



**RAMA PETROCHEMICALS LIMITED**  
**Twenty-Fifth Annual Report**  
**2010 - 2011**

**BOARD OF DIRECTORS**

**CHAIRMAN**  
H.D. RAMSINGHANI

**REGISTERED OFFICE**  
812, RAHEJA CHAMBERS,  
NARIMAN POINT,  
MUMBAI 400 021

**TECHNICAL DIRECTOR**  
D.N. SINGH

**CORPORATE OFFICE**  
51/52, FREE PRESS HOUSE,  
FREE PRESS JOURNAL MARG,  
NARIMAN POINT,  
MUMBAI 400021.

**DIRECTORS**  
MAHENDRA LODHA  
C.R. MALAVIYA (w.e.f 27/5/2011)  
S. S. ARORA (Upto 27/5/2011)

**PLANT**  
VILLAGE VASHIVALLI,  
SAVROLI KHARPADA ROAD,  
PATALGANGA,  
DIST RAIGAD  
MAHARASHTRA

**BANKERS**  
BANK OF INDIA  
BANK OF BARODA  
DENA BANK

**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 : 25946969 / 25946970  
FAX : 25946969  
EMAIL: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website : [www.linkintime.com](http://www.linkintime.com)

**AUDITORS**  
DAYAL & LOHIA  
CHARTERED ACCOUNTANTS  
MUMBAI

## **NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday, the 16th day of September, 2011 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400001 to transact the following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2011 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H D Ramsinghani who retires by rotation and is eligible for reappointment.
3. To consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution :

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

### **SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification, as a Special Resolution the following :  
“RESOLVED THAT Mr C R Malaviya be and he is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement of Directors by rotation.”

### **NOTES**

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
2. 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.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 9th day of September, 2011 to Friday the 16th day of September, 2011 (both days inclusive).
4. 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.
5. 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.
6. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a ‘Green Initiative in Corporate Governance’ and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.

By Order of the Board  
for **RAMA PETROCHEMICALS LTD**

**H.D. RAMSINGHANI**  
**CHAIRMAN**

Place : Mumbai  
Date : July 30, 2011

*Rama Petrochemicals Ltd.*

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 WITH REFERENCE TO THE SPECIAL BUSINESS SPECIFIED IN THE NOTICE CONVENING THE TWENTY FIFTH ANNUAL GENERAL MEETING OF THE COMPANY.**

**ITEM NO 4**

Mr C R Malaviya was appointed as an Additional Director by the Board of Directors at their Meeting held on May 27, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. Malaviya will hold office of Additional Director up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a Member pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr. C R Malaviya as a Director of the Company. Mr. Malaviya has filed with the Company his consent to act as a Director.

Except Mr. C R Malaviya none of the Directors are in any way concerned or interested in the Resolution.

By Order of the Board  
for RAMA PETROCHEMICALS LTD

**H.D. RAMSINGHANI**  
**CHAIRMAN**

Place : Mumbai

Date : July 30, 2011

**INFORMATION PURSUANT TO CLAUSE 49 (VI) OF THE LISTING AGREEMENT**

As required under the Listing Agreement the particulars of Directors who are proposed to be appointed/ reappointed at the forthcoming Annual General Meeting are as follows ;

1. Appointment

Mr Malaviya is proposed to be appointed as a Director of the Company. Mr. Malaviya is an eminent technologist and has a rich and varied experience in the field of chemicals and fertilizers spanning over 42 years. He is a design and process consultant for various companies and has commissioned several SSP and Sulphuric Acid projects for various companies.

He is a Director of Rama Phosphates Ltd, Rama Industries Ltd, Rainbow Agri Industries Ltd and Rama Capital & Fiscal services Pvt Ltd. He is a Member / Chairman of various committees in the following Companies :

Name of the Company	Name of the Committee	Designation
Rama Industries Ltd	Audit committee	Chairman
Rama Petrochemicals Ltd	Audit Committee	Member
Rama Phosphates Ltd	Audit committee	Chairman
Rainbow Agri Inds. Ltd	Audit Committee	Member

2. Reappointment

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

Mr. H D Ramsinghani has done his Post Graduation in Management from U S A and has over 26 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.

Mr. H D Ramsinghani was a Director of the Company from incorporation till 16/08/1993 and thereafter he has been a Director since 2005. He was the Managing Director from 11/03/1996 to 19/06/2002.

He is the Chairman and Managing Director of Rainbow Denim Limited and Rainbow Agri Industries Limited. He is also a Director of Rama Phosphates Ltd, Rama Industries Ltd and Nova Gelicon Pvt. Ltd. He is a Member / Chairman of various committees in the following Companies :

Name of the Company	Name of the Committee	Designation
Rainbow Denim Ltd	Shareholders Committee	Member
Rama Phosphates Ltd	Audit committee	Member
Rainbow Agri Inds. Ltd	Audit committee	Chairman
Rama Industries Ltd	Audit committee	Member

**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2011.

**FINANCIAL RESULTS**

	<b>(Rs. in lacs)</b>	
	<b>YEAR ENDED</b>	<b>YEAR ENDED</b>
	<b>31.03.2011</b>	<b>31.03.2010</b>
Profit/(Loss) before Depreciation	<b>(258.67)</b>	(81.61)
Depreciation	<b>11.47</b>	11.77
Profit/(Loss) before tax and Exceptional Items	<b>(270.14)</b>	(93.38)
Diminution in value of Investments	<b>Nil</b>	301.15
Profit/(Loss) before Tax and extraordinary Items	<b>(270.14)</b>	(394.53)
Release of Deferred Tax Liability	<b>27.28</b>	20.13
Profit/(Loss) after tax before extraordinary items	<b>(242.86)</b>	(374.40)
Prior Period Income/ (Expenditure)	<b>0.14</b>	Nil
Interest on tax refund	<b>87.99</b>	Nil
Profit/(Loss) after extraordinary items	<b>(154.73)</b>	(374.40)
Balance brought forward from previous year	<b>(3500.05)</b>	(3125.65)
Balance carried to Balance Sheet	<b>(3654.78)</b>	(3500.05)

**DIVIDEND**

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

**REVIEW OF OPERATIONS**

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 for Methanol 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, 2011 and the loss of the Company for the year ended March 31, 2011;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The 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 C. R. Malaviya. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

**SUBSIDIARY COMPANY**

In accordance with the General Circular dated February 8,2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company. Further, the necessary particulars in respect of

---

---

*Rama Petrochemicals Ltd.*

---

---

the said subsidiary have been disclosed in the Consolidated Financial Statements as required by the said Circular.

**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. S.S. Arora has ceased to be a director of the company w.e.f. 27<sup>th</sup> May, 2011. The Board places on record its sincere appreciation of the valuable contribution made by Mr. S.S. Arora during his association with the company.

Mr. C.R. Malaviya has been appointed as an Additional Director of the company w.e.f. 27<sup>th</sup> May 2011 and holds office up to the date of the forthcoming Annual General Meeting. The Company has received a Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose the name of Mr. C R Malaviya as Director of the Company.

Mr. H D Ramsinghani retires from the Board of Directors by rotation and is eligible for re-appointment.

**AUDITORS REPORT**

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

- a) 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.
- b) The Company has not provided for interest on unpaid Custom Duty 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 late payment of Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.
- d) 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.
- e) The Company has not disclosed information regarding dues to Micro, Small and Medium Enterprises since no information is available regarding their status.
- f) The Company is a Sick Industrial Company as defined in Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) act, 1985 and the Draft Rehabilitation Scheme is under consideration.

**AUDITORS**

M/s. Dayal & Lohia, 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 Account Records for "Chemicals" are subject to yearly audit by qualified Cost Auditors. However, the Company has applied to the Central Government for exemption 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.

**FIXED DEPOSITS**

The Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

**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.

By Order of the Board  
for RAMA PETROCHEMICALS LTD

**H.D. RAMSINGHANI**  
**CHAIRMAN**

Place : Mumbai  
Date : July 30, 2011

**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 31<sup>ST</sup> MARCH, 2011**

**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:

	<b>2010-2011 (12 months)</b>	<b>2009-2010 (12 months)</b>
<b>a) POWER AND FUEL CONSUMPTION</b>		
<b>1) ELECTRICITY :</b>		
A) Purchased (MSEB)		
Units (in Thousand)	<b>312.654</b>	352.220
Total cost (Rs. in lacs)	<b>27.22</b>	28.44
Rate per Unit (Rs.)	<b>8.71</b>	8.07
B) Own Generation :		
Through Diesel Generation	<b>0.170</b>	2.100
Units (in Thousand)	<b>3.20</b>	3.00
Units/KL of Diesel	<b>12.73</b>	13.33
Cost/Unit (Rs.)	<b>NIL</b>	NIL
Through Steam Turbine/Generator	<b>NIL</b>	NIL
Units (in thousand)	<b>NIL</b>	NIL
Units/Lt Of Fuel Oil, Gas	<b>N.A</b>	N.A
Cost/Unit	<b>N.A</b>	N.A
2) Coal	<b>NIL</b>	NIL
3) Furnace Oil	<b>NIL</b>	NIL
<b>b) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Consumption/ton of Methanol	<b>N.A</b>	N.A
Electricity (KWH)	<b>N.A</b>	N.A
Furnace Oil	<b>N.A</b>	N.A
Coal	<b>N.A</b>	N.A
Other – Diesel Oil (KL)	<b>N.A</b>	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)
d) Foreign Exchange used	0.10
Foreign Exchange earned	NIL

**for RAMA PETROCHEMICALS LTD**

Place : Mumbai  
Date : July 30, 2011

**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 Directorships and 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	Four	Yes	Five	One	Three	1110
Mr. Deonath Singh	Executive	Four	Yes	Three	Two	Two	10898
Mr. Mahendra Lodha	Non Executive Independent	Four	Yes	Eighteen	One	Three	Nil
Mr. S. S. Arora (Upto 27th May 2011)	Non Executive Independent	Four	No	One	Nil	One	101465
Mr. C.R. Malaviya (w.e.f. 27th May 2011)	Non Executive Independent	N A	N A	Four	Two	One	Nil

- (c) During the year four Board Meetings were held on the following dates :  
 May 28, 2010, July 26, 2010, October 29, 2010, January 31, 2011.

