by Management)

6,625	6,625
<u>6,625</u>	<u>6,625</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As At 31st March, 2009 Rupees	As At 31st March, 2008 Rupees
SCHEDULE 5		
SUNDRY DEBTORS		
(Unsecured)		
Outstanding over six month:		
Considered Good	—	—
Considered Doubtful	—	7,955,428
	<u>—</u>	<u>7,955,428</u>
SCHEDULE 6		
CASH AND BANK BALANCES		
Cash on Hand	8,975	6,505
Balances with Scheduled Banks in current accounts	130,966	1,666,298
	<u>139,941</u>	<u>1,672,803</u>
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured)		
Advances Recoverable in Cash or in Kind or for Value to be Received	48,138	256,499
Advance to Holding Company	179,612,711	136,006,628
To Others		
Considered Good	197,387,249	134,730,355
Considered Doubtful	—	2,131,458
	<u>197,387,249</u>	<u>136,861,813</u>
	<u>377,048,098</u>	<u>273,124,940</u>
SCHEDULE 8		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	26,905	556,783
Advance From Customers	4,779,054	—
Other Liabilities	318,746,118	248,484,841
	<u>323,552,077</u>	<u>249,041,624</u>
PROVISIONS		
Fringe Benefit Tax	50	—
Gratuity	31,500	27,000
Leave Encashment	3,780	2,438
Bonus/Exgratia	3,900	3,900
	<u>39,230</u>	<u>33,338</u>
	<u>323,591,307</u>	<u>249,074,962</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year Ended 31st March, 2009 Rupees	Year Ended 31st March, 2008 Rupees
SCHEDULE 9		
OTHER INCOME:		
Dividend Income	20,602	21,542
Profit on Sale of Assets	—	1,982
Sundry Balances Written Back	421,504	26,498,897
Miscellaneous Income	402,474	153,500
	<u>844,580</u>	<u>26,675,921</u>
SCHEDULE 10		
COST OF SALE		
Opening Stock	—	—
Add: Purchases	25,661,729	—
Less: Closing Stock	—	—
	<u>25,661,729</u>	<u>—</u>
SCHEDULE 11		
EMPLOYEE COST		
Salaries and Benefits	103,382	91,926
Staff Welfare	2,048	140
	<u>105,430</u>	<u>92,066</u>
SCHEDULE 12		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Selling Expenses	150,465	—
Auditors' Remuneration		
Audit Fees	5,515	5,618
Tax Audit Fees	5,515	5,618
Other Capacity	14,458	4,494
	25,488	15,730
Diminution in the value of Investment	—	2,399,400
Loss on Sale of Investment	799,800	—
Rates and Taxes	22,867	32,933
Insurance Charges	—	153
Printing and Stationary	7,340	—
Legal and Professional Charges	223,250	45,000
Bank Charges	18,637	12,151
L C Charges	192,972	—
Telephone Charges	3,131	—
Other Expenses	29,602	9,870
	<u>1,473,552</u>	<u>2,515,237</u>
SCHEDULE 13		
FINANCE CHARGES (NET)		
Interest — Others	20,255,361	24,540,870
Less: Interest Received	206,137	—
	<u>20,049,224</u>	<u>24,540,870</u>

SCHEDULE 14**SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES AND NOTES ON ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES**

- 1. Basis of Accounting:**
The Company maintains its accounts on accrual basis following historical cost convention in accordance with generally accepted accounting principles (GAAP) in India and in compliance with the requirements of the Companies Act, 1956.
- 2. Revenue Recognition:**
 - (a) Revenue is recognized when the substantial risks and rewards of ownership is transferred to the buyer on dispatch of goods.
 - (b) Claims and damages are accounted as and when they are finalized.
- 3. Fixed Asset:**
Fixed Assets have been valued at cost.
- 4. Depreciation:**
 - (a) Depreciation on Fixed Assets is provided on Straight Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
 - (b) Depreciation on addition/deletion is provided pro-rata basis with reference to the date of addition/deletion as the case may be.
 - (c) Individual assets acquired for less than Rs. 5000/- are depreciated fully in the year of acquisition.
- 5. Impairment of Assets:**
At each Balance Sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds recoverable amount.
- 6. Foreign Currency Transactions:**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. The gain or loss arising out of settlement/translation of the assets and the liabilities at the closing rates due to exchange fluctuations is recognized as income/expenditure in the profit and loss account.
- 7. Investments:**
Investments are shown at cost plus expenditure relating to their acquisition.
- 8. Inventories:**
 - (a) Inventories of Shares and debentures have been valued at cost or market price whichever is lower based on basket valuation method.
 - (b) Inventories are valued at Cost or Market Value whichever is lower.
- 9. Assigned Liability:**
The value of assigned liability is determined on the basis of present value of the liability at the end of the year. The difference between the present value in the beginning of the year and at the year end is treated as finance charges for the year.
- 10. Leave Encashment and Gratuity:**
Provision for Leave Encashment and gratuity are made on the basis of actual valuation based on the period of service.
- 11. Provision for Current and Deferred Tax:**
 - (a) Tax expenses comprise both current tax and deferred tax. Provision for the current income tax is made on the basis of relevant provision of the Income Tax Act, 1961 as applicable to the financial year.
 - (b) Deferred Tax resulting from the "Timing Difference" between book profit and taxable profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing difference are expected to crystallize. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that the sufficient future taxable income will be available against which such deferred tax asset can be realized.
- 12. Provisions:**
A provision is recognized when the company has a present obligation as a result of past events and it is probable that there will be an outflow of resources to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- 13. Contingent Liabilities:**
Contingent liabilities, if any are disclosed in the notes on accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the approval of the accounts by the board of directors and which have material effect on the position stated in the balance sheet.

