



RAMA PETROCHEMICALS LIMITED

Twenty-Sixth Annual Report

2011 - 2012

BOARD OF DIRECTORS

CHAIRMAN

H.D. RAMSINGHANI

REGISTERED OFFICE

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

Website : www.ramapetrochemicals.com

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

PLANT

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

BANKERS

BANK OF INDIA
ICICI BANK LIMITED
STATE BANK OF INDIA

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@linktime.co.in

Website : www.linktime.com

AUDITORS

DAYAL & LOHIA
CHARTERED ACCOUNTANTS
MUMBAI

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Thursday, the 27th day of September, 2012 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 Audited Statement of Profit and Loss for the year ended March 31, 2012 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahendra Lodha 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.”

NOTES

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday the 20th day of September, 2012 to Thursday the 27th day of September, 2012 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at its Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
4. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
5. 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

Place : Mumbai
Date : August 10, 2012

H.D. RAMSINGHANI
CHAIRMAN

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

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

Mr Mahendra Lodha who has been a Director of the Company since 1998, is an eminent Chartered Accountant and has over 30 years of rich and varied experience in the field of Finance and Corporate Advisory services.

Mr Mahendra Lodha does not hold any Shares of the Company.

He is a Director of the following Public Limited Companies :

Rainbow Denim Ltd.

Arvind Products Ltd.

Nitrex Chemicals India Ltd.

Amul Exim Ltd.

Kalyanpur Cements Ltd.

Steelco Gujarat Ltd.

Tulip Star Hotels Ltd.

Metrochem Industries Ltd.

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

Rainbow Denim Limited

Steelco Gujarat Ltd

Tulip Star Hotels Ltd

Audit Committee - Chairman

Audit Committee - Member

Audit Committee - Chairman

Shareholders Committee - Member

Arvind Products Ltd.

Kalyanpur Cements Ltd.

Audit Committee - Chairman

Audit Committee - Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
		(₹ in lacs)
Profit/(Loss) before Depreciation	2.15	(258.53)
Depreciation	10.84	11.47
Profit/(Loss) before tax and extraordinary items	(8.69)	(270.00)
Extraordinary Items	420.52	87.99
Release of Deferred Tax Liability	-	27.28
Profit/(Loss)) for the year after Tax and extraordinary items	411.83	(154.73)

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

Till date allocation of natural gas by Govt. of India has not been made . It is our view that availability of natural gas from domestic producers will improve in near future at competitive price and would be possible to resume the plant operations. Short fall in the availability of methanol continues and is 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, 2012 and the profit of the Company for the year ended March 31, 2012;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The 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, Statement of Profit and Loss 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 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. Mahendra Lodha 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 unpaid Custom Duty 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 late payment of 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 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.
- d) The Company has not disclosed information regarding dues to Micro, Small and Medium Enterprises since no information is available regarding their status.
- e) 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.
- f) The Company does not have formal Internal Audit system since the manufacturing activities continued to be suspended during the year under review.

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 Central Government has exempted the company 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.

For and on behalf of the Board

Place : Mumbai
Date : August 10, 2012

H. D. RAMSINGHANI
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING A PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

I. CONSERVATION OF ENERGY:

- A. Energy conservation measures taken :
- B. Additional investment proposals, if any, being implemented for reduction of consumption of energy:
- C. Impact of measures at (A) and (B) above for reduction of Energy Consumption and consequent impact on the cost of production of goods :

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

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

a) POWER AND FUEL CONSUMPTION	2011 - 2012	2010-2011
	(12 months)	(12 months)
1) ELECTRICITY :		
A) Purchased(MSEB)		
Units (in Thousand)	264.892	312.654
Total cost (₹ in lacs)	24.27	27.22
Rate per Unit (₹)	9.16	8.71
B) Own Generation :		
Through Diesel Generation		
Units (in Thousand)	NIL	0.170
Units/KL of Diesel	NIL	3.20
Cost/Unit (₹)	NIL	12.73
Through Steam Turbine/Generator		
Units (in thousand)	NIL	NIL
Units/Lt Of Fuel Oil, Gas	N.A	NIL
Cost/Unit	N.A	N.A
2) Coal	NIL	NIL
3) Furnace Oil	NIL	NIL
b) CONSUMPTION PER UNIT OF PRODUCTION		
Consumption/ton of Methanol	N.A	N.A
Electricity (KWH)	N.A	N.A
Furnace Oil	N.A	N.A
Coal	N.A	N.A
Other – Diesel Oil (KL)	N.A	N.A

II. TECHNOLOGY ABSORPTION :

A. RESEARCH AND DEVELOPMENT (R & D)

- a) Specific areas in which R & D is carried out by the Company :
- b) Benefits derived as a result of R & D :
- c) Future Plan of Action :
Not Applicable as the Plant was closed during the entire year under review.
- d) Expenditure on R & D (₹ 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:

	(₹ in lacs)
Foreign Exchange used	0.11
Foreign Exchange earned	NIL

For and on behalf of the Board

Place : Mumbai
Date : August 10, 2012

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 Director-ships 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 (Chairman)	Non Executive	Four	Yes	Five	One	Three	1110
Mr. Deonath Singh (Whole Time Director)	Executive	Three	Yes	Three	Two	Two	10898
Mr. Mahendra Lodha	Non Executive Independent	Four	Yes	Eighteen	Two	Four	Nil
Mr. S. S. Arora (upto 27.05.2011)	Non Executive Independent	One	N.A.	One	Nil	One	Nil
Mr. C.R. Malaviya (w e f 27.05.2011)	Non Executive Independent	Three	Yes	Four	Two	One	Nil

- c. During the year four Board Meetings were held on the following dates :
May 27, 2011, July 30, 2011, November 04, 2011, February 10, 2012.

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 27 2011, July 30, 2011, November 04, 2011 and February 10, 2012. 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	Three
Mr. S. S. Arora(upto 27.05.2011)	One
Mr. C. R. Malaviya (w e f 27.05.2011)	Three

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.

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	20	20
Non-Receipt of Dividend Warrants.	3	3
Non-Receipt of Annual Report	1	1
Non-Receipt of Demat Credit / Remat Certificates	2	2
Non-Receipt of REP/SPL/CON/DUP CR	1	1
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	NIL	NIL

8. Remuneration of Directors

(a) Executive Director

No remuneration was paid to the 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 (₹)
Mr. H. D. Ramsinghani	8,000/-
Mr. Mahendra Lodha	16,000/-
Mr. S. S. Arora (up to 27.05.2011)	4,000/-
Mr. C.R. Malaviya (from 27.05.2011)	12,000/-
TOTAL	40,000/-

9. General Body Meetings

Financial Year	Date	Time	Location
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
2010-2011	16/09/2011	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
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
16.09.2011	No Special Resolutions were passed.