**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 C. R. Malaviya.

Four meetings of the Audit Committee were held during the year on May 28, 2010, July 26, 2010, October 29, 2010 and January 31, 2011. 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 (up to 27.05.2011)	Four
Mr. C. R. Malaviya (from 27.05.2011)	N. A.

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 C.R. Malaviya. No Remuneration Committee Meeting was held during the year as there was no revision in remuneration.

**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 email 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	6	6
Non-Receipt of Dividend Warrants.	2	2
Non-Receipt of Annual Report	3	3
Non-Receipt of Demat Credit / Remat Certificates	2	2
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	NIL	N.A.

**8. Remuneration of Directors****(a) Executive Director**

No remuneration was paid to the Whole time Director (Technical 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 (up to 27.05.2011)	18000/-
<b>TOTAL</b>	<b>46000/-</b>

**9. General Body Meetings**

Financial Year	Date	Time	Location
2007-2008	24/09/2008	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2008-2009	23/09/2009	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2009-2010	17/09/2010	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001

**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	Particulars
24.09.2008	No Special Resolutions were passed.
23.09.2009	No Special Resolutions were passed.
17.09.2010	Reappointment of Mr. D N Singh as Whole Time Director designated as 'Technical Director' for a further period of Three Years from May 01, 2010

**11. Disclosures**

- a) 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.
- b) 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.
- c) 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	: 31 <sup>st</sup> March, 2011
Annual General Meeting	: September 16, 2011 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber Of Commerce Path, Fort, Mumbai 400001
Dates of Book Closure	: September 09, 2011 to September 16, 2011 (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 2010	11.00	8.80
May 2010	10.75	7.46
June 2010	9.49	7.23
July 2010	10.60	7.60
August 2010	20.54	8.55
September 2010	15.10	9.70
October 2010	14.19	9.70
November 2010	13.52	10.50
December 2010	11.10	9.35
January 2011	10.80	9.00
February 2011	10.40	8.60
March 2011	9.29	7.62

**15. Registrars & Transfer Agent**

Link Intime India Private Limited  
C - 13, Pannalal Silk Mills Compound, L. B. S Marg, Bhandup (West), Mumbai 400078  
Tel : 25963838; Fax : 25946969; Email : rnt.helpdesk@linkintime.co.in • Website : www.linkintime.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, 2011:**

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
<b>1 – 500</b>	14588	93.56	2290250	21.88
<b>501 – 1000</b>	579	3.71	488664	4.67
<b>1001 – 2000</b>	219	1.40	335505	3.20
<b>2001 – 3000</b>	65	0.42	168109	1.61
<b>3001 – 4000</b>	40	0.26	139410	1.33
<b>4001 – 5000</b>	19	0.12	93309	0.89
<b>5001 – 10000</b>	39	0.25	273706	2.61
<b>10001 &amp; above</b>	44	0.28	6680447	63.81
<b>Total</b>	<b>15593</b>	<b>100.00</b>	<b>10469400</b>	<b>100.00</b>

**18. Shareholders' Profile as on March 31, 2011:**

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	5504264	52.57
Foreign Collaborators	Nil	Nil
Banks	9900	0.09
Financial Institutions	700	0.01
Foreign Institutional Investors	Nil	Nil
Mutual Funds	7100	0.07
Domestic Companies	272918	2.61
Non-Domestic Companies	Nil	Nil
Non-Resident Indians	83384	0.80
General Public	4591134	43.85
<b>Total</b>	<b>10469400</b>	<b>100.00</b>

**19. Dematerialization of shares as on March 31, 2011:**

83.80% of the Company's total share capital representing 8773270 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.
- There is no formal policy at present for training of the Board members as all the Board members are eminent and experienced professionals.

---

---

**25 TH ANNUAL REPORT 2010-2011**

---

---

- 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 H. D. Ramsinghani is proposed to be reappointed at the forthcoming Annual General Meeting. The relevant information about Mr H. D. Ramsinghani is given in the Notice convening the Annual General Meeting.

By Order of the Board  
**for RAMA PETROCHEMICALS LTD**

Place : Mumbai  
Date : July 30, 2011

**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, 2011, 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  
Date : July 30, 2011

**H.D. RAMSINGHANI**  
**CHAIRMAN**

---

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**RAMA PETROCHEMICALS LIMITED**

We have examined the compliance of conditions of corporate governance by **RAMA PETROCHEMICALS LIMITED**, for the year ended on 31<sup>st</sup> March 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

Based on the representation received from the Company's Share Transfer Agents, we state that barring some cases pending in courts over the title of shares in which the Company is made a party, complaint letters received from shareholders during the period 01/04/2010 to 31/03/2011 have been attended.

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.

Yours faithfully,  
**For Dayal and Lohia**  
**Chartered Accountants**  
**(Firm Registration No.102200W)**

**(Sunil Khandelwal)**  
**Partner**  
**Membership No.101388**

Place : Mumbai  
Date : July 30, 2011

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

Number of methanol manufacturing plants in the country remain the same as in the previous year. There is wide gap between supply and demand, which is met by import.

**2. OPPORTUNITIES AND THREATS**

Operation of the plant is viable only on natural gas as feed and fuel. Allocation of natural gas has still not been made by the government though the pipeline to carry natural gas to our plant has been installed. Price of naphtha being high, plant operations remain suspended.

**3. SEGMENTWISE PERFORMANCE**

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

**4. OUTLOOK**

Prospects of plant operation on natural gas at current price is viable.

**5. RISKS AND CONCERNS**

Govt. policy on allocation of natural gas to petrochemicals plant is only after meeting the supplies to fertilizer, power, city gas distribution where the demand is more than the availability. The price of natural gas has also 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 unauthorized 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 loss for the year after extra ordinary items is Rs. 154.73 lacs as compared to a loss of Rs 374.40 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  
**for RAMA PETROCHEMICALS LTD**

**H.D. RAMSINGHANI**  
**CHAIRMAN**

Place : Mumbai  
Date : July 30, 2011

**AUDITORS' REPORT****To The Members of****RAMA PETROCHEMICALS LIMITED**

We have audited the attached Balance Sheet of **Rama Petrochemicals Limited** ('the Company') as at March 31, 2011 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.

1. We conducted our audit in accordance with 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 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 the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 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 paragraph 2 above, unless indicated to the contrary in other paragraphs below, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, unless otherwise stated in paragraph ix, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. 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 31<sup>st</sup> March, 2011 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. **The Company has not provided for: -**
    - a) **Interest on working capital loan upto March 31, 2011 aggregating to Rs.3,29,70,802/- (P.Y Rs.2,42,33,233/-) – Refer Note No. B (6) (a) of schedule 17.**
    - b) **Interest on unpaid custom duty upto March 31, 2011 aggregating to Rs. 1,45,92,265/- (P.Y Rs. 57,30,568/-) and unpaid customs duty Rs 4,32,740/- (P.Y. Rs Nil) – Refer Note No. B (6) (b) in schedule 17.**
    - c) **Demand of Interest on late payment of customs duty upto March 31, 2011 Rs 19,62,185/- (P.Y. Nil) - Refer Note No. B (6) (c) in schedule 17.**

**The above has resulted in understatement of loss for the year by Rs. 1,99,94,192/-, accumulated losses by Rs.4,99,57,992/-, Secured Loans by Rs.3,29,70,802/- and outstanding liability by Rs. 1,69,87,190/-.**
  - vii. We report that:
    - a) *The company has not paid statutory liability on account of sales tax aggregating Rs. 28,35,07,149/- ( P.Y Rs. 26,26,25,826/- ) upto March 31 2011 as explained in Note No. B (2) to schedule 17.*
    - b) *Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No. B (4) to Schedule 17, we are unable to quantify the impact of interest provision if any, on such MSME parties.*
  - viii. **The company's net worth has been completely eroded and has been declared as sick industrial company by BIFR vide order dated 01.07.2002. As explained in Note No. B (7) to schedule 17, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. The revival of the Company's operations depends upon the Company being able to obtain the alternative main feed stock. In absence of any other information indicating to the contrary, we have accepted this assumption.**

---

---

*Rama Petrochemicals Ltd.*

---

---

- ix. In our opinion and to the best of our information and according to the explanation given to us, *subject to our comments in paragraph 3 (vi), (vii) and (viii) above*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with accounting principles generally accepted in India;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
  - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For Dayal and Lohia  
Chartered Accountants  
Firm Reg. No. 102200W**

**(S.L. Khandelwal)  
Partner  
M. No.: 101388**

Place : Mumbai.  
Dated : May 27, 2011

**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Rama Petrochemical Limited on the financial statements for the year ended 31<sup>st</sup> March 2011]

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 if its inventories:
  - a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have to be confirmed by them. 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. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956;
  - b) According to the information and explanation given to us, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956;
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, according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provision of sub-clause (b) of clause 4 (v) of the Order is not applicable to the Company.
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, the government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the methanol division of the Company. The manufacturing activities are suspended and hence the Company has applied for the exemption for not maintaining the cost records and has not been maintaining any such records.