B. NOTES ON ACCOUNTS

- i. Contingent Liabilities:**
 - (a) The Company has accepted assignments of sales tax deferral liabilities of Rs. 3123.33 lacs of a body corporate for which the net present value as on 31st March, 2009 is Rs. 2707.78 lacs. The aforesaid liability was to be discharged from 30th April, 2001 to 30th April, 2014 to the sales tax department of the Government of Maharashtra. The Company had paid Rs. 19.89 lacs (Rs. 19.89 lacs) upto 31st March, 2009 out of Rs. 2,375.52 lacs (Rs. 2,024.37 lacs) due upto 31st March, 2009.
 - (b) Income tax claims not acknowledged by the Company Rs. 226.78 Lacs (Rs. 258.18 Lacs) The Company is in appeal for the same.
 - (c) Dividend not declared on cumulative convertible preference shares Rs. 292.50 lacs (Rs. 270.00 lacs)
- ii. Leave encashment and Gratuity:**
Provision for Leave Encashment and gratuity are made on the basis of actual valuation based on the period of service. The difference on account of actuarial valuation is not likely to be significant and hence not considered.

Rama Capital & Fiscal Services Pvt. Ltd.

iii. Related Party Disclosure:

List of Related Parties and Relationships (As Certified by the Management)

Sl. No.	Party	Relation
1.	Rama Petrochemicals Ltd	Holding Company
2.	Mr. S. S. Arora	Key Management Personnel
3.	Rainbow Denim Ltd.	Key Management Personnel exercising significant influence
	Rainbow Agri Industries Ltd. }	

Related Party Transactions

	Holding Company		Exercising Significant Influence		Total	
	2009	2008	2009	2008	2009	2008
Loans/Advances Received	—	—	198900000	74675000	198900000	74675000
Loans/Advances Given	77866083	57775000	—	—	77866083	57775000
Loans/Advances Repaid	34260000	77205000	134774000	36675000	169034000	113880000
Debit Balance outstanding	179612711	136006628	—	—	179612711	136006628
Credit Balance Outstanding	—	—	114900000	50774000	114900000	50774000

iv. Earning Per Share (EPS)

	Unit	31.03.2009	31.03.2008
i Net Profit/(Loss) after tax available for equity shareholder	Rs.	(2026972)	(562929)
ii Weighted average No. of Equity Shares for basic and diluted EPS	Nos.	500300	500300
iii Nominal Value of Equity Shares	Rs.	10.00	10.00
iv Basic/Diluted Earning per Share	Rs.	(4.05)	(1.13)

v. Deferred Tax Liability

In accordance with the provisions of Accounting Standard (AS22) issued by The Institute of Chartered Accountants of India pertaining to accounting of taxes on income, in view of company not expecting any taxable profits in near future no deferred tax asset/liability is created on account of huge carryforward losses under income tax act.

- vi. (a) No remuneration is paid to directors during the year under review under section 198 of the Companies Act, 1956.
 (b) No commission is payable to directors hence computation of net profit under section 349 of the Companies Act, 1956 is not applicable.
- vii. In the absence of information from suppliers of their status as defined under "Micro, Small and Medium Enterprises Development Act, 2006", amount overdue and interest payable thereon, if any, cannot be quantified.
- viii. Balances of Debtors and Creditors are subject to confirmation.
- ix. Information pursuant to the provisions of paragraphs (3) and (4) of part II of Schedule VI of the Companies Act, 1956:
 Value of Stock of Shares and Debentures at the beginning of the current year is Rs. 6,625/- and at the end of the current year is Rs. 6,625/-
 Quantitative details of Traded Chemical Goods

Particular	Opening Stock MT	Opening Stock Value Rs.	Purchase MT	Purchase Value Rs.	Sales MT	Sales Value Rs.	Closing Stock MT	Closing Stock Value Rs.
Granular Sulphur	Nil	Nil	4400.000	1,63,05,193	4400.000 *	2,14,18,058	Nil	Nil
Spent Acid	Nil	Nil	1960.315	65,08,798	1960.315	1,48,31,169	Nil	Nil
Sulphuric Acid 98%	Nil	Nil	995.170	28,47,738	995.170	82,59,910	Nil	Nil

* : includes 21.820 MT material handling loss

- x. C.I.F. Value of Imports : Rs. 1,29,62,400/- (NIL)
- xi. Income and Expenditure in Foreign Currency
 Income : NIL (NIL)
 Expenditure : NIL (NIL)
- xii. Consumption of Raw Materials:
 Indigenous : NIL (NIL)
 Imported : NIL (NIL)
- xiii. Previous year figures are given in bracket and have been regrouped/rearranged wherever necessary to make them comparable.