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	:	31st March, 2012
Annual General Meeting	:	September 27, 2012 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber Of Commerce Path, Fort, Mumbai 400001
Dates of Book Closure	:	September 20, 2012 to September 27, 2012 (both days inclusive)
Dividend payment date	:	Not Applicable
Listing on Stock Exchange	:	Bombay Stock Exchange Ltd.
Stock Code	:	500358
ISIN	:	INE 783A01013

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

Month	High	Low
April 2011	9.80	7.82
May 2011	11.75	9.30
June 2011	11.43	8.71
July 2011	10.00	8.00
August 2011	9.40	7.01
September 2011	9.55	7.68
October 2011	9.00	8.40
November 2011	8.00	5.63
December 2011	5.99	4.53
January 2012	5.48	4.32
February 2012	5.48	4.38
March 2012	5.51	4.19

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

16. Share Transfer System

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

17. Distribution of Equity Shareholding as of March 31, 2012:

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	14391	93.68	2256874	21.56
501 – 1000	551	3.59	463666	4.43
1001 – 2000	216	1.41	329490	3.15
2001 – 3000	65	0.42	167764	1.60
3001 – 4000	34	0.22	118007	1.13
4001 – 5000	22	0.14	106358	1.01
5001 – 10000	37	0.24	262675	2.51
10001 & above	46	0.30	6764566	64.61
Total	15362	100.00	10469400	100.00

18. Shareholders' Profile as on March 31, 2012:

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	5401889	51.60
Foreign Collaborators	NIL	NIL
Banks	9900	0.10
Financial Institutions	700	0.00
Foreign Institutional Investors	NIL	NIL
Mutual Funds	7100	0.07
Domestic Companies	261685	2.50
Non-Domestic Companies	NIL	NIL
Non-Resident Indians	85024	0.81
General Public	4703102	44.92
Total	10469400	100.00

19. Dematerialization of shares as on March 31, 2012:

84.56% of the Company's total share capital representing 8853880 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 :

a) 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.

- b) The Company has constituted a Remuneration Committee.
- c) Half yearly financial results including summary of significant events in the past six months are presently not being sent to the Shareholders.
- d) There is no formal policy at present for training of the Board members as all the Board members are eminent and experienced professionals.
- e) There is no formal mechanism at present for evaluation of non-executive Directors.
- f) The Company has not established at present any formal Whistle Blower Policy.
- g) The replies to the Qualifications in Auditors Report on the financial statement are given in the Directors Report.

23. Reappointment of Directors :

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

For and on behalf of the Board

Place : Mumbai
Date : August 10, 2012

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, 2012, 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 : August 10, 2012

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 31st March 2012, 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 complaint letters received from shareholders during the period 01/04/2011 to 31/03/2012 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.

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

Place : Mumbai
Date : August 10, 2012

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

There is no addition in the methanol manufacturing unit in the country. The gap between demand and supply remains wide and is met by imports.

2. OPPORTUNITIES AND THREATS

Plant operation is viable only on natural gas as feed and fuel. As of now allocation of natural gas by Govt. of India has not been made even though the pipeline to carry natural gas to our factory has been laid. Operation of plant on naphtha remains unviable due to it's high price therefore the plant operations remains 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

Plant operation shall be viable only on natural gas from domestic producers.

5. RISKS AND CONCERNS

Govt. of India's policy on the alloction of natural gas to petrochemicals plant like ours is only after meeting the requirments of fertilizer, power, city gas distribution where the demand is more than the domestic availability. The price of natural gas should also be such that the product methanol is competitive with international 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 profit for the year after extra ordinary items is ₹ 411.83 lacs as compared to a loss of ₹ 154.73 lacs in the previous year.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

9. CAUTIONARY STATEMENT

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

For and on behalf of the Board

Place : Mumbai
Date : August 10, 2012

H. D. RAMSINGHANI
CHAIRMAN

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, 2012 and also the Statement of Profit and Loss 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, statement of profit and loss 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, statement of profit and loss 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 31st March, 2012 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 unpaid custom duty upto March 31, 2012 aggregating to ₹ 15,779 thousand (P.Y ₹ 14,592 thousand) and unpaid customs duty ₹ 433 thousand (P.Y. ₹ 433 thousand) - Refer Note No. 26 (a).**
 - b) **Demand of Interest on late payment of customs duty upto March 31, 2012 ₹ 1,962 thousand (P.Y. ₹ 1,962 thousand) - Refer Note No. 26 (b).**

The above has resulted in understatement of loss for the year by ₹ 1,187 thousand, accumulated losses by ₹ 18,174 thousand, and outstanding liability by ₹ 18,174 thousand.

vii. We report that:

- a) The company has not paid statutory liability on account of sales tax aggregating ₹ 2,98,504 thousand (P.Y ₹ 2,83,507 thousand) upto March 31, 2012 as explained in Note No. 25(c).
- b) Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No. 7.1, 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. 27, 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.

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, 2012;
- b) in the case of the Statement of Profit and Loss, of the profit 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
Date : May 30, 2012

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 31st March 2012]

1. In respect of its Fixed assets:
 - a) The Company has maintained proper records showing particulars, including quantitative details and situations of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
 - c) The Company has not disposed off any substantial part of fixed assets so as to affect its going concern status.
2. In respect of its inventories:
 - a) The 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.

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 (₹ in Thousand)	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 (₹ in thousand)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand for income tax	1,51,734	Block Assessment A.Y. 87-88 to 97-98	High Court
Income Tax Act, 1961	Demand for income tax	3,453	A.Y. 1997-98	High Court
Income Tax Act, 1961	Demand for income tax	11,999	A.Y. 1998-99	High Court
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		10	F.Y.1994-95	
Sales Tax Act	Turnover Tax	1,803	F.Y.1993-94	Dy. Commissioner of Commercial Tax Bhavnagar
Sales Tax Act		1,803	F.Y.1994-95	
Irrigation Dept.	Water Charges	1,30,733	-	High Court

10. The company has accumulated losses amounting to ₹ 3,24,295 thousand as on 31st March, 2012. During the year company has not incurred cash loss and in the immediately preceding year, it has incurred cash loss of ₹ 25,867 thousand.
11. On the basis of our examination of the books and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
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**

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

Place : Mumbai
Date : May 30, 2012

BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Thousand)

	NOTE NO.		AS AT 31ST MARCH, 2012		AS AT 31ST MARCH, 2011
EQUITY AND LIABILITIES :					
Shareholders' Fund :					
Share Capital	2	104,694			104,694
Reserves and Surplus	3	<u>(318,265)</u>			<u>(359,448)</u>
			(213,571)		(254,754)
Share Application Money :	4		96,475		57,350
Non Current Liabilities :					
Long Term Provisions	5		2,293		1,835
Current Liabilities :					
Short Term Borrowings	6	261,474			273,640
Trade Payables	7	3,963			2,449
Other Current Liabilities	8	<u>18,853</u>			<u>29,689</u>
			284,290		305,778
	TOTAL		<u><u>169,487</u></u>		<u><u>110,209</u></u>
ASSETS :					
Non - Current Assets :					
Fixed Assets :	9				
Tangible Assets		18,316			19,331
Capital work in progress		23,453			10,520
Non-Current Investment	10	-			-
Long Term Loans and Advances	11	<u>2,074</u>			<u>2,047</u>
			43,843		31,898
Current Assets :					
Inventories	12	50,675			49,496
Trade Receivables	13	907			5,091
Cash and Bank Balances	14	31,420			828
Short Term Loans and Advances	15	42,525			22,802
Other Current Assets	16	<u>117</u>			<u>94</u>
			125,644		78,311
	TOTAL		<u><u>169,487</u></u>		<u><u>110,209</u></u>
Significant Accounting Policies	1				
Notes on Financial Statement	2 to 33				

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 30, 2012

Place : Mumbai

Date : May 30, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

	NOTE NO.	FOR THE YEAR ENDED 31ST MARCH, 2012	FOR THE YEAR ENDED 31ST MARCH, 2011
REVENUE			
Other Income	17	<u>25,551</u>	<u>193</u>
		25,551	193
EXPENSES			
Purchases of Stock in Trade	18	1,314	419
Changes in inventories of Stock in Trade	19	(457)	-
Employee Benefits Expense	20	11,094	8,222
Finance Cost	21	2,214	751
Depreciation	9	1,084	1,147
Other Expenses	22	11,171	16,654
		<u>26,420</u>	<u>27,193</u>
Profit / (Loss) before extraordinary items and tax		(869)	(27,000)
Extra ordinary items	23	42,052	8,799
Profit / (Loss) before tax		<u>41,183</u>	<u>(18,201)</u>
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	(2,728)
Profit / (Loss) for the year		<u>41,183</u>	<u>(15,473)</u>
Basic & Diluted Earnings per Share of face value of ₹ 10/- each (before extra ordinary items)	24	(0.08)	(2.32)
Basic & Diluted Earnings per Share of face value of ₹ 10/- each (after extra ordinary items)		3.93	(1.48)
Significant Accounting Policies	1		
Notes on Financial Statement	2 to 33		