**25 TH ANNUAL REPORT 2010-2011**

9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount (Rs in thousands)	Period to which the amount relates	Due Date	Date of Payment
The Customs Act, 1962	Custom Duty on import of Catalyst	5,933	1997-98	21.02.1998	-
		-			

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand for income tax	3,130	A.Y. 2009-10	CIT Appeals, Mumbai
Central Excise Act	Excise Duty on Shortages	360	F.Y.1993-94	Asst. Commissioner of Central Excise, Khopoli Div. Raigad
Central Excise Act	Modvat on Caustic Soda	10	F.Y.1994-95	Asst. Commissioner of Central Excise, Khopoli Div. Raigad
		22	F.Y.1995-96	
		20	F.Y.1997-98	
Sales Tax Act	Turnover Tax	24	F.Y.1998-99	Dy. Commissioner of Commercial Tax Bhavnagar
		1,803	F.Y.1993-94	
		1,803	F.Y.1994-95	

10. **The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses during the year amounting to Rs.2,58,66,631/- and in the immediately preceding financial year amounting to Rs.81,61,732/-.**
11. **On the basis of our examination of the books and according to the information and explanations given to us, the company has defaulted in repayment of dues to bank amounting to Rs.6,19,97,634/- since August 2002.**
12. 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.
13. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Fund/Society.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
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 banks or financial institutions during the year.
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 money by way of 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  
Firm Reg. No. 102200W**

Place : Mumbai.  
Dated : May 27, 2011

**(S.L. Khandelwal)  
Partner  
M. No.: 101388**

*Rama Petrochemicals Ltd.*

**BALANCE SHEET AS AT 31ST MARCH 2011**

(Rs. in Thousands)

	Schedule No.		AS AT 31ST MARCH 2011		AS AT 31ST MARCH 2010
<b>SOURCES OF FUNDS :</b>					
<b>Shareholders' Fund :</b>					
Share Capital	1	104,694			104,694
Reserves and Surplus	2	6,030			6,030
			<b>110,724</b>		<b>110,724</b>
<b>Loan Funds :</b>					
Secured Loans	3	29,027			29,027
Unsecured Loans	4	256,347			288,593
			<b>285,374</b>		<b>317,620</b>
<b>Deferred Tax Liability</b>					
			-		2,728
	<b>TOTAL</b>		<b>396,098</b>		<b>431,072</b>
<b>APPLICATION OF FUNDS :</b>					
<b>Fixed Assets :</b>					
Gross Block	5	384,054			384,054
Less : Accumulated Depreciation		364,723			363,576
Net Block		19,331			20,478
Capital work in Progress : (Including Capital Advances)		10,520			6,997
			<b>29,851</b>		<b>27,475</b>
<b>Investments :</b>					
Current Assets, Loans and Advances :	6		-		-
Interest Accrued but not Due		94			104
Inventories	7	49,496			49,496
Sundry Debtors	8	5,091			12,358
Cash and Bank Balances	9	828			1,948
Loans and Advances	10	24,849			10,668
		<b>80,358</b>			<b>74,574</b>
<b>Less : Current Liabilities &amp; Provisions :</b>					
Current Liabilities	11	77,754			19,317
Provisions		1,835			1,665
		<b>79,589</b>			<b>20,982</b>
Net Current Assets			<b>769</b>		<b>53,592</b>
<b>Profit and Loss Account :</b>					
			<b>365,478</b>		<b>350,005</b>
	<b>TOTAL</b>		<b>396,098</b>		<b>431,072</b>
<b>Significant Accounting Policies and Notes on Accounts</b>					
	17				

As per our report of even date

For and on behalf of the Board

**For DAYAL AND LOHIA**  
Chartered Accountants  
(Firm Registration No. 102200W)

**S. L. KHANDELWAL**  
Partner  
M. No. 101388

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

**25 TH ANNUAL REPORT 2010-2011**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

(Rs. in Thousands)

	Schedule No.	FOR THE YEAR ENDED 31ST MARCH, 2011	FOR THE YEAR ENDED 31ST MARCH, 2010
<b>INCOME</b>			
Sales	12	-	20,286
Other Income	13	179	5,171
		<u>179</u>	<u>25,457</u>
<b>EXPENDITURE</b>			
Cost of Construction		-	8,549
Employee Cost	14	8,222	8,829
Operating and Other Expenses	15	17,073	16,111
Financial Charges	16	751	129
		<u>26,046</u>	<u>33,618</u>
<b>Profit / (Loss) Before Depreciation</b>		<b>(25,867)</b>	<b>(8,161)</b>
Depreciation		1,147	1,177
<b>Profit / (Loss) after Depreciation before Exceptional Items</b>		<b>(27,014)</b>	<b>(9,338)</b>
Diminution in value of Investments		-	30,115
<b>Profit / (Loss) after Exceptional Items</b>		<b>(27,014)</b>	<b>(39,453)</b>
<b>Provision for Taxation</b>			
Current Tax		-	-
Deferred Tax ( Ref. Note No. B - 14 of Schedule 17)		(2,728)	(2,013)
<b>Profit / (Loss) After Tax</b>		<b>(24,286)</b>	<b>(37,440)</b>
Add / Less : Prior Period Income / (Expenditure)		14	-
<b>Profit / (Loss) After Tax before extra ordinary items</b>		<b>(24,272)</b>	<b>(37,440)</b>
Interest on Tax Refund		8,799	-
<b>Profit / (Loss) After Extra -ordinary Items</b>		<b>(15,473)</b>	<b>(37,440)</b>
Balance brought forward from previous year		(350,005)	(312,565)
<b>Balance carried to Balance Sheet</b>		<b>(365,478)</b>	<b>(350,005)</b>
<b>Basic &amp; Diluted Earnings per Share of face value of Rs. 10/- each (before extra ordinary items)</b>		<b>(2.32)</b>	<b>(3.58)</b>
<b>Basic &amp; Diluted Earnings per Share of face value of Rs. 10/- each (after extra ordinary items)</b> ( Ref. Note No. B - 13 of Schedule 17)		<b>(1.48)</b>	<b>(3.58)</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	17		

As per our report of even date

For and on behalf of the Board

**For DAYAL AND LOHIA**  
**Chartered Accountants**  
**(Firm Registration No. 102200W)**

**S. L. KHANDELWAL**  
**Partner**  
**M. No. 101388**

**D. N. SINGH**  
**Technical Director**

**H. D. RAMSINGHANI**  
**Chairman**

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

*Rama Petrochemicals Ltd.*

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	AS AT 31ST MARCH 2011	(Rs. in Thousands) AS AT 31ST MARCH 2010
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10/- each	<b>500,000</b>	500,000
<b>Issued, Subscribed and Paid - up :</b>		
1,04,69,400 (1,04,69,400) Equity Shares of Rs. 10/- each	<b>104,694</b>	104,694
	<b>104,694</b>	104,694
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>6,030</b>	6,030
	<b>6,030</b>	6,030
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
<b>Working Capital Loans From Bank</b>	<b>17,459</b>	17,459
<b>Interest accrued and due</b>	<b>11,568</b>	11,568
	<b>29,027</b>	29,027
<b>NOTE :</b>		
1. Working capital Loans are secured by hypothecation of raw materials, stock-in- process, finished goods, stores and spares and book debts and by way of second pari passu charge on fixed assets at patalganga and personal guarantee of a erstwhile director.		
2. 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.		
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
<b>Short Term Loans</b>		
From Others	<b>21,400</b>	31,596
Interest Accrued and due	<b>166</b>	117
	<b>21,566</b>	31,713
<b>Other Loans</b>		
From Others	<b>234,781</b>	256,880
	<b>234,781</b>	256,880
	<b>256,347</b>	288,593



*Rama Petrochemicals Ltd.*

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

		(Rs. in Thousands)	
		AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
<b>SCHEDULE 8</b>			
<b>SUNDRY DEBTORS ( Unsecured )</b>			
Outstanding Over Six months considered good	5,091		12,358
considered doubtful	384		384
	5,475		12,742
Outstanding under Six months considered good	-		-
	5,475		12,742
Less : Provision for Doubtful Debts	384		384
	5,091		12,358
<b>SCHEDULE 9</b>			
<b>CASH AND BANK BALANCES</b>			
Cash on hand		138	413
Balances with Scheduled Banks			
- Current Accounts	377		1,247
- Fixed Deposits	313		288
	690		1,535
		828	1,948
<b>SCHEDULE 10</b>			
<b>LOANS AND ADVANCES</b>			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received		201	215
Advances Income Tax / TDS		103	7,442
Other Advances			
considered good	21,994		460
considered doubtful	23,444		23,444
	45,438		23,904
Less : Provision for Doubtful Advances	23,444		23,444
	21,994		460
Security and Other Deposits			
considered good	2,224		2,224
considered doubtful	249		249
	2,473		2,473
Less : Provision for Doubtful Deposits	249		249
	2,224		2,224
Balance with Central Excise		327	327
		24,849	10,668

**25 TH ANNUAL REPORT 2010-2011**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Thousands)

	AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	2,449	1,348
Advance from Customers	4,280	4,240
Other Liabilities	13,675	13,729
Share Application Money (Refer Note No. B - 3 of Schedule 17)	57,350	-
	<u>77,754</u>	<u>19,317</u>
<b>PROVISIONS</b>		
Gratuity	1,531	1,042
Leave Encashment	304	623
	<u>1,835</u>	<u>1,665</u>
	<u><u>79,589</u></u>	<u><u>20,982</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
<b>SCHEDULE 12</b>		
<b>SALES</b>		
Revenue from Construction Division	-	20,286
	<u><u>-</u></u>	<u><u>20,286</u></u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Interest Income		
Interest Receipt - Deposit [TDS Rs. 26,999/- ( Rs. 25,732/-)]	135	135
Interest Receipt - Other	1	57
	<u>136</u>	<u>192</u>
Sundry Balances Written Back	5	4,772
Miscellaneous Income	38	207
	<u>179</u>	<u>5,171</u>
	<u><u>179</u></u>	<u><u>5,171</u></u>
<b>SCHEDULE 14</b>		
<b>EMPLOYEE COST :</b>		
Salaries, Wages and Allowances	6,961	7,905
Contribution to P.F./F.P.F.	364	395
Welfare & Other Amenities	409	346
Gratuity	488	183
	<u>8,222</u>	<u>8,829</u>
	<u><u>8,222</u></u>	<u><u>8,829</u></u>

*Rama Petrochemicals Ltd.*

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	<b>FOR THE YEAR ENDED 31ST MARCH 2011</b>	<b>FOR THE YEAR ENDED 31ST MARCH 2010</b>
<b>SCHEDULE 15</b>		
<b>OPERATING AND OTHER EXPENSES :</b>		
Power and Fuel	2,742	2,870
Warehouse Charges	197	197
Consumption of Stores and Spares	424	2,259
Repairs to :		
Building	13	-
Plant and Machinery	2,518	2,163
Others	542	589
	3,073	2,752
Insurance	132	136
Rates, Taxes and Duties	287	228
Director's Sitting Fees	46	46
<b>Auditor's Remuneration</b>		
Audit Fees (incl. Limited Review Fees)	130	240
Certification	-	10
Reim. of Expenses	3	1
Service Tax	13	25
	146	276
Provision for Doubtful Advances	-	912
Security Charges	1,718	1,323
Water Charges	127	134
Conveyance	796	723
Printing and Stationary	58	65
Postage and Telegram	118	116
Legal and Professional Charges	5,968	3,164
Share Department Expenses	188	150
Books and Periodicals	13	13
Travelling Expenses	258	95
Telephone and Telex	104	113
Bank Charges	25	15
Miscellaneous Expenses	653	524
	17,073	16,111
<b>SCHEDULE 16</b>		
<b>FINANCIAL CHARGES</b>		
Interest to Other	751	129
[TDS Rs. 75,000/- ( Rs. 12,945/- )]	751	129



**SCHEDULE 17**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :**

**A. SIGNIFICANT ACCOUNTING POLICIES :**

**1. Basis of Accounting :**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2. Accounting for Construction Division :**

Revenue from sale of properties under construction is recognized on the basis of actual bookings done (provided the significant risk and rewards have been transferred to the buyer and there is reasonable certainty of realization of proceeds) proportionate to the percentage of physical completion of construction / development work certified by the Architect.