For and on behalf of the Board

Place : Mumbai
 Date : June 30, 2009.

V. G. SHARMA
 Director

S. S. ARORA
 Director

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	(Amount in Rupees)	
	AS AT 31st March 2009	AS AT 31st March 2008
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(2,026,752)	(562,786)
Add: Depreciation	90,534	90,534
Interest Provided	20,255,361	24,540,870
Fringe Benefit Tax	(220)	(143)
Diminution of Investment	—	2,399,400
Loss on sale of Investments	799,800	—
	21,145,475	27,030,661
	19,118,723	26,467,875
Less: Dividend Income	20,602	21,542
Profit on Sale of Assets	—	1,982
	20,602	23,524
Operating Profit before Working Capital Changes	19,098,121	26,444,351
Adjustment for:		
(Increase)/Decrease in Trade & Other receivables	(95,967,730)	(114,613,409)
Increase/(Decrease) in Trade Payables	74,516,345	89,780,571
	(21,451,385)	(24,832,838)
Cash Generated from Operations	(2,353,264)	1,611,513
Net Cash from Operative Activities (A)	(2,353,264)	1,611,513
B. CASHFLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	—	2,000
Dividend Received	20,602	21,542
	20,602	23,542
Net cash used in investing activities (B)	20,602	23,542
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from sale of Investments	799,800	—
Net cash used in financial activities (C)	799,800	—
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(1,532,862)	1,635,055
Cash & Cash Equivalents (Opening Balance)	1,672,803	37,748
Cash & Cash Equivalents (Closing Balance)	139,941	1,672,803

As per our attached report of even date

For and on behalf of the Board

For DAYAL & LOHIA
Chartered Accountants

ANIL LOHIA
Partner
M.No. 31626

V. G. SHARMA
Director

S.S.ARORA
Director

Place : Mumbai
Date : June 30, 2009

Place : Mumbai
Date : June 30, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	11 - 72255	State Code	11
Balance Sheet Date	31.03.2009		

II Capital raised during the year ('000 omitted)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of funds ('000 omitted)

Total Liabilities	3,00,781	Total Assets	3,00,781
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Source of Funds

Paid up Capital	30,003	Reserves & Surplus	Nil
Secured Loan	Nil	Unsecured Loan	2,70,778

Application of Funds

Net Fixed Assets	1,155	Investments	—
Net Current Assets	53,603	Accumulated Losses	2,46,023

IV Performance of Company ('000 omitted)

Turnover	45,354	Total Expenditure	47,381
Profit/(Loss) before tax	(2,027)	Profit/(Loss) after tax	(2,027)
Earning per share Rs.	(4.05)	Dividend Rate %	Nil

V Generic Name of Principal Product of the Company

Item Code No. (ITC Code)	28070010	Item Code No. (ITC Code)	250300
Product Description	Sulphuric Acid	Product Description	Granular Sulphur

For and on behalf of the Board

Place : Mumbai
Date : June 30, 2009

V. G. SHARMA
Director

S. S. ARORA
Director

RAMA PETROCHEMICALS LIMITED

Regd. Office : 812, Raheja Chambers, Nariman Point, Mumbai 400 021.

PROXY FORM

DP ID	
-------	--

REGD. FOLIO NO.	
-----------------	--

CLIENT ID	
-----------	--

NO. OF SHARES HELD	
--------------------	--

I/We _____ s/o, w/o, d/o _____

residing at _____

_____ being member/member(s) of the above named company hereby

appoint Mr./Ms. _____ residing at _____

_____ or failing him/her Mr./Ms _____

residing at _____

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held on Wednesday the 23rd day of September, 2009 at 10.00 a.m. at Babasaheb Dahanukar Hall, Orion House, 12, K Dubhash Marg, Fort, Mumbai 400 001.

Signed this _____ day of _____, 2009

Affix
Revenue
Stamp of
Rs. 0.15

Signature

(Please sign across the Stamp)

Note : This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

RAMA PETROCHEMICALS LIMITED

Regd. Office : 812, Raheja Chambers, Nariman Point, Mumbai 400 021.

ATTENDANCE SLIP

DP ID	
-------	--

REGD. FOLIO NO.	
-----------------	--

CLIENT ID	
-----------	--

NO. OF SHARES HELD	
--------------------	--

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty-Third Annual General Meeting of the Company held on Wednesday the 23rd day of September, 2009 at 10.00 a.m. at Babasaheb Dahanukar Hall, Orion House, 12, K Dubhash Marg, Fort, Mumbai 400 001.

Member's/Proxy's name in BLOCK letters

Member's / Proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall)

BOOK-POST

If undelivered please return to:

Link Intime India Private Limited

Unit: Rama Petrochemicals Limited

C-13, Pannalal Silk Mills Compound,

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

Mumbai-400 078.