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 30, 2012

Place : Mumbai

Date : May 30, 2012

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(869)	(24,286)
Add: Depreciation	1,084	1,147
Interest Paid	2,214	751
Sundry balances written off	-	6
Prior period Adjustments	(976)	14
Deffered Tax	-	(2,728)
	2,322	(810)
	1,453	(25,096)
Less: Interest Received	171	-
Extra Ordinary Item	(42,052)	(8,799)
Sundry balances written back	40	5
	(41,841)	(8,794)
Operating Profit before Working Capital Changes	43,294	(16,302)
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	(15,589)	(6,910)
Increase/(Decrease) in Trade Payables	(8,824)	58,612
(Increase)/Decrease in Inventories	(203)	-
	(24,616)	51,702
	18,678	35,400
Net Cash from Operative Activities(A)	18,678	35,400
B. CASHFLOW FROM INVESTING ACTIVITIES		
Fixed Assets	(69)	-
Capital work in Progress	(12,933)	(3,523)
	(13,002)	(3,523)
Net cash used in investing activities(B)	(13,002)	(3,523)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Receipts Of Borrowings	39,125	-
Repayments of Borrowings	(12,166)	(32,246)
	26,959	(32,246)
Interest Received	171	-
Interest Paid	(2,214)	(751)
	(2,043)	(751)
Net cash used in financial activities(C)	24,916	(32,997)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	30,592	(1,120)
Cash & Cash Equivalents (Opening Balance)	828	1,948
Cash & Cash Equivalents (Closing Balance)	31,420	828

As per our report of even date

For and on behalf of the Board

For DAYALAND 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 30,2012

Place : Mumbai

Date : May 30,2012

NOTE 1

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 ₹ 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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

AS AT 31ST MARCH, 2012 AS AT 31ST MARCH, 2011

NOTE 2

Share Capital :

Authorised :

5,00,00,000 (5,00,00,000)
Equity Shares of ₹ 10/- each

500,000 500,000

Issued, Subscribed and Paid - up :

1,04,69,400 (1,04,69,400)
Equity Shares of ₹ 10/- each

104,694 104,694

Total **104,694** 104,694

The details of Shareholders holding more than 5% shares

Indo Us Investment Inc.	Nos.	3000000	3000000
	%	28.65%	28.65%
Libra Mercantile Pvt. Ltd.	Nos.	1404401	1404401
	%	13.41%	13.41%
Jupiter Corporate Services Pvt. Ltd.	Nos.	593280	593280
	%	5.67%	5.67%

Issue or buyback of Equity Shares **NIL** **NIL**

NOTE 3

Reserves and Surplus :

Capital Reserve

As Per Last Balance Sheet **6,030** 6,030

Profit and Loss Account

As Per Last Balance Sheet **(365,478)** (350,005)
Add : Profit/(Loss) for the year **41,183** (15,473)

(324,295) (365,478)

Total **(318,265)** (359,448)

NOTE 4

Share Application Money :

96,475 57,350

Total **96,475** 57,350

- 4.1 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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

AS AT
31ST MARCH, 2012 AS AT
31ST MARCH, 2011

NOTE 5

Long Term Provisions :

for Gratuity	1,759	1,531
for Leave Encashment	534	304
Total	2,293	1,835

5.1 Consequent to the adoption of Accounting Standard 15 on Employee Benefits issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by standards :

A Defined Contribution Plan

Provident Fund : The Company has recognised the following amount in the profit and loss account for the year

Employer's contribution to Provident Fund	400	364
---	-----	-----

B Defined Benefit Plan

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

a. **The Principal assumption used in determining gratuity obligations for the company's plans are shown below**

Discount Rate	8.25%	8.00%
Salary Escalation	5.00%	5.00%
Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
Type of Plan	Unfunded	Unfunded

The estimate 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.

b. **Changes in present value of defined benefit obligation**

Opening defined benefit obligation	1,531	1,042
Interest Cost	130	94
Current Service Cost	100	170
Benefits Paid	-	-
Actuarial (gain) / Loss on obligation	(2)	225
Closing defined benefit obligation	1,759	1,531

c. **Changes in the fair value of Plan Assets**

Opening fair value of Plan Assets	-	-
Expected Return	-	-
Contribution by employer	-	-
Benefits Paid	-	-
Actuarial gains / (losses)	2	(225)
Closing fair value of Plan Assets	-	-
Actuarial return on Plan Assets	-	-
Expected contribution to be made in next annual year	-	-

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

Present value of Funded Obligation	(1,759)	(1,531)
Fair Value of Plan Assets	-	-
Funded (Asset)/Liability recognised in Balance Sheet	-	-
Present Value of Unfunded Obligation	-	-
Unrecognised past service cost	-	-
Unrecognised Actuarial	-	-
Unfunded Net Liability recognised in Balance Sheet	(1,759)	(1,531)

e. **Balance Sheet - Details of Provision of Gratuity**

Defined benefit obligation	(1,759)	(1,531)
Fair value of Plan Assets	-	-
Liability recognised in the Balance Sheet	(1,759)	(1,531)

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
f. Profit and Loss Account - Net Employee Benefit Expenses		
Current Service Cost	100	170
Interest Cost on benefit obligation	130	94
Net Actuarial (gain) / loss recognised in the year	(2)	225
Total Expenses recognised in the Profit and Loss Account	228	488

CURRENT LIABILITIES :

NOTE 6

Short Term Borrowings :

Secured

Working Capital Loans from Others	11,318	17,459
	11,318	17,459

Unsecured

Loans and Advances

from Related Parties	207,425	197,050
from Others	42,731	59,131
	250,156	256,181

Total	261,474	273,640
--------------	----------------	----------------

- 6.1 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 parri passu charge on fixed assets at Patalganga and personal guarantee of a erstwhile director,
- 6.2 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan 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. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 6,027 thousand and which has been treated as Extra – Ordinary Items in the profit and loss account. (Refer Note 23.1)

NOTE 7

Trade Payables :

Others	3,963	2,449
	3,963	2,449

- 7.1 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.

NOTE 8

Other Current Liabilities :

Interest Accrued and due	-	11,568
Interest Accrued but not due	385	166
Advance from Customers	4,240	4,280
Other Liabilities	14,228	13,675
	18,853	29,689

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

**NOTE 9
Fixed Assets (At Cost) :**

(₹ in Thousand)

Description	Gross Block		Depreciation		Net Block	
	As At 01.04.11	As At 31.03.12	As At 01.04.11	As At 31.03.12	As At 31.03.12	As At 31.03.12
Tangible Assets						
Free Hold Land	3,610	3,610	-	-	3,610	3,610
Lease Hold Land	256	256	68	3	185	188
Buildings	25,980	26,049	12,545	517	12,987	13,435
Plant and Machinery	345,173	345,173	343,371	457	1,345	1,802
Furniture and Fixture	3,492	3,492	3,367	70	55	125
Office Equipments	4,449	4,449	4,278	37	134	171
Vehicles	1,094	1,094	1,094	-	-	-
Total	384,054	384,123	364,723	1,084	18,316	19,331
Previous Year	384,054	384,054	363,576	1,147	19,331	20,478
Capital work in progress					23,453	10,520

9.1 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.