**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. Interest income is recognized on time proportionate basis.
- c. Dividend income from investments is recognized when the right to receive the dividend is established
- d. Claims and damages are accounted as and when they are finalized.

**4. Fixed Assets :**

All Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses if any. The cost of fixed assets includes taxes and duties (other than those subsequently recoverable from respective authorities) freight and other incidental expenses related to acquisition and installation of respective assets.

**5. Depreciation :**

- a. Depreciation on Fixed Assets is provided on Straight Line Method based on the useful life of the assets estimated by the management which is as per the rate prescribed 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.

**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 that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**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. Stocks 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.

The Company’s contributions 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. Borrowing Cost :**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**13. Segment Reporting :**

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated income / expenses.

**14. Earning per Share (EPS) :**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year .

**15. Provision for Current and Deferred Tax :**

a. Provision for the current tax is made after taking into considering benefits admissible under the provisions of the Income Tax Act, 1961.

b. Deferred Tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by

the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each balance sheet date and is written down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

**16. 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.

**17. 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. 17,64,43,830/- (Rs. 16,97,07,476/-). The Company is in appeal for these claims.
  - b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs. 95,38,76,000/- (Rs.95,38,76,000 /-)
  - c. Sales Tax Liability of Rs. 31,03,44,140/- (Rs. 31,03,44,140/-) (Refer Note No.2)
  - d. Capital commitments Rs. 1,55,89,627/- ( Rs. 1,70,75,123/-)
2. Interest Free Sales Tax Deferment :
- The Company had a liability of Rs.31,23,33,405/- payable from 30<sup>th</sup> April 2001 to 30<sup>th</sup> 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. 19,89,265/- (Rs. 19,89,265/-) upto 31<sup>st</sup> March 2011 out of Rs. 28,54,96,414/- (Rs. 26,46,15,091/-) due upto 31<sup>st</sup> March 2011. 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. Share Application money is received from a promoter's group company in accordance with the revival Scheme submitted to the B.I.F.R. and the allotment of shares pursuant thereto is subject to and shall be in accordance with the directions of the said B.I.F.R.
  4. 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.
  5. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
  6. The company has not provided for :
    - a. Interest of Rs. 3,29,70,802/- (Rs. 2,42,33,233/-) on working capital loans from banks, till March 31, 2011.
    - b. Custom duty of Rs.4,32,740/- (Rs.Nil) and interest on custom duty as per revised working aggregating to Rs. 1,45,92,265/- (Rs. 57,30,568/-) till March 31, 2011.
    - c. Interest on late payment of custom duty Rs. 19,62,185/- (Rs. Nil)
  7. 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 by Gas Authority of India Ltd. (GAIL) is completed, the company is hopeful to restart its plant soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".
  8. As mentioned above 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. 30<sup>th</sup> October,1999. None of the transferred employees has reported to their duties and they have approached the Industrial Court.

*Rama Petrochemicals Ltd.*

However, Company does not expect any financial liability, apart from their service benefit, which has been provided in the books of account.

9. 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. 3,63,612/- (Rs. 3,94,898/-)

**B Defined Benefit Plan**

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

The disclosures 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 :**

	<b>2010 – 11</b> <b>(Rs. in thousands)</b>	2009 – 10 (Rs. in thousands)
Opening defined benefit obligation	<b>1042</b>	859
Interest cost	<b>94</b>	73
Current service cost	<b>170</b>	182
Benefits paid	-	-
Actuarial (gains) / losses on obligation	<b>225</b>	(71)
Closing defined benefit obligation	<b>1531</b>	1042

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

	<b>2010 – 11</b> <b>(Rs. in thousands)</b>	2009 – 10 (Rs. in thousands)
Opening fair value of plan assets	<b>0</b>	0
Expected return	<b>0</b>	0
Contributions by employer	<b>0</b>	0
Benefits paid	<b>0</b>	0
Actuarial gains / (losses)	<b>(225)</b>	71
Closing fair value of plan assets	<b>0</b>	0
Actuarial Return on plan Assets	<b>0</b>	0
Estimated contribution to be made in next annual year	<b>0</b>	0

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

	<b>2010 – 11</b> <b>(Rs. in thousands)</b>	2009 – 10 (Rs. in thousands)
Present value of Funded Obligation	<b>(1531)</b>	(1042)
Fair value of Plan Assets	<b>0</b>	0
Funded (Asset)/Liability recognized in the Balance Sheet	<b>0</b>	0
Present value of Unfunded Obligation	<b>0</b>	0
Unrecognized Past Service Cost	<b>0</b>	0
Unrecognized Actuarial	<b>0</b>	0
Unfunded Net Liability recognized in the Balance Sheet	<b>(1531)</b>	(1042)

- d. **Balance Sheet**

**Details of Provision of Gratuity**

	<b>2010 – 11</b> <b>(Rs. in thousands)</b>	2009 – 10 (Rs. in thousands)
Defined benefit obligation	<b>(1531)</b>	(1042)
Fair value of plan assets	<b>0</b>	0
Liability recognized in Balance Sheet	<b>(1531)</b>	(1042)

**e. Profit and Loss Account**

**Net Employee Benefit Expenses**

	<b>2010 – 11</b> (Rs. in thousands)	2009 – 10 (Rs. in thousands)
Current service cost	<b>170</b>	182
Interest cost on benefit obligation	<b>94</b>	73
Net Actuarial (gain)/ loss recognized in the year	<b>225</b>	(71)
Total Expenses recognized in the Profit & Loss Account	<b>488</b>	183

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

	<b>2010 – 11</b>	2009 – 10
Discount rate	<b>8.00%</b>	7.75%
Salary Escalation	<b>5.00%</b>	5.00%
Mortality	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
Type of Plan	<b>Unfunded</b>	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.

- 10.** The company has obtained a valuation report 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.

**11. Segment Reporting :**

The Company has the following primary segments during the year :

1. Methanol
2. Construction

Information about Primary Business Segments :

( Rs. in Thousands)

REVENUE	Methanol		Construction		Total		
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	
External Sales / Income	-	-	-	20286	-	20286	
Add : Intersegment Sales	-	-	-	-	-	-	
<b>Total Sales / Income</b>	-	-	-	20286	-	20286	
Less : Intersegment Sales	-	-	-	-	-	-	
Total Revenue	-	-	-	20286	-	20286	
<b>Segment Result before interest, exceptional / extraordinary items and tax</b>	<b>(26263)</b>	(50885)	-	11561	<b>(26263)</b>	(39324)	
<b>Less : Unallocable Income / (Expenses) .....</b>							
Financial Charges .....						<b>751</b>	129
Profit / (Loss) before Exceptional items and Tax .....						<b>(27014)</b>	(39453)
Exceptional Items .....						-	-
Profit / (Loss) after Exceptional items before Tax .....						<b>(27014)</b>	(39453)
(Provision) / Release of Deferred Tax .....						<b>2728</b>	2013
Fringe Benefit Tax .....						-	-
Prior Period Income / (Expenditure) .....						<b>14</b>	-
Profit / (Loss) after Tax but before extra ordinary items .....						<b>(24272)</b>	(37440)

**OTHER INFORMATION**

(Rs. in Thousands)

	Methanol		Construction		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Assets	105118	89691	5091	12358	110209	102049
Segment Liabilities	360683	334362	4280	4240	364963	338602
Depreciation	1147	1177	-	-	1147	1177
Non cash expenses other than depreciation	-	-	-	-	-	-
Unallocated Segment Assets :					-	-
Unallocated Segment Liabilities :						
Deferred Tax Liability					-	2728

**12. Related Party Disclosure under Accounting Standard 18 (AS 18) :**

A) List of related parties as identified by the management are as under :

**I) Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under common control with the reporting enterprise :**

Rama Capital and Fiscal Services Pvt. Ltd.

**II) Associates, Joint Ventures of the reporting entity, investing party or venture in respect of which reporting enterprise is an associate or a joint venture :**

Indo Us Investment Inc.

**III) Key Management Personnel (KMP)**

Mr. H. D.Ramsinghani Chairman

Mr. D.N. Singh Technical Director

**IV) Relative of Key Management Personnel**

Mr. D. J. Ramsinghani

Mrs. Lajwanti D Ramsinghani

Mrs. Nilanjana H Ramsinghani

**V) Enterprises over which any person described III and IV is able to exercise significant influence :**

Rama Phosphates Ltd.

Rainbow Denim Ltd.

Rama Industries Ltd.

Rainbow Agri Industries Ltd.

Nova Gelicon Pvt. Ltd.

Bluelagoon Investment Pvt. Ltd.

Jupiter Corporate Services Pvt. Ltd.