9.2. 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.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

AS AT
31ST MARCH, 2012 AS AT
31ST MARCH, 2011

NOTE 10

Non Current Investments (At Cost) :

Unquoted (Other than Trade)

Investment in Subsidiary Company

5,00,300 (5,00,300) Equity Shares of
₹ 10/- each in Rama Capital & Fiscal
Services Pvt. Ltd. fully paid up.

5,021 5,021

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

25,094 25,094

Less : Provision for diminution in the value of
Investment

30,115 30,115

Total - -

Aggregate Value of Unquoted Investments :

NIL **NIL**

NOTE 11

Long term Loans and Advances :

Unsecured

Security Deposits

Considered Good

2,074 2,047

Considered doubtful

207 207

2,281 2,254

Less : Provision for doubtful deposits

207 207

Total 2,074 2,047

CURRENT ASSETS

NOTE 12

Inventories (At Cost) :

(As taken, valued & certified by Management)

Stores and Spares

30,928 30,725

Stock in Bonded Warehouse

18,771 18,771

Stock in Trade

976 -

Total 50,675 49,496

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
NOTE 13		
Trade Receivables (Unsecured) :		
Due more than six months considered good	-	5,091
considered doubtful	<u>384</u>	<u>384</u>
	384	5,475
Due within six months considered good	<u>907</u>	-
	1,291	5,475
Less : Provision for Doubtful Debts	<u>384</u>	<u>384</u>
	907	5,091
Total	<u>907</u>	<u>5,091</u>

NOTE 14

Cash and Bank Balances :

Cash on hand	21	138
Balances with Scheduled Banks		
- Current Accounts	30,885	377
- Fixed Deposits	<u>514</u>	<u>313</u>
	31,399	690
Total	<u>31,420</u>	<u>828</u>

NOTE 15

Short Term Loans and Advances :

(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	243	201
Advances Income Tax / TDS	30	103
Balance with Central Excise	327	327
Other Advances		
considered good	41,925	22,171
considered doubtful	<u>23,487</u>	<u>23,487</u>
	65,412	45,658
Less : Provision for Doubtful Advances	<u>23,487</u>	<u>23,487</u>
	41,925	22,171
Total	<u>42,525</u>	<u>22,802</u>

NOTE 16

Other Current Assets :

Interest Accrued but not due	117	94
Total	<u>117</u>	<u>94</u>

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	FOR THE YEAR ENDED 31ST MARCH, 2012	FOR THE YEAR ENDED 31ST MARCH, 2011
NOTE 17		
Other Income :		
Interest Income	171	136
Dividend Income	6	-
Other Non Operating Income		
Sundry Balances Written Back	40	5
Scrap Sale	1,258	-
Profit on Sale of Stores and Spares	72	-
Miscellaneous Income	23,028	38
Prior Period Income	976	14
Total	25,551	193

NOTE 18

Purchases of Stock in Trade :

Stores and Spares	1,224	130
Chemicals	90	279
Lubricants	-	10
Total	1,314	419

NOTE 19

Changes in Inventories of Stock in Trade :

Opening Stock	49,496	49,496
Less : Cost of Sale	254	-
Less : Closing Stock	49,699	49,496
Total	(457)	-

NOTE 20

Employee benefits Expenses :

Salaries, Wages and Allowances	10,107	6,961
Contribution to P.F./F.P.F.	400	364
Welfare & Other Amenities	358	409
Gratuity	229	488
Total	11,094	8,222

- 20.1 a No remuneration is paid to Whole Time (Technical) 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 the Companies Act, 1956 is not applicable

NOTE 21

Finance Cost :

Interest	2,214	751
Total	2,214	751

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	FOR THE YEAR ENDED 31ST MARCH, 2012	FOR THE YEAR ENDED 31ST MARCH, 2011
NOTE 22		
Other Expenses :		
Power and Fuel	2,441	2,747
Warehouse Charges	197	197
Repairs to :		
Building	56	13
Plant and Machinery	1,676	2,518
Others	582	542
	2,314	3,073
Insurance	155	132
Rates, Taxes and Duties	258	287
Director's Sitting Fees	40	46
Auditor's Remuneration		
Audit Fees	112	110
Tax Audit Fees	28	-
other Capacity	119	33
Reimbursement of Expenses	1	3
	260	146
Security Charges	2,057	1,718
Water Charges	227	127
Conveyance	875	796
Printing and Stationary	47	58
Postage and Telegram	102	118
Legal and Professional Charges	863	5,968
Share Department Expenses	210	188
Books and Periodicals	12	13
Travelling Expenses	186	258
Telephone and Telex	109	104
Bank Charges	45	25
Miscellaneous Expenses	773	653
	11,171	16,654
22.1 CIF Value of Imports		
Stores and Spares	NIL	369
22.2 Expenditure in Foreign Currency		
Membership and Subscription	11	10

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

**For the Year ended
31st March 2012**

For the Year ended
31st March 2011

Note 23

Extraordinary Items :

Interest on tax refund	-	8,799
Waiver of interest by bank	6,027	-
Sundry balances written back	36,025	-
Total	42,052	8,799

23.1 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan 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. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 6,027 thousand and which have been treated as Extra – Ordinary Items in the profit and loss account. (Refer Note 6.2)

Note 24

Earning Per Share (EPS) :

		2011-12	2010-11
i	Net Profit / (Loss) after Tax available for equity shareholder (₹ in Thousand)	41,183	(15,473)
ii	Weighted Average No of Equity Shares for Basic & diluted EPS	10469400	10469400
iii	Nominal Value of Equity Shares in Rupees	10.00	10.00
iv	Basic & Diluted Earning per Share in Rupees (before extra ordinary items)	(0.08)	(2.32)
v	Basic & Diluted Earning per Share in Rupees (after extra ordinary items)	3.93	(1.48)

Note 25

Contingent Liabilities :

a. The claims not acknowledged by the Company are as follows :

(₹ in Thousand)

Name of the Statute	2011 - 12	2010 - 11
Income Tax	1,70,316	1,72,402
Excise Duty	370	436
Gujarat Sales Tax	3,606	3,606
Irrigation Department	1,30,733	-
Total	3,05,025	1,76,444

The Company is in appeal for these claims.

b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate ₹ 9,53,876 thousand (₹ 9,53,876 thousand)

c. Sales Tax Liability of ₹ 3,10,344 thousand (₹ 3,10,344 thousand).

Interest Free Sales Tax Deferment :

The Company had a liability of ₹ 3,12,333 thousand (₹ 3,12,333 thousand) payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol division. The Company has assigned the said liability to another company during the

year 1999 – 2001. The assignee company has paid ₹ 1,989 thousand (₹ 1,989 thousand) upto 31st March 2012 out of ₹ 3,00,493 thousand (₹ 2,85,496 thousand) due upto 31st March 2012. 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.

- d. Capital commitments ₹ 2,475 thousand (₹ 15,590 thousand)

Note 26

The company has not provided for :

- a) Custom duty of ₹ 433 thousand (₹ 433 thousand) and interest on custom duty as per revised working aggregating to ₹ 15,779 thousand (₹ 14,592 thousand) till March 31, 2012.
 b) Interest on late payment of custom duty ₹ 1,962 thousand. (₹ 1,962 thousand)

Note 27

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”.

Note 28

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. 30th October,1999. None of the transferred employees has reported to their duties and they have approached the Industrial Court. However, Company does not expect any financial liability, apart from their service benefit, which has been provided in the books of account.

Note 29

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.

Note 30

Segment Reporting:

In absence of any revenue from the regular activities of the company in the segments of construction and methanol manufacturing and sales, segment wise reporting of income and expenditure has not been reported.