Rama Enterprise

**25 TH ANNUAL REPORT 2010-2011**

B) The following transaction were carried out with the related parties :

(Rs. in Thousands)

Sr. No	Particular	Enterprises that directly/indirectly control by the reporting enterprise		Key management personnel and their relatives		Enterprises over which KMP,with their relatives, is able to exercise significant influence	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Balance Outstanding as on 31.03.2011						
	Receivable	-	-	-	-	-	-
	Payable	142525	178625	-	-	54525	51321
2	Loans / Advances Given	-	-	-	-	-	-
3	Loans/Advances recovered	-	-	-	-	-	-
4	Loans / Advances Taken	38857	24812	-	-	43248	10900
5	Loans / Advances Repaid	74957	25800	-	-	40044	104
6	Guarantees Outstanding at year end	-	-	-	-	909500	909500
7	Sitting Fees to KMP	-	-	10	10	-	-
8	Personal Guarantees by KMP	-	-	5326000	5326000	-	-
9	Share Application money received	-	-	-	-	57350	-
10	Balances W/off / W/back	-	-	-	-	-	-
11	Sharing of infrastructure and resources	-	-	-	-	This transaction is of non monetary consideration	

**13. Earning Per Share (EPS)**

		2010-11	2009-10
i	Net Profit / (Loss) after Tax available for equity shareholder ( Rs. in Thousands)	<b>(24,286)</b>	(37,440)
ii	Weighted Average No. of Equity Shares for Basic & diluted EPS	<b>10469400</b>	10469400
iii	Nominal Value of Equity Shares in Rupees	<b>10.00</b>	10.00
iv	Basic & Diluted Earning per Share in Rupees (before extra ordinary items)	<b>(2.32)</b>	(3.58)
v	Basic & Diluted Earning per Share in Rupees (after extra ordinary items)	<b>(1.48)</b>	(3.58)

**14. 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 the company not expecting any taxable profits in

*Rama Petrochemicals Ltd.*

near future, no deferred tax asset is recognized. The details of the same are as under :

(Rs. in Thousands)

	2010-11	2009-10
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	3,817	4,065
<b>Deferred Tax Assets on account of :</b>		
Disallowances u/s 43B		
Gratuity	1,117	966
Leave encashment	94	192
Bonus / Exgratia	129	179
Carried forward Losses as per Income Tax	27,959	-
<b>Total Deferred Tax Asset</b>	<b>29,299</b>	1,337
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>25,482</b>	(2,728)

15. 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.

16. 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

Licensed Capacity (MTs)	Installed Capacity (MTs)	Opening stock (MTs)	Production (MTs)	Closing stock (MTs)	Sales Qty (MTs)	Sales Value (Rs. in thousands)
100000 (100000)	60000 (60000)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)

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

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

	2010 - 2011		2009 - 2010	
	Value (Rs. in Thousands)	%	Value (Rs. in Thousands)	%
Stores & Spares				
Imported	-	-	745	32.98
Indigenous	424	100.00	1514	67.02
Total	424	100.00	2259	100.00

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

Stores and Spares Rs. 3,69,437/- ( Rs. 14,27,407/- )

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

Expenditure in Foreign Currency :  
Membership & Subscriptions Rs. 9,672/- ( Rs.8,091/-)

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

Signature to Schedule 1 to 17

**For DAYAL AND LOHIA**  
Chartered Accountants  
(Firm Registration No. 102200W)

**S. L. KHANDELWAL**  
Partner  
M. No. 101388

**For and on behalf of the Board**

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011



**25 TH ANNUAL REPORT 2010-2011**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

		AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
			(*000 Omitted)
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>			
Net Profit / (Loss) Before Tax		(24,286)	(37,440)
<b>Add :</b> Depreciation	1,147		1,177
Interest Paid	751		129
Sundry balances written off	6		15
Prior period Adjustments	14		-
Deferred Tax	(2,728)		(2,013)
Provision for diminution in the value of investments	-		30,115
Provision for doubtful advances and deposits	-		912
		<u>(810)</u>	<u>30,335</u>
		<u>(25,096)</u>	<u>(7,105)</u>
<b>Less :</b> Interest Received	-		192
Interest on Tax Refund	(8,799)		-
Sundry balances written back	5		4,772
		<u>(8,794)</u>	<u>4,964</u>
Operating Profit before Working Capital Changes		<u>(16,302)</u>	<u>(12,069)</u>
Adjustment for :			
(Increase)/Decrease in Trade & Other receivables	(6,910)		(1,495)
Increase/(Decrease) in Trade Payables	58,612		(13,182)
(Increase)/Decrease in Inventories	-		1,327
		<u>51,702</u>	<u>(13,350)</u>
		<u>35,400</u>	<u>(25,419)</u>
<b>Net Cash from Operative Activities (A)</b>		<u>35,400</u>	<u>(25,419)</u>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>			
Capital Work in Progress		<u>(3,523)</u>	<u>(4,181)</u>
<b>Net cash used in investing activities (B)</b>		<u>(3,523)</u>	<u>(4,181)</u>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>			
Receipts Of Borrowings	-		30,724
Repayments of Borrowings	(32,246)		-
<b>Add:</b>		<u>(32,246)</u>	<u>30,724</u>
Interest Received	-		192
Interest Paid	(751)		(129)
		<u>(751)</u>	<u>63</u>
<b>Net cash used in financial activities (C)</b>		<u>(32,997)</u>	<u>30,787</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>		<u>(1,120)</u>	<u>1,187</u>
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>		<u>1,948</u>	<u>761</u>
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>		<u>828</u>	<u>1,948</u>

As per our report of even date  
**For DAYAL AND LOHIA**  
**Chartered Accountants**  
**(Firm Registration No. 102200W)**

**S. L. KHANDELWAL**  
**Partner**  
**M. No. 101388**

Place : Mumbai  
 Date : May 27, 2011

For and on behalf of the Board

**D. N. SINGH**  
**Technical Director**

**H. D. RAMSINGHANI**  
**Chairman**

Place : Mumbai  
 Date : May 27, 2011

---

---

*Rama Petrochemicals Ltd.*

---

---

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I REGISTRATION DETAILS :**

Registration No.	35187	State Code	11
Balance Sheet Date	31.03.2011		

**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	3,96,098	Total Assets	3,96,098
-------------------	----------	--------------	----------

**Source of Funds**

Paid up Capital	1,04,694	Reserves & Surplus	6,030
Secured Loan	29,027	Unsecured Loans	2,56,347

**Application of Funds**

Net Fixed Assets	19,331	Accumulated Losses	3,65,478
Capital Work in Progress	10,520	Net Current Assets	769

**IV Performance of Company ( ' 000 omitted )**

Turnover (including other income)	179	Total Expenditure	27,193
Profit/(Loss) before tax	(27,014)	Profit / (Loss) after tax	(24,286)
Earning per share Rs.	(2.32)	Dividend Rate %	Nil

**V Generic Name of Principal Product of the Company**

Item Code No. (ITC Code)	2,90,511	Item Code No. (ITC Code)	
Product Description	Methanol (Methyl Alcohol)	Product Description	Real Estate Development

---

For and on behalf of the Board

Place : Mumbai  
Date : May 27, 2011

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

**Auditors' Report on Consolidated Financial Statements of RAMA PETROCHEMICALS LTD.**

The Board of Director's of Rama Petrochemical Limited

1. We have audited the attached Consolidated Balance Sheet of **Rama Petrochemical Limited** ("the Company") and its subsidiaries: hereinafter referred to as the "Group" as at 31<sup>st</sup> March 2011, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These consolidated 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. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – "Consolidated Financial Statements" as notified under sub-section 3c of section 211 of the Companies Act, 1956 and on the basis of the separate financial statements of Rama Petrochemicals Limited and its subsidiary.
4. Further to our comments in paragraph 3 above, we report that: -
  - i. **The company has not provided for:**
    - a) **Interest on working capital loan upto March 31, 2011 aggregating to Rs.3,29,70,802/- (P.Y Rs.2,42,33,233/-) - Refer Note No. C (6) (a) of schedule 17.**
    - b) **Interest on unpaid custom duty upto March 31 2011 aggregating to Rs. 1,45,92,265/- (P.Y Rs. 57,30,568/-) and unpaid customs duty Rs 4,32,740/- (P.Y. Rs Nil) - Refer Note No. C (6) (b) of schedule 17.**
    - c) **Interest on late payment of customs duty Rs 19,62,185/- (P.Y. Nil) - Refer Note No. C (6) (c) of schedule 17.**

The above has resulted in understatement of loss for the year by Rs. 1,99,94,192/-, accumulated losses by Rs.4,99,57,992/-, Secured Loans by Rs.3,29,70,802/- and outstanding liability by Rs. 1,69,87,190/-.
  - ii. **The company has not paid statutory liability on account of sales tax aggregating Rs. 28,35,07,149/- ( P.Y Rs. 26,26,25,826/-) upto March 31 2011 as explained in Note No. C (2) to schedule 17.**
  - iii. **Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No. C (4) to Schedule 17, we are unable to quantify the impact of interest provision if any, on such MSME parties.**
  - iv. **The company's net worth has been completely eroded and has been declared as sick industrial company by BIFR vide order dated 01.07.2002. As more fully explained in Note No. C (7) to schedule 17, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. The revival of the Company's operations depends upon the Company being able to obtain the alternative main feed stock. In absence of any further information indicating to the contrary, we have accepted this assumption.**
5. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion the attached consolidated financial statements **subject to our comments in paragraph 4 above and as mentioned in audit report of the subsidiary company regarding retirement benefits of employees having been provided on the basis of actual liability instead of actuarial valuation as required by Accounting Standard 15 (revised), give true and fair view in conformity with the accounting principles generally accepted in India:**
  - i. in case of consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2011; and
  - ii. in the case of consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
  - iii. in the case of consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Dayal and Lohia  
Chartered Accountants  
Firm Reg. No. 102200W**

**(S.L. Khandelwal)  
Partner  
M. No.: 101388**

Place : Mumbai.  
Dated : May 27, 2011

*Rama Petrochemicals Ltd.*

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

(Rs. in Thousands)