Other Information

(₹ in Thousand)

	Methanol		Construction		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Segment Assets	168075	105118	1412	5091	169487	110209
Segment Liabilities	378818	360683	4240	4280	383058	364963
Depreciation	1084	1147	-	-	1084	1147
Non cash expenses other than depreciation	-	-	-	-	-	-

Note 31

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) Individual owing, directly or indirectly an interest in voting power of reporting enterprise that gives them control or significant influence over the enterprise, and relative of any such individual :**
None
- IV) Key Management Personnel (KMP) and their relatives**
- | | |
|------------------------------|----------------------|
| Mr. H. D.Ramsinghani | Chairman |
| Mr. D.N. Singh | Technical Director |
| Mr. D. J. Ramsinghani | Relative of Chairman |
| Mrs. Lajwanti D Ramsinghani | Relative of Chairman |
| Mrs. Nilanjana H Ramsinghani | Relative of Chairman |
| Ms. Pooja D. Ramsinghani | Relative of Chairman |
- V) Enterprises over which any person described in 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.
Integrated Port Services (I) Ltd.
Replica Investment and Estates Ltd.
Rama Enterprise

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

(₹ in Thousand)

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	
		2012	2011	2012	2011	2012	2011
1	Balance Outstanding as on 31.03.2012						
	Receivable	-	-	-	-	345	-
	Payable	171725	142525	-	-	35700	54525
2	Sale of Store Material	-	-	-	-	327	-
3	Loans / Advances Taken	62450	38857	-	-	59425	43248
4	Loans / Advances Repaid	33250	74957	-	-	42225	40044
5	Guarantees Outstanding at year end	-	-	-	-	909500	909500
6	Sitting Fees to KMP	-	-	8	10	-	-
7	Personal Guarantees by KMP	-	-	5326000	5326000	-	-
8	Share Application money received	-	-	-	-	41125	57350
9	Share Application money refunded	-	-	-	-	2000	-
10	Balances Written back	-	-	-	-	36025	-
11	Sharing of infrastructure and resources	-	-	-	-	This transaction is of non monetary consideration	

Note 32

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 :

(₹ in Thousand)

Particular	2011 - 12	2010 - 11
Deferred Tax Liability on account of :		
Difference between WDV of Fixed Assets	3,579	3,817
Deferred Tax Assets on account of :		
Disallowances u/s 43B		
Gratuity	1,188	1,117
Leave encashment	165	94
Bonus / Exgratia	143	129
Carried forward Losses as per Income Tax	17,775	27,959
Total Deferred Tax Asset	19,271	29,299
Net Deferred Tax Asset/ (Liability)	15,692	25,482

Note 33

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

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 30,2012

Place : Mumbai

Date : May 30,2012

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF RAMA PETROCHEMICAL LIMITED

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 31st March 2012, the related consolidated Statement of Profit and Loss 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 unpaid custom duty upto March 31, 2012 aggregating to ₹ 15,779 thousand (P.Y ₹ 14,592 thousand) and unpaid customs duty ₹ 433 thousand (P.Y. ₹ 433 thousand) - Refer Note No. 29 (a).**
 - b) **Demand of Interest on late payment of customs duty upto March 31, 2012 ₹ 1,962 thousand (P.Y. ₹ 1,962 thousand) - Refer Note No. 29 (b).**

The above has resulted in understatement of loss for the year by ₹ 1,187 thousand, accumulated losses by ₹ 18,174 thousand, and outstanding liability by ₹ 18,174 thousand.
 - ii. **The company has not paid statutory liability on account of sales tax aggregating ₹ 2,98,504 thousand (P.Y ₹ 2,83,507 thousand) upto March 31, 2012 as explained in Note No. 28(d).**
 - iii. **Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No 8.1, we are unable to quantify the impact of interest provision if any, on such MSME.**
 - 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 explained in Note No. 30, 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.**

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**, 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 31st March 2012; and
 - ii. in the case of consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - iii. in 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
Date : May 30, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

(₹ in Thousand)

	NOTE NO.		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
EQUITY AND LIABILITIES :				
Shareholders' Fund :				
Share Capital	2	104,694		104,694
Reserves and Surplus	3	<u>(552,523)</u>	(447,829)	<u>(593,095)</u> (488,401)
Share Application Money :	4		96,475	57,350
Non-Current Liabilities :				
Other Long Term Liability	5	574		1,968
Long Term Provisions	6	<u>2,293</u>	2,867	<u>1,835</u> 3,803
Current Liabilities :				
Short Term Borrowings	7	303,246		328,777
Trade Payables	8	3,968		5,058
Other Current Liabilities	9	324,882		327,461
Short Term Provisions	10	<u>-</u>		<u>46</u>
			632,096	661,342
TOTAL			<u>283,609</u>	<u>234,094</u>
ASSETS :				
Non - Current Assets :				
Fixed Assets	11			
Tangible Assets		19,211		20,305
Capital Work in Progress		23,453		10,521
Non-Current Investment	12	102,500		102,500
Long Term Loans and Advances	13	<u>2,075</u>	147,239	<u>2,047</u> 135,373
Current Assets :				
Inventories	14	50,681		49,502
Trade Receivables	15	907		9,128
Cash and Bank Balances	16	42,138		1,077
Short Term Loans and Advances	17	42,527		38,920
Other Current Assets	18	<u>117</u>		<u>94</u>
			136,370	98,721
TOTAL			<u>283,609</u>	<u>234,094</u>
Significant Accounting Policies	1			
Notes on Financial Statement	2 to 38			

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 30,2012

Place : Mumbai

Date : May 30,2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

	NOTE NO.	FOR THE YEAR ENDED 31ST MARCH 2012	FOR THE YEAR ENDED 31ST MARCH 2011
REVENUE			
Revenue from Operations	19	13,643	66,315
Other Income	20	25,557	1,774
		<u>39,200</u>	<u>68,089</u>
EXPENSES			
Purchase of Stock in Trade	21	7,940	56,007
Changes in inventories of Stock in Trade	22	(457)	-
Employee Benefits Expense	23	11,104	8,348
Finance Cost	24	9,266	13,077
Depreciation	11	1,163	1,238
Other Expenses	25	11,664	16,896
		<u>40,680</u>	<u>95,566</u>
Profit / (Loss) before extraordinary items and tax		(1,480)	(27,477)
Extraordinary items	26	42,052	8,799
Profit / (Loss) before tax		<u>40,572</u>	<u>(18,678)</u>
Tax Expenses			
Current Tax		-	-
Deferred Tax		-	(2,728)
Profit / (Loss) for the year		<u><u>40,572</u></u>	<u><u>(15,950)</u></u>
Basic & Diluted Earnings per Share of face value of ₹ 10/-each (before extra ordinary items)	27	(0.14)	(2.37)
Basic & Diluted Earnings per Share of face value of ₹ 10/- each (after extra ordinary items)		3.88	(1.52)
Significant Accounting Policies	1		
Notes on Financial Statement	2 to 38		

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 30, 2012

Place : Mumbai

Date : May 30, 2012

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(1,480)	(24,763)
Add: Depreciation	1,163	1,238
Interest Paid / Provided	9,266	13,077
Sundry balance written off	-	6
Prior Period Adjustment	(976)	14
Deffered Tax	-	(2,728)
	9,453	11,607
	7,973	(13,156)
Less: Interest Received	171	140
Dividend Income	12	27
Extraordinary items	(42,052)	(8,799)
Sundry balance written back	40	5
	(41,829)	(8,627)
	49,802	(4,529)
Operating Profit before Working Capital Changes		
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	4,563	23,211
Increase/(Decrease) in Trade Payables	(4,611)	83,126
(Increase)/Decrease in Inventories	(203)	-
	(251)	106,337
Cash Generated from Operations	49,551	101,808
Net Cash from Operative Activities (A)	49,551	101,808
B. CASHFLOW FROM INVESTING ACTIVITIES		
Addition to Fixed Assets	(69)	-
Capital work in progress	(12,932)	(3,524)
Investments	-	(102,500)
Interest Received	171	140
Dividend Income	12	27
	(12,818)	(105,857)
Net cash used in investing activities (B)	(12,818)	(105,857)
C. CASHFLOW FROM FINANCING ACTIVITIES		
Receipts of Borrowings	39,125	16,180
Repayments of Borrowings	(25,531)	-
	13,594	16,180
Interest Paid / Provided	(9,266)	(13,077)
Net cash used in financial activities(C)	4,328	3,103
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	41,061	(946)
Cash & Cash Equivalents (Opening Balance)	1,077	2,023
Cash & Cash Equivalents (Closing Balance)	42,138	1,077

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

For and on behalf of the Board

S. L. KHANDELWAL
Partner
M. No. 101388

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Place : Mumbai
Date : May 30, 2012

Place : Mumbai
Date : May 30, 2012

NOTE 1**SIGNIFICANT ACCOUNTING POLICIES****A. PRINCIPLES OF CONSOLIDATION :**

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

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

The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2012.

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 ₹ 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. 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
(₹ in Thousand)		
NOTE 2		
Share Capital :		
Authorised :		
5,00,00,000 (5,00,00,000)		
Equity Shares of ₹ 10/- each	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid - up :		
1,04,69,400 (1,04,69,400)		
Equity Shares of ₹ 10/- each	<u>104,694</u>	<u>104,694</u>
Total	<u><u>104,694</u></u>	<u><u>104,694</u></u>
The details of Shareholders holding more than 5% shares		
Indo Us Investment Inc.	Nos. 3000000	3000000
	% 28.65%	28.65%
Libra Mercantile Pvt. Ltd.	Nos. 1404401	1404401
	% 13.41%	13.41%
Jupiter Corporate Services Pvt Ltd.	Nos. 593280	593280
	% 5.67%	5.67%
Issue or buyback of Equity Shares	NIL	NIL
NOTE 3		
Reserves and Surplus :		
Capital Reserve		
As per last Balance Sheet	6,030	6,030
Profit and Loss Account		
As per last Balance Sheet	(599,125)	(583,175)
Add : Profit / (Loss) for the year	40,572	(15,950)
	<u><u>(558,553)</u></u>	<u><u>(599,125)</u></u>
Total	<u><u>(552,523)</u></u>	<u><u>(593,095)</u></u>
NOTE 4		
Share Application Money :	96,475	57,350
Total	<u><u>96,475</u></u>	<u><u>57,350</u></u>
4.1 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.		
NON CURENT LIABILITIES :		
NOTE 5		
Other Long Term Liability :		
Unsecured :		
Deferred Payment Liabilities	574	1,968
Total	<u><u>574</u></u>	<u><u>1,968</u></u>
5.1 The company has accepted assignments of sales tax deferral liabilities of ₹ 3,12,333 thousand (₹ 3,12,333 thousand) of body corporate for which the net present value as on 31st March 2012 is ₹ 3,06,539 thousand (₹ 2,99,487 thousand) (Refer Note No.9.1). The aforesaid liability was to be discharged from 30th April 2001 to 30th April 2014 to the sales tax department of Government of Maharashtra. The company had paid ₹ 1,989 thousand (₹ 1,989 thousand) upto 31st March 2012 out of ₹ 3,00,493 thousand (₹ 2,85,496 thousand) due upto 31st March 2012.		

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

		(₹ in Thousand)	
		AS AT	AS AT
		31ST MARCH, 2012	31ST MARCH, 2011
NOTE 6			
Long Term Provisions			
	for Gratuity	1,759	1,531
	for Leave Encashment	534	304
	Total	2,293	1,835
6.1	Consequent to the adoption of Accounting Standard 15 on Employee Benefits issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by standards :		
A	Defined Contribution Plan		
	Provident Fund : The Company has recognised the following amount in the profit and loss account for the year		
	Employer's contribution to Provident Fund	400	364
B	Defined Benefit Plan		
	The Company has defined benefit plan for gratuity and leave encashment. The disclosure as required by AS-15 Employee benefit towards gratuity are as under:		
a.	The Principal assumption used in determining gratuity obligations for the company's plans are shown below		
	Discount Rate	8.25%	8.00%
	Salary Escalation	5.00%	5.00%
	Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
	Type of Plan	Unfunded	Unfunded
	The estimate 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.		
b.	Changes in present value of defined benefit obligation		
	Opening defined benefit obligation	1,531	1,042
	Interest Cost	130	94
	Current Service Cost	100	170
	Benefits Paid	-	-
	Actuarial (gain) / Loss on obligation	(2)	225
	Closing defined benefit obligation	1,759	1,531
c.	Changes in the fair value of Plan Assets		
	Opening fair value of Plan Assets	-	-
	Expected Return	-	-
	Contribution by employer	-	-
	Benefits Paid	-	-
	Actuarial gains / (losses)	2	(225)
	Closing fair value of Plan Assets	-	-
	Actuarial return on Plan Assets	-	-
	Expected contribution to be made in next annual year	-	-
d.	Reconciliation of the Present Value of Defined Present Obligations and Fair value of Assets		
	Present value of Funded Obligation	(1,759)	(1,531)
	Fair Value of Plan Assets	-	-
	Funded (Asset)/Liability recognised in Balance Sheet	-	-
	Present Value of Unfunded Obligation	-	-
	Unrecognised past service cost	-	-
	Unrecognised Actuarial	-	-
	Unfunded Net Liability recognised in Balance Sheet	(1,759)	(1,531)
e.	Balance Sheet - Details of Provision of Gratuity		
	Defined benefit obligation	(1,759)	(1,531)
	Fair value of Plan Assets	-	-
	Liability recognised in the Balance Sheet	(1,759)	(1,531)
f.	Profit and Loss Account - Net Employee Benefit Expenses		
	Current Service Cost	100	170
	Interest Cost on benefit obligation	130	94
	Net Actuarial (gain) / loss recognised in the year	(2)	225
	Total Expenses recognised in the Profit and Loss Account	228	488
6.2	In case of subsidiary company, provision for leave encashment and gratuity is not required as there is no employee as on 31st March 2012.		

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
CURRENT LIABILITIES		
NOTE 7		
Short Term Borrowings :		
Secured		
Working Capital Loans From Others	11,318	17,459
	11,318	17,459
Unsecured		
Loans and Advances		
from Related Parties	228,882	239,337
from Others	63,046	71,981
	291,928	311,318
Total	303,246	328,777

- 7.1 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 parri passu charge on fixed assets at Patalganga and personal guarantee of a erstwhile director.
- 7.2 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan 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. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 6,027 thousand and which has been treated as Extra – Ordinary Items in the profit and loss account. (Refer Note 26.1)

NOTE 8

Trade Payables :

Others	3,968	5,058
Total	3,968	5,058

- 8.1 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.

NOTE 9

Other Current Liabilities :

Interest Accrued and due	-	11,568
Interest Accrued but not due	385	166
Advance from Customers	4,240	4,280
Other Liabilities	320,257	311,447
Total	324,882	327,461

- 9.1 The company has accepted assignments of sales tax deferral liabilities of ₹ 3,12,333 thousand (₹ 3,12,333 thousand) of body corporate for which the net present value as on 31st March 2012 is ₹ 3,06,539 thousand (₹ 2,99,487 thousand) (Refer Note No.5.1). The aforesaid liability was to be discharged from 30th April 2001 to 30th April 2014 to the sales tax department of Government of Maharashtra. The company had paid ₹ 1,989 thousand (₹ 1,989 thousand) upto 31st March 2012 out of ₹ 3,00,493 thousand (₹ 2,85,496 thousand) due upto 31st March 2012.