	Schedule No.		AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
<b>SOURCES OF FUNDS :</b>				
<b>Shareholders' Fund :</b>				
Share Capital	1	104,694		104,694
Reserves and Surplus	2	6,030		6,030
			<b>110,724</b>	<b>110,724</b>
<b>Loan Funds :</b>				
Secured Loans	3	29,027		29,027
Unsecured Loans	4	413,309		397,129
			<b>442,336</b>	<b>426,156</b>
<b>Deferred Tax Liability</b>			<b>-</b>	<b>2,728</b>
	<b>TOTAL</b>		<b>553,060</b>	<b>539,608</b>
<b>APPLICATION OF FUNDS :</b>				
<b>Fixed Assets :</b>	5			
Gross Block		386,407		386,407
Less : Accumulated Depreciation		366,102		364,864
Net Block		20,305		21,543
<b>Capital work in Progress :</b>		10,521		6,997
(Including Capital Advances)			<b>30,826</b>	28,540
<b>Investments :</b>	6		<b>102,500</b>	-
<b>Current Assets, Loans and Advances :</b>				
Interest Accrued but not Due		94		104
Inventories	7	49,502		49,502
Sundry Debtors	8	9,128		12,358
Cash and Bank Balances	9	1,077		2,023
Loans and Advances	10	47,317		64,566
		<b>107,118</b>		<b>128,553</b>
<b>Less : Current Liabilities and Provisions :</b>	11			
Current Liabilities		284,628		198,954
Provisions		1,881		1,706
		<b>286,509</b>		<b>200,660</b>
Net Current Assets			<b>(179,391)</b>	<b>(72,107)</b>
<b>Profit and Loss Account :</b>			<b>599,125</b>	<b>583,175</b>
	<b>TOTAL</b>		<b>553,060</b>	<b>539,608</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	17			

As per our report of even date

For and on behalf of the Board

**For DAYAL AND LOHIA**  
Chartered Accountants  
(Firm Registration No. 102200W)

**S. L. KHANDELWAL**  
Partner  
M. No. 101388

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

**25 TH ANNUAL REPORT 2010-2011**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Rs. in Thousands)

	Schedule No.	FOR THE YEAR ENDED 31ST MARCH, 2011	FOR THE YEAR ENDED 31ST MARCH, 2010
<b>INCOME</b>			
Sales	12	66,315	20,291
Other Income	13	1,760	5,316
		<u>68,075</u>	<u>25,607</u>
<b>EXPENDITURE</b>			
Cost of Construction		-	8,549
Cost of Traded Goods		55,588	-
Employee Cost	14	8,348	8,942
Operating and Other Expenses	15	17,315	16,820
Financial Charges	16	13,077	16,518
Impairment of Goodwill		-	113
		<u>94,328</u>	<u>50,942</u>
<b>Profit / (Loss) Before Depreciation</b>		<b>(26,253)</b>	<b>(25,335)</b>
Depreciation		1,238	1,267
		<u>(27,491)</u>	<u>(26,602)</u>
<b>Profit / (Loss) after depreciation before Tax</b>		<b>(27,491)</b>	<b>(26,602)</b>
<b>Provision for Taxation</b>			
Current Tax		-	-
Deferred Tax		(2,728)	(2,013)
( Refer Note No. C - 14 of Schedule 17)			
		<u>(24,763)</u>	<u>(24,589)</u>
<b>Profit / (Loss) After Tax</b>		<b>(24,763)</b>	<b>(24,589)</b>
Add / Less : Prior Period Income / (Expenditure)		14	-
		<u>(24,749)</u>	<u>(24,589)</u>
<b>Profit / (Loss) After Tax before Extra Ordinary Items</b>		<b>(24,749)</b>	<b>(24,589)</b>
Interest on Tax Refund		8,799	-
		<u>(15,950)</u>	<u>(24,589)</u>
<b>Profit / (Loss) after Extra Ordinary Items</b>		<b>(15,950)</b>	<b>(24,589)</b>
Balance brought forward from previous year		(583,175)	(558,586)
		<u>(599,125)</u>	<u>(583,175)</u>
<b>Balance carried to Balance Sheet</b>		<b>(599,125)</b>	<b>(583,175)</b>
<b>Basic &amp; Diluted Earnings per Share of Face value of Rs. 10/- each (before extra ordinary items)</b>		<b>(2.37)</b>	<b>(2.35)</b>
<b>Basic &amp; Diluted Earnings per Share of Face value of Rs. 10/- each (after extra ordinary items)</b>		<b>(1.52)</b>	<b>(2.35)</b>
( Refer Note No. C - 13 of Schedule 17)			
<b>Significant Accounting Policies and Notes on Accounts</b>	17		

As per our report of even date

For and on behalf of the Board

**For DAYAL AND LOHIA**  
Chartered Accountants  
(Firm Registration No. 102200W)

**S. L. KHANDELWAL**  
Partner  
M. No. 101388

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

*Rama Petrochemicals Ltd.*

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
-----------------------------	-----------------------------

**SCHEDULE 1**

**SHARE CAPITAL**

**Authorised :**

5,00,00,000 ( 5,00,00,000 ) Equity Shares of Rs. 10/- each	<b>500,000</b>	500,000
--	----------------	---------

**Issued, Subscribed & Paid - up :**

1,04,69,400 ( 1,04,69,400 ) Equity Shares of Rs. 10/- each	<b>104,694</b>	104,694
--	----------------	---------

	<b>104,694</b>	104,694
--	----------------	---------

**SCHEDULE 2**

**RESERVES AND SURPLUS**

**Capital Reserve**

	<b>6,030</b>	6,030
--	--------------	-------

	<b>6,030</b>	6,030
--	--------------	-------

**SCHEDULE 3**

**SECURED LOANS**

**Working Capital Loans From Bank**

	<b>17,459</b>	17,459
--	---------------	--------

**Interest accrued and due**

	<b>11,568</b>	11,568
--	---------------	--------

	<b>29,027</b>	29,027
--	---------------	--------

**NOTE :**

1. Working capital Loans are secured by hypothecation of raw materials, stock-in- process, finished goods, stores and spares and book debts and by way of second pari passu charge on fixed assets at patalganga and personal guarantee of a erstwhile director.
2. 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**

**Short Term Loans and Advances**

From Others	<b>21,400</b>	31,596
-------------	---------------	--------

Interest Accrued and due	<b>166</b>	117
--------------------------	------------	-----

	<b>21,566</b>	31,713
--	---------------	--------

**Other Loans and Advances**

From Others	<b>92,256</b>	78,255
-------------	---------------	--------

Sales Tax Deferral	<b>299,487</b>	287,161
--------------------	----------------	---------

	<b>391,743</b>	365,416
--	----------------	---------

	<b>413,309</b>	397,129
--	----------------	---------

SCHEDULE 5  
FIXED ASSETS (AT COST)

(Rs. in Thousands)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.10	Addition	Deductions	As at 31.03.11	As at 01.04.10	For the year	Deduction/ Adjustment	As at 31.03.11	As at 31.03.11	As at 31.03.10
FREE HOLD LAND	3,610	-	-	<b>3,610</b>	-	-	-	-	<b>3,610</b>	3,610
LEASE HOLD LAND	256	-	-	<b>256</b>	64	3	-	<b>67</b>	<b>189</b>	192
BUILDINGS	27,105	-	-	<b>27,105</b>	12,300	535	-	<b>12,835</b>	<b>14,270</b>	14,805
PLANT AND MACHINERY	345,173	-	-	<b>345,173</b>	342,841	530	-	<b>343,371</b>	<b>1,802</b>	2,332
FURNITURE AND FIXTURE	4,371	-	-	<b>4,371</b>	4,075	128	-	<b>4,203</b>	<b>168</b>	296
OFFICE EQUIPMENTS	4,798	-	-	<b>4,798</b>	4,490	42	-	<b>4,532</b>	<b>266</b>	308
VEHICLES	1,094	-	-	<b>1,094</b>	1,094	-	-	<b>1,094</b>	-	-
<b>TOTAL</b>	386,407	-	-	<b>386,407</b>	364,864	<b>1,238</b>	-	<b>366,102</b>	<b>20,305</b>	21,543
PREVIOUS YEAR	386,528	-	121	386,407	363,597	1,267	-	364,864	21,543	22,931

**NOTE :**

1. Lease hold land is taken on lease for the period of 95 years and cost of the same is amortised over the period of lease.
2. Immovable properties 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 denim division of the company. In the year 1999 - 2001, denim division of the company was demerged as Rainbow Denim Ltd.

*Rama Petrochemicals Ltd.*

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2011	AS AT 31ST MARCH 2010
--	-----------------------------	-----------------------------

**SCHEDULE 6**

**INVESTMENTS (At Cost)**

**Long Term**

**Unquoted, Other than Trade :**

92760 (Nil) Equity Shares of Elate Investments & Holdings Pvt. Ltd. Of Rs. 10/- each fully paid up	46,380	-
14030 (Nil) Equity Shares of Optical Disc Marketing (India) Pvt. Ltd. Of Rs. 10/- each fully paid up	56,120	-
	102,500	-

**CURRENT ASSETS, LOANS AND ADVANCES**

**SCHEDULE 7**

**INVENTORIES (At Cost)**

(As taken, valued & certified by Management)

Stores and Spares	30,725	30,725
Stock in Bonded Warehouse	18,771	18,771
Stock in Trade ( shares )	6	6
	49,502	49,502

**SCHEDULE 8**

**SUNDRY DEBTORS ( Unsecured )**

Outstanding Over Six months considered good	5,091	12,358
considered doubtful	384	384
	5,475	12,742
Outstanding under Six months considered good	4,037	-
	9,512	12,742
Less : Provision for Doubtful Debts	384	384
	9,128	12,358

**SCHEDULE 9**

**CASH AND BANK BALANCES**

Cash on hand	155	435
Balances with Scheduled Banks		
- Current Accounts	609	1,300
- Deposit Accounts	313	288
	922	1,588
	1,077	2,023



**25 TH ANNUAL REPORT 2010-2011**

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Thousands)