NOTE 10

Short Term Provisions :

for Gratuity	-	42
for Leave Encashment	-	4
Total	-	46

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

NOTE 11

Fixed Assets (At Cost) :

DESCRIPTION	Gross Block				Depreciation		Net Block	
	As At 01.04.11	Addition	Deduction	As At 31.03.12	For the Year	Deductions/ Adjustments	As At 31.03.12	As At 31.03.11
Tangible Assets								
Free Hold Land	3,610	-	-	3,610	-	-	3,610	3,610
Lease Hold Land	256	-	-	256	3	-	186	189
Buildings *	27,105	69	-	27,174	535	-	13,804	14,270
Plant and Machinery	345,173	-	-	345,173	457	-	1,345	1,802
Furniture and Fixture	4,371	-	-	4,371	115	-	53	168
Office Equipments	4,798	-	-	4,798	53	-	213	266
Vehicles	1,094	-	-	1,094	-	-	-	-
Total	386,407	69	-	386,476	1,163	-	19,211	20,305
Previous Year	386,407	-	-	386,407	1,238	-	20,305	21,543
Capital work in progress							23,453	10,521

11.1 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.

11.2. 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.

* : includes ₹ 1124 thousand mortgage with banks for loan taken by related party.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012
(₹ in Thousand)

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
NOTE 12		
Non Current Investments (At Cost) :		
Unquoted (Other than Trade)		
92,760 (92,760) Equity Shares in Elate Investments & Holdings Pvt. Ltd. of ₹ 10/- each fully paid up.	46,380	46,380
14,030 (14,030) Equity Shares in Optical Disc Marketing (India) Pvt. Ltd. of ₹ 10/- each fully paid up.	56,120	56,120
Total	102,500	102,500
Agreegate Value of Unquoted Investments :		
At Cost Price	102,500	102,500

NOTE 13		
Long Term Loans and Advances :		
Security Deposits		
Considered Good	2,075	2,047
Considered doubtful	207	207
	2,282	2,254
Less : Provision for doubtful deposits	207	207
Total	2,075	2,047

CURRENT ASSETS

NOTE 14		
Inventories (At Cost) :		
(As taken, valued & certified by Management)		
Stores and Spares	30,928	30,725
Stock in Bonded Warehouse	18,771	18,771
Stock in Trade	976	-
Stock in Trade - Shares	6	6
Total	50,681	49,502

Details of Stock in Trade - Shares

Aarvee Denim Ltd.	1	1
C J Gelatine Ltd	0	0
[₹ 348/- (Previous Year ₹ 348/-)]		
K G Denim Ltd	1	1
Madalsa International Ltd	0	0
[₹ 200/- (Previous Year ₹ 200/-)]		
Maheshwari Protein Ltd	0	0
[₹ 100/- (Previous Year ₹ 100/-)]		
Modern Suiting Ltd	0	0
[₹ 50/- (Previous Year ₹ 50/-)]		
Rainbow Agri Industries Ltd	1	1
Rama Phosphates Ltd	3	3
Reliance Capital Ltd	0	0
[₹ 97/- (Previous Year ₹ 97/-)]		

14.1 Inventories of shares and debentures have been valued at cost or market price whichever is lower based on basket valuation method.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

AS AT
31ST MARCH, 2012 AS AT
31ST MARCH, 2011

NOTE 15

Trade Receivables (Unsecured) :

Due more than six months considered good	907	5,091	
considereddoubtful	384	384	
	1,291	5,475	
Due within six months considered good	-	4,037	
	1,291	9,512	
Less : Provision for Doubtful Debts	384	384	
Total	907	9,128	

NOTE 16

Cash and Bank Balances :

Cash on hand	25	155	
Balances with Scheduled Banks			
- Current Accounts	41,598	609	
- Fixed Deposits	515	313	
	42,113	922	
Total	42,138	1,077	

NOTE 17

Short Term Loans and Advances :

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	245	238	
Advances Income Tax / TDS	30	103	
Balance with Central Excise	327	327	
Other Advances			
considered good	41,925	38,252	
considered doubtful	23,487	23,487	
	65,412	61,739	
Less : Provision for doubtful advances	23,487	23,487	
	41,925	38,252	
Total	42,527	38,920	

NOTE 18

Other Current Assets :

Interest Accrued but not due	117	94	
Total	117	94	

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

FOR THE YEAR ENDED 31ST MARCH, 2012 FOR THE YEAR ENDED 31ST MARCH, 2011

NOTE 19

Revenue from Operations :

Sales - Traded Goods	13,643	66,315
	Total	66,315
19.1 Particulars of Sales - Traded Goods		
Yellow Soyabean Meal	-	34,595
Spent Sulphuric Acid	13,643	31,720

NOTE 20

Other Income :

Interest Income	171	140
Dividend Income	12	27
Other Non Operating Income		
Sundry Balances Written Back	40	5
Scrap Sale	1,258	-
Profit on Sale of Stores and Spares	72	-
Miscellaneous Income	23,028	1,588
Prior Period Income	976	14
	Total	1,774

NOTE 21

Purchases of Stock in Trade :

Stores and Spares	1,224	130
Chemicals	90	279
Lubricants	-	10
Traded Goods	6,626	55,588
	Total	56,007
21.1 Particulars of Purchases - Traded Goods		
Yellow Soyabean Meal	-	34,103
Spent Sulphuric Acid	6,626	21,485

NOTE 22

Changes in Inventories of Stock in Trade :

Opening Stock	49,502	49,502
Less : Cost of Sale	254	-
Less : Closing Stock	49,705	49,502
	Total	-

NOTE 23

Employee benefits Expenses :

Salaries, Wages and Allowances	10,115	7,079
Contribution to P.F./F.P.F.	400	364
Welfare & Other Amenities	360	411
Gratuity	229	494
	Total	8,348

- 23.1 a No remuneration is paid to Whole Time (Technical) 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 the Companies Act, 1956 is not applicable.

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

FOR THE YEAR ENDED 31ST MARCH, 2012 FOR THE YEAR ENDED 31ST MARCH, 2011

NOTE 24

Finance Cost :

Interest	9,266	13,077
Total	<u>9,266</u>	<u>13,077</u>

NOTE 25

Other Expenses :

Power and Fuel	2,450	2,755
Warehouse Charges	197	197

Repairs to :

Building	56	13
Plant and Machinery	1,676	2,518
Others	582	542
	<u>2,314</u>	<u>3,073</u>

Insurance	155	132
Rates, Taxes and Duties	286	314
Director's Sitting Fees	40	46

Auditor's Remuneration :

Audit Fees	140	116
Tax Audit Fees	50	5
Other Capacity	160	43
Reimbursement of Expenses	-	3
	<u>350</u>	<u>167</u>

Security Charges	2,057	1,718
Water Charges	227	127
Conveyance	874	796
Printing and Stationary	47	58
Postage and Telegram	102	118
Legal and Professional Charges	1,188	6,062
Share Department Expenses	211	188
Books and Periodicals	12	13
Travelling Expenses	186	258
Telephone and Telex	115	109
Bank Charges	59	96
Miscellaneous Expenses	794	669

Total	<u>11,664</u>	<u>16,896</u>
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25.1 CIF Value of Imports

Stores and Spares	NIL	369
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25.2 Expenditure in Foreign Currency