	<b>AS AT 31ST MARCH 2011</b>	<b>AS AT 31ST MARCH 2010</b>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	238	249
Advance Income Tax / TDS	103	7,485
Other Advances		
considered good	44,425	54,281
considered doubtful	23,444	23,444
	<u>67,869</u>	<u>77,725</u>
Less : Provision for Doubtful Advances	23,444	23,444
	<u>44,425</u>	<u>54,281</u>
Security and Other Deposit		
considered good	2,224	2,224
considered doubtful	249	249
	<u>2,473</u>	<u>2,473</u>
Less : Provision for Doubtful Advances	249	249
	<u>2,224</u>	<u>2,224</u>
Balance with Central Excise	327	327
	<u>47,317</u>	<u>64,566</u>

**SCHEDULE 11  
CURRENT LIABILITIES AND PROVISIONS**

<b>CURRENT LIABILITIES</b>		
Sundry Creditors	5,058	1,644
Advance from Customers	4,280	5,040
Other Liabilities	217,940	192,270
Share Application Money (Refer Note No. C - 3 of Schedule 17)	57,350	-
	<u>284,628</u>	<u>198,954</u>
<b>PROVISIONS</b>		
Gratuity	1,573	1,079
Leave Encashment	308	627
	<u>1,881</u>	<u>1,706</u>
	<u>286,509</u>	<u>200,660</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	<b>FOR THE YEAR ENDED 31ST MARCH 2011</b>	<b>FOR THE YEAR ENDED 31ST MARCH 2010</b>
<b>SCHEDULE 12</b>		
<b>SALES</b>		
Revenue from Construction Division	-	20,286
Sales - Traded Goods	66,315	-
Sales - Shares & Debentures	-	5
	<u>66,315</u>	<u>20,291</u>

*Rama Petrochemicals Ltd.*

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT	(Rs. in Thousands)	
	FOR THE YEAR ENDED 31ST MARCH 2011	FOR THE YEAR ENDED 31ST MARCH 2010
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Dividend Income	27	22
Interest Income		
Interest Receipt - Deposits [TDS Rs. 26,999/- ( Rs. 25,732/-)]	135	135
Interest Receipt - Others	5	57
	140	192
Sundry Balances Written Back	5	4,772
Miscellaneous Income	1,588	330
	1,760	5,316
<b>SCHEDULE 14</b>		
<b>EMPLOYEE COST :</b>		
Salaries, Wages and Allowances	7,079	8,011
Contribution to P.F./F.P.F.	364	395
Welfare and Other Amenities	411	348
Gratuity	494	188
	8,348	8,942
<b>SCHEDULE 15</b>		
<b>OPERATING AND OTHER EXPENSES :</b>		
Power and Fuel	2,750	2,878
Warehouse Charges	197	197
Consumption of Stores and Spares	424	2,259
<b>Repairs to :</b>		
Building	13	-
Plant and Machinery	2,518	2,163
Others	542	589
	3,073	2,752
Insurance	132	136
Rates, Taxes and Duties	314	249
Director's Sitting Fees	46	46
<b>Auditor's Remuneration</b>		
Audit Fees (incl. Limited Review Fees)	135	250
Tax Audit	5	-
Certification	9	17
Reim of Expenses	3	1
Service Tax	15	28
	167	296
Provision for Doubtful Advances	-	912
Security Charges	1,718	1,323
Water Charges	127	134
Conveyance	796	723
Printing and Stationary	58	65
Postage and Telegram	118	116
Legal and Professional Charges	6,062	3,796
Share Department Expenses	188	150
Books and Periodicals	13	13
Travelling Expenses	258	95
Telephone and Telex	109	119
Bank Charges	96	18
Miscellaneous Expenses	669	543
	17,315	16,820
<b>SCHEDULE 16</b>		
<b>FINANCIAL CHARGES</b>		
Interest to Other [TDS Rs. 75,000/- ( Rs. 12,945/-)]	13,077	16,518
	13,077	16,518

**SCHEDULE 17**

**SIGNIFICANT ACCOUNTING POLICIES 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. 31<sup>st</sup> March, 2011.

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 financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2. Accounting for Construction Division :**

Revenue from sale of properties under construction is recognized on the basis of actual bookings done (provided the significant risk and rewards have been transferred to the buyer and there is reasonable certainty of realization of proceeds) proportionate to the percentage of physical completion of construction / development work certified by the Architect.

**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. Interest income is recognized on time proportionate basis.
- c. Dividend income from investments is recognized when the right to receive the dividend is established.
- d. Claims and damages are accounted as and when they are finalized.

**4. Fixed Assets :**

All Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses if any. The cost of fixed assets includes taxes and duties (other than those subsequently recoverable from respective authorities), freight and other incidental expenses related to acquisition and installation of respective assets.

**5. Depreciation :**

- a. Depreciation on Fixed Assets is provided on Straight Line Method based on the useful life of the assets estimated by the management which is as per the rate prescribed 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 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

---

---

*Rama Petrochemicals Ltd.*

---

---

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 that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**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.

The Company's contributions 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 liability based on the period of service.

**12. Borrowing Cost :**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**13. Segment Reporting :**

The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated income / expenses

**14. Earning per Share (EPS) :**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

**15. Provision for Current and Deferred Tax :**

- a. Provision for the current tax is made after taking into considering benefits admissible under the provisions of the Income Tax Act, 1961.
- b. Deferred Tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets are reviewed at each balance sheet date and is written down or written up to reflect the amount that is reasonably or virtually certain, as the case may be, to be realized.

**16. 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.

**17. 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. 18,62,19,177/- (Rs. 17,94,82,823/-). The Company is in appeal for these claims.
- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs.95,38,76,000/- (Rs. 95,38,76,000/- )
- c. Capital commitment Rs. 1,55,89,627/- ( Rs. 1,70,75,123/-)

**2. Interest Free Sales Tax Deferment :**

The Company had a liability of Rs. 31,23,33,405/- payable from 30<sup>th</sup> April 2001 to 30<sup>th</sup> 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 31.03.2011 is Rs. 29,94,86,832/-. The Company has assigned the said liability to subsidiary company during the year 1999-2001. The subsidiary company had paid Rs. 19,89,265/- (Rs.19,89,265/-) upto 31<sup>st</sup> March 2011 out of Rs. 28,54,96,414/- (Rs. 26,46,15,091/-) due upto 31<sup>st</sup> March 2011 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. Share Application money is received from a promoter's group company in accordance with the revival Scheme submitted to the B.I.F.R. and the allotment of shares pursuant thereto is subject to and shall be in accordance with the directions of the said B.I.F.R.
4. 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.

*Rama Petrochemicals Ltd.*

5. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
6. The company has not provided
  - a. Interest of Rs. 3,29,70,802/- (Rs. 2,42,33,233/-) on working capital loans from banks till March 31, 2011.
  - b. Custom duty of Rs. 4,32,740/- (Rs. Nil) and interest on custom duty as per revised working aggregating to Rs. 1,45,92,265/- (Rs. 57,30,568/-) till March 31, 2011.
  - c. Interest on late payment of custom duty Rs. 19,62,185/- (Rs. Nil)
7. 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 by Gas Authority of India Ltd. (GAIL) is completed, the company is hopeful to restart its plant soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".
8. 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. 30<sup>th</sup> 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.
9. 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. 3,63,612/- (Rs. 3,94,898/-)

**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 :**

	2010 - 11 (Rs. in thousands)	2009 - 10 (Rs. in thousands)
Opening defined benefit obligation	1042	859
Interest cost	94	73
Current service cost	170	182
Benefits paid	-	-
Actuarial (gains) / losses on obligation	225	(71)
Closing defined benefit obligation	1531	1042

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

	2010 - 11 (Rs. in thousands)	2009 - 10 (Rs. in thousands)
Opening fair value of plan assets	0	0
Expected return	0	0
Contributions by employer	0	0
Benefits paid	0	0
Actuarial gains / (losses)	(225)	71
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**

	<b>2010 - 11</b> <b>(Rs. in thousands)</b>	2009 - 10 (Rs. in thousands)
Present value of Funded Obligation	(1531)	(1042)
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	(1531)	(1042)

**d. Balance Sheet**

**Details of Provision for gratuity**

	<b>2010 - 11</b> <b>(Rs. in thousands)</b>	2009 - 10 (Rs. in thousands)
Defined benefit obligation	(1531)	(1042)
Fair value of plan assets	0	0
Liability recognised in Balance Sheet	(1531)	(1042)

**e. Profit and Loss Account**

**Net employee benefit expenses**

	<b>2010 - 11</b> <b>(Rs. in thousands)</b>	2009 - 10 (Rs. in thousands)
Current service cost	170	182
Interest cost on benefit obligation	94	73
Net Actuarial (gain)/ loss recognized in the year	225	(71)
Total Expenses recognized in the Profit & Loss Account	488	183

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

	<b>2010 - 11</b> <b>(Rs. in thousands)</b>	2009 - 10 (Rs. in thousands)
Discount rate	8.00%	7.75%
Salary Escalation	5.00%	5.00%
Mortality	<b>LIC (1994-96)</b> <b>Ultimate</b>	LIC (1994-96) Ultimate
Type of Plan	<b>Unfunded</b>	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 liability based on the period of service. The difference on account of actuarial valuation is not likely to be significant and hence not considered.

- 10.** The company has obtained a valuation report 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.

**11. Segment Reporting :**

The Company has the following primary segments during the year :

1. Methanol
2. Construction

*Rama Petrochemicals Ltd.*

3. Trading – Shares

4. Trading – Goods

Information about Primary Business Segments :

(Rs. in Thousands)

	Methanol		Construction		Trading-Shares		Trading-Goods		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
External Sales/Income	-	-	-	20286	-	5	66315	-	66315	20291
Add : Intersegment Sales	-	-	-	-	-	-	-	-	-	-
<b>Total Sales / Income</b>	-	-	-	20286	-	5	66315	-	66315	20291
Less: Intersegment Sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	20286	-	5	66315	-	66315	20291
<b>Segment Result before interest, exceptional / extraordinary items</b>	<b>(26263)</b>	<b>(20883)</b>	<b>-</b>	<b>11561</b>	<b>-</b>	<b>(762)</b>	<b>11849</b>	<b>-</b>	<b>(14414)</b>	<b>(10084)</b>
Less : Unallocable Income / (Expenses)										
Financial Charges .....									13077	16518
Profit / (Loss) before exceptional / extra ordinary items & tax .....									(27491)	(26602)
Exceptional items .....									-	-
Profit / (Loss) before Tax .....									(27491)	(26602)
(Provision) / Release of Deferred Taxes .....									2728	2013
Profit / (Loss) after Tax .....									(24763)	(24589)

**OTHER INFORMATION**

(Rs. in Thousands)

	Methanol		Construction		Trading		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Assets	105118	89691	5091	12358	130235	55044	240444	157093
Segment Liabilities	360683	155736	4280	4240	363882	466839	728845	626815
Depreciation	1147	1177	-	-	91	90	1238	1267
Non cash expenses other than depreciation	-	-	-	-	-	-	-	-
Unallocated Segment Assets							-	-
Unallocated Segment Liabilities :								
Deferred Tax Liability							-	2728



**25 TH ANNUAL REPORT 2010-2011**

**12. Related Party Disclosure under Accounting Standard 18 (AS 18) :**

A) List of related parties as identified by the management are as under :

**I) Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under common control with the reporting enterprise :**

None

**II) Associates, Joint Ventures of the reporting entity, investing party or venture in respect of which reporting enterprise is an associate or a joint venture :**

Indo Us Investment Inc.

**III) Key Management Personnel (KMP)**

Mr. H. D.Ramsinghani Chairman

Mr. D.N. Singh Technical Director

**IV) Relative of Key Management Personnel**

Mr. D. J. Ramsinghani

Mrs. Lajwanti D Ramsinghani

Mrs. Nilanjana H Ramsinghani

**V) Enterprises over which any person described III and IV is able to exercise significant influence :**

Rama Phosphates Ltd.

Rainbow Denim Ltd.

Rama Industries Ltd.

Rainbow Agri Industries Ltd.

Nova Gelicon Pvt. Ltd.

Bluelagoon Investment Pvt. Ltd.

Jupiter Corporate Services Pvt. Ltd.

Rama Enterprise

B) The following transaction were carried out with the related parties :

(Rs. in Thousands)

Sr. No	Particular	Key management personnel and their relatives		Enterprises over which KMP,with their relatives, is able to exercise significant influence	
		2010-11	2009-10	2010-11	2009-10
1	Balance Outstanding as on 31.03.2011				
	Receivable	-	-	4037	20800
	Payable	-	-	198602	182898
2	Loans / Advances Given	-	-	57600	50619
3	Loans/Advances recovered	-	-	78400	240275
4	Loans / Advances Taken	-	-	58478	166870
5	Loans / Advances Repaid	-	-	45194	245995
6	Sale of Goods	-	-	9749	-
7	Purchase of Goods	-	-	34047	-
8	Guarantees Outstanding at year end	-	-	909500	909500
9	Sitting Fees to KMP	10	10	-	-
10	Personal Guarantees by KMP	5326000	5326000	-	-
11	Share Application money received	-	-	57350	-
12	Balances W/off / W/back	-	-	-	-
13	Sharing of infrastructure and resources	-	-	This transaction is of non monetary consideration	

**13. Earning Per Share (EPS)**

	<b>2010-11</b>	2009-10
i Net Profit / (Loss) after Tax available for equity shareholder (Rs. in Thousands)	<b>(24763)</b>	(24589)
ii Weighted Average No of Equity Shares for Basic & Diluted EPS	<b>10469400</b>	10469400
iii Nominal Value of Equity Shares in Rupees	<b>10.00</b>	10.00
iv Basic & Diluted Earning per Share in Rupees (before extra ordinary item)	<b>(2.37)</b>	(2.35)
v Basic & Diluted Earning per Share in Rupees (after extra ordinary item)	<b>(1.52)</b>	(2.35)

**14. 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 the company not expecting any taxable profits in near future, no deferred tax asset is recognized. The details of the same are as under :

( Rs. in Thousands)

	<b>2010-11</b>	2009-10
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	<b>3,817</b>	4,065
<b>Deferred Tax Assets on account of :</b>		
Disallowances u/s 43B		
Gratuity	<b>1,117</b>	966
Leave encashment	<b>94</b>	192
Bonus / Exgratia	<b>129</b>	179
Carried forward Losses as per Income Tax	<b>27,959</b>	-
<b>Total Deferred Tax Asset</b>	<b>29,299</b>	1,337
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>25,482</b>	(2,728)

In case of subsidiary company, the company not expecting any taxable profits in near future, no deferred tax asset is recognized. The details of the same are as under :

( Rs. in Thousands)

	<b>2010-11</b>	2009-10
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	<b>165</b>	173
<b>Deferred Tax Assets on account of :</b>		
Disallowance u/s 43B		
Gratuity	<b>13</b>	12
Leave encashment	<b>1</b>	1
Bonus / Exgratia	<b>1</b>	2
Carried Forward Losses as per Income Tax	<b>33,832</b>	42,412
<b>Total Deferred Tax Assets</b>	<b>33,847</b>	42,427
<b>Net Deferred Tax Asset / (Liability)</b>	<b>33,682</b>	42,254

15. 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.

**25 TH ANNUAL REPORT 2010-2011**

16. 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

Licensed Capacity (MTs)	Installed Capacity (MTs)	Opening stock (MTs)	Production (MTs)	Closing stock (MTs)	Sales Qty (MTs)	Sales Value (Rs. in thousands)
<b>100000</b> (100000)	<b>60000</b> (60000)	<b>NIL</b> (Nil)	<b>NIL</b> (Nil)	<b>NIL</b> (Nil)	<b>NIL</b> (Nil)	<b>NIL</b> (Nil)

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

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

	2010 - 2011		2009 - 2010	
	Value (Rs. in Thousands)	%	Value (Rs. in Thousands)	%
Stores & Spares Imported	-	-	745	32.98
Indigenous	<b>424</b>	<b>100.00</b>	1514	67.02
<b>Total</b>	<b>424</b>	<b>100.00</b>	2259	100.00

18. C.I.F. Value of Imports : **Rs. 3,69,437/-** (Rs. 14,27,407/-)

19. Earnings in Foreign Currency : **Rs. NIL** (NIL)

Expenditure in Foreign Currency :

Membership and Subscription **Rs. 9,672/-** (Rs. 8,091/-)

20. Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary company Rama Capital and Fiscal Services Pvt. Ltd.

(Rs in Thousands)

Share Capital	30,003
Reserves and Surplus	(2,63,650)
Total Assets	2,72,760
Total Liabilities	5,06,407
Investment other than in subsidiaries	1,02,500
% of holding	100%
Sales and Other Income	67,896
Profit before taxation	(476)
Provision for taxation	Nil
Profit after taxation	(476)
Proposed dividend (incl. dividend reserve)	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 17

**For DAYAL AND LOHIA**  
**Chartered Accountants**  
**(Firm Registration No. 102200W)**

**S. L. KHANDELWAL**  
**Partner**  
**M. No. 101388**

Place : Mumbai  
Date : May 27, 2011

**For and on behalf of the Board**

**D. N. SINGH**  
**Technical Director**

**H. D. RAMSINGHANI**  
**Chairman**

Place : Mumbai  
Date : May 27, 2011

*Rama Petrochemicals Ltd.*

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		AS AT 31st March 2011	AS AT 31st March 2010
		(Rs. in Thousands)	
<b>A.</b>	<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit / (Loss) Before Tax	(24,763)	(24,589)
	Add:		
	Depreciation	1,238	1,267
	Deffered Tax	(2,728)	(2,013)
	Prior Period Items	14	-
	Sundry balance written off	6	15
	Goodwill written off	-	113
	Provision for Doubtful advances and deposits	-	912
	Interest Paid / Provided	13,077	16,518
		<u>11,607</u>	<u>16,812</u>
		(13,156)	(7,777)
	Less:		
	Interest Received	-	192
	Dividend Income	27	22
	Sundry balance written back	5	4,772
	Interest on Tax Refund	(8,799)	-
		<u>(8,767)</u>	<u>4,986</u>
		(4,389)	(12,763)
	Operating Profit before Working Capital Changes		
	Adjustment for :		
	(Increase)/Decrease in Trade & Other receivables	23,211	142,042
	Increase/(Decrease) in Trade Payables	83,126	(157,095)
	(Increase)/Decrease in Inventories	-	1,328
		<u>106,337</u>	<u>(13,725)</u>
	Cash Generated from Operations	<u>101,948</u>	<u>(26,488)</u>
	<b>Net Cash from Operative Activities (A)</b>	<u><b>101,948</b></u>	<u><b>(26,488)</b></u>
<b>B.</b>	<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
	Capital Work in Progress	(3,524)	(4,181)
	Investments	(102,500)	-
	Dividend Income	27	22
		<u>(105,997)</u>	<u>(4,159)</u>
	<b>Net cash used in investing activities (B)</b>	<u><b>(105,997)</b></u>	<u><b>(4,159)</b></u>
<b>C.</b>	<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
	Receipts of Borrowings	16,180	48,095
	Add:		
	Interest Received	-	192
	Interest Paid	(13,077)	(16,518)
		<u>(13,077)</u>	<u>(16,326)</u>
	<b>Net cash used in financial activities (C)</b>	<u><b>3,103</b></u>	<u><b>31,769</b></u>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(946)</b>	1,122
	<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<b>2,023</b>	901
	<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<b>1,077</b>	2,023

As per our report of even date

For and on behalf of the Board

**For DAYAL AND LOHIA**  
Chartered Accountants  
(Firm Registration No. 102200W)

**S. L. KHANDELWAL**  
Partner  
M. No. 101388

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 27, 2011

Place : Mumbai  
Date : May 27, 2011

**RAMA PETROCHEMICALS LIMITED**

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

**PROXY FORM**

For Demat Shares

For Physical Shares

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 Fifth Annual General Meeting of the Company to be held on Friday, the 16<sup>th</sup> day of September, 2011 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400 001 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

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**

For Demat Shares

For Physical Shares

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 Fifth Annual General Meeting of the Company to be held on Friday, the 16<sup>th</sup> day of September, 2011 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, 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.)

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



**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.

**CRYSTAL (022) - 6614 0900**  
cfl\_mum@crystalforms.com