Membership and Subscription	11	10
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NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in Thousand)

FOR THE YEAR ENDED 31ST MARCH, 2012 FOR THE YEAR ENDED 31ST MARCH, 2011

NOTE 26

Extraordinary Items :

Interest on tax Refund	-	8,799
Waiver of Interest by bank	6,027	-
Sundry balance written back	36,025	-
Total	42,052	8,799

26.1 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan 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. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 6,027 thousand and which have been treated as Extra – Ordinary Items in the profit and loss account. (Refer Note 7.2)

NOTE 27

Earning Per Share (EPS)

		2011-12	2010-11
i	Net Profit / (Loss) after Tax available for equity shareholder (₹ in Thousand)	40,572	(24,763)
ii	Weighted Average No of Equity Shares for Basic & Diluted EPS	10469400	10469400
iii	Nominal Value of Equity Shares in Rupees	10.00	10.00
iv	Basic & Diluted Earning per Share in Rupees (before extra ordinary item)	(0.14)	(2.37)
v	Basic & Diluted Earning per Share in Rupees (after extra ordinary item)	3.88	(1.52)

NOTE 28

Contingent Liabilities

a. The claims not acknowledged by the Company are as follows :

(₹ in Thousand)

Name of the Statute	2011 - 12	2010 - 11
Income Tax	1,80,091	1,82,177
Excise Duty	370	436
Gujarat Sales Tax	3,606	3,606
Irrigation Department	1,30,733	-
Total	3,14,800	1,86,219

The Company is in appeal for these claims.

- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate ₹ 9,53,876 thousand (₹ 9,53,876 thousand)
- c. Capital commitment ₹ 2,475 thousand (₹ 15,590 thousand)
- d. Interest Free Sales Tax Deferment :

The Company had a liability of ₹ 3,12,333 thousand payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol

division for which NPV as on 31.03.2012 is ₹ 3,06,539 thousand (₹ 2,99,487 thousand). The Company has assigned the said liability to subsidiary company during the year 1999-2001. The subsidiary company had paid ₹ 1,989 thousand (₹ 1,989 thousand) upto 31st March 2012 out of ₹ 3,00,493 thousand (₹ 2,85,496 thousand) due upto 31st March 2012. 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 dues have been paid to the sales tax department.

- e. There is delay in payment of sales tax dues and interest thereon can not be quantified. The assigner company is seeking the waiver in terms of interest through BIFR.

NOTE 29

The company has not provided

- a. Custom duty of ₹ 433 thousand (₹ 433 thousand) and interest on custom duty as per revised working aggregating to ₹ 15,779 thousand (₹ 14,592 thousand) till March 31, 2012.
 b. Interest on late payment of custom duty ₹ 1,962 thousand (₹ 1,962 thousand)

NOTE 30

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”.

NOTE 31

As mentioned earlier that the company had suspended its production activities since Sept’1999, as a result of this the company has transferred some of the employees to other Division/Group Companies w.e.f. 30th October, 1999. None of the transferred employees has reported to their duties and they have approached the Industrial Court. However, Company does not expect any financial liability, apart from their service benefit, which has been provided in the books of account.

NOTE 32

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.

NOTE 33

Segment Reporting:

In absence of any revenue from the regular activities of the company in the segments of construction and methanol manufacturing and sales, segment wise reporting of income and expenditure has not been reported.

Other Information

(₹ in Thousand)

	Methanol		Construction		Trading		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Segment Assets	168075	105118	1412	5091	114122	130235	283609	240444
Segment Liabilities	378818	360683	4240	4280	348380	363882	731438	728845
Depreciation	1084	1147	-	-	79	91	1163	1238
Non cash expenses other than depreciation	-	-	-	-	-	-	-	-

NOTE 34

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) **Individual owing, directly or indirectly an interest in voting power of reporting enterprise that gives them control or significant influence over the enterprise and relative of any such individual :**

None

IV) **Key Management Personnel (KMP) and their relatives :**

Mr. H. D.Ramsinghani	Chairman
Mr. D.N. Singh	Technical Director
Mr. D. J. Ramsinghani	Relative of Chairman
Mrs. Lajwanti D Ramsinghani	Relative of Chairman
Mrs. Nilanjana H Ramsinghani	Relative of Chairman
Ms. Pooja D Ramsinghani	Relative of Chairman

V) **Enterprises over which any person described in 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.
Integrated Port Services (I) Ltd.
Replica Investment and Estates Ltd.
Rama Enterprise

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

(₹ in Thousand)

Sr. No	Particular	Key management personnel and their relatives		Enterprises over which KMP, with their relatives, is able to exercise significant influence	
		2011 - 12	2010-11	2011 - 12	2010-11
1	Balance Outstanding as on 31.03.2012				
	Receivable	-	-	345	4037
	Payable	-	-	228882	239337
2	Loans / Advances Given	-	-	10200	57600
3	Loans/Advances recovered	-	-	10200	78400
4	Loans / Advances Taken	-	-	112375	60898
5	Loans / Advances Repaid	-	-	86805	45219
6	Sale of Goods	-	-	13970	9285
7	Purchase of Goods	-	-	-	34047
8	Guarantees Outstanding at year end	-	-	909500	909500
9	Sitting Fees to KMP	8	10	-	-
10	Personal Guarantees by KMP	5326000	5326000	-	-
11	Share Application money received	-	-	41125	57350
12	Share Application money refunded	-	-	2000	-
13	Balances W/off / W/back	-	-	36025	-
14	Sharing of infrastructure and resources	-	-	This transaction is of non monetary consideration	

NOTE 35

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 :

(₹ in Thousand)

Particular	2011 - 12	2010-11
Deferred Tax Liability on account of :		
Difference between WDV of Fixed Assets	3,579	3,817
Deferred Tax Assets on account of :		
Disallowances u/s 43B		
Gratuity	1,188	1,117
Leave encashment	165	94
Bonus / Exgratia	143	129
Carried forward Losses as per Income Tax	17,775	27,959
Total Deferred Tax Asset	19,271	29,299
Net Deferred Tax Asset/ (Liability)	15,692	25,482

Rama Petrochemicals Ltd.

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 :

(₹ in Thousand)

Particular	2011 - 12	2010- 11
Deferred Tax Liability on account of :		
Difference between WDV of Fixed Assets	154	165
Deferred Tax Assets on account of :		
Disallowance u/s 43B		
Gratuity	-	13
Leave encashment	-	1
Bonus / Exgratia	-	1
Carried Forward Losses as per Income Tax	34,011	33,832
Total Deferred Tax Assets	34,011	33,847
Net Deferred Tax Asset / (Liability)	33,857	33,682

NOTE 36

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

(₹ in Thousand)

Share Capital	30,003
Reserves and Surplus	(2,64,260)
Total Assets	2,85,846
Total Liabilities	5,50,106
Investment other than in subsidiaries	1,02,500
% of holding	100%
Sales and Other Income	13,649
Profit before taxation	(610)
Provision for taxation	Nil
Profit after taxation	(610)
Proposed dividend (incl. dividend reserve)	Nil

NOTE 37

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

NOTE 38

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

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 30,2012

Place : Mumbai

Date : May 30,2012

RAMA PETROCHEMICALS LIMITED

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

PROXY FORM

For Demat Shares

DP ID	
-------	--

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

For Physical Shares

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

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-Sixth Annual General Meeting of the Company to be held on Thursday the 27th day of September, 2012 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 _____, 2012

Affix
Revenue
Stamp of
₹ 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

DP ID	
-------	--

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

For Physical Shares

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

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 Sixth Annual General Meeting of the Company held on Thursday the 27th day of September, 2012 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.)

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