



RAMA PETROCHEMICALS LIMITED

Twenty-Fourth Annual Report

2009 - 2010

BOARD OF DIRECTORS

CHAIRMAN

H.D. RAMSINGHANI

REGISTERED OFFICE

812, RAHEJA CHAMBERS,
NARIMAN POINT,
MUMBAI 400 021

TECHNICAL DIRECTOR

D.N. SINGH

CORPORATE OFFICE

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

DIRECTORS

S S ARORA
MAHENDRA LODHA

PLANT

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

BANKERS

BANK OF INDIA
BANK OF BARODA
DENA BANK

REGISTRARS AND TRANSFER AGENT

LINK INTIME INDIA PVT LTD
C-13, PANNALAL SILK MILLS
COMPOUND, L B S MARG,
BHANDUP (WEST),
MUMBAI 400 078
TEL : 25946969 / 25946970
FAX : 25946969
EMAIL: rnt.helpdesk@linktime.co.in
Website : www.linktime.com

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday, the 17th day of September, 2010 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400 001 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2010 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. S S Arora who retires by rotation and is eligible for reappointment.
3. To consider, and if thought fit, to pass with or without modifications, the following Resolution, as an Ordinary Resolution :

“RESOLVED THAT M/s. Dayal & Lohia (Registration No. 102200W), Chartered Accountants, in respect of whom the Company has received a Special Notice pursuant to Section 190 and 225 of the Companies Act, 1956, be and they are hereby appointed as the Auditors of the Company, in place of the retiring Auditors M/s. Haribhakti & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification, as a Special Resolution the following :
“RESOLVED THAT subject to such approvals , consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309 Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 for the reappointment of Mr. D N Singh as Whole Time Director designated as ‘Technical Director’ for a further period of Three Years from May 01, 2010 on the terms and conditions as set out in the draft agreement between the Company and Mr. D N Singh placed before the meeting and for the purpose of identification initialed by the Chairman hereof.”
“FURTHER RESOLVED THAT the Directors be and they are hereby authorised to execute the Agreement, in terms of the said draft with such alterations, changes and/or variations as may be agreed between the Directors and Mr.D N Singh.”
“FURTHER RESOLVED THAT the Board of Directors be and it is hereby authorised to take such steps as may be necessary to give effect to the above Resolutions.”

NOTES

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business as set out above is annexed hereto.
2. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 10th day of September, 2010 to Friday the 17th day of September , 2010 (both days inclusive).
4. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at its Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
5. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.

By Order of the Board
for RAMA PETROCHEMICALS LTD

H.D. RAMSINGHANI
CHAIRMAN

Place : Mumbai
Date : July 26, 2010

Rama Petrochemicals Ltd.

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

ITEM NO 4

The Board of Directors of the Company at their meeting held on January 29, 2010, have reappointed Mr. D N Singh as the Whole Time Director designated as 'Technical Director' for a further period of Three Years from May 01, 2010.

The material terms and conditions of his reappointment, as set out in the draft Agreement between the Company and Mr. D N Singh, are as follows :

Designation	:	Whole Time Director designated as ' Technical Director '.
Effective Date of Appointment	:	May 01,2010.
Period	:	Three years

REMUNERATION:

- (a) Mr D N Singh shall not be entitled to any remuneration as the Technical Director of the Company. He shall, however, be entitled to reimbursement of all expenses incurred for the business of the Company.
- (b) He shall not be entitled to sitting fees for attending meetings of the Board of Directors or any committee thereof.

The Draft Agreement between the Company and Mr. D N Singh is open for inspection of the Members on all days except Saturdays, Sundays and Public Holidays between 11.00 a.m. and 1.00 p.m.

Mr. D N Singh may be deemed to be concerned or interested in this Resolution as it relates to his own reappointment. None of the other Directors of the Company are in any way concerned or interested in the Resolution.

This Explanatory Statement alongwith the accompanying notice is and shall be deemed to be an abstract under section 302 of the Companies Act, 1956.

By Order of the Board
for RAMA PETROCHEMICALS LTD

H.D. RAMSINGHANI
CHAIRMAN

Place : Mumbai
Date : July 26, 2010

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. S. S. Arora retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

Mr. S. S. Arora is a Commerce Graduate and has over 26 years of rich and varied experience in the field of Textiles, Fertilizers and Petrochemicals. Mr S.S. Arora has been a Director of the Company since March 2005 and holds 101465 Equity Shares of the Company.

He is a Director of the following Public Limited Companies :

Rainbow Denim Ltd.
Rainbow Agri Industries Limited

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

Rainbow Denim Limited

Shareholder Committee – Member

Rainbow Agri Industries Limited

Audit Committee – Member

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
		(Rs. in lacs)
Profit/(Loss) before Depreciation	(81.61)	(261.06)
Depreciation	11.77	12.03
Profit/(Loss) before tax and Exceptional Items	(93.38)	(273.09)
Exceptional Items	301.15	Nil
Profit/(Loss) before Tax and extraordinary Items	(394.53)	(273.09)
Release of Deferred Tax Liability	20.13	2.15
Fringe Benefit Tax	Nil	0.84
Prior years Income/(Expenditure)	Nil	(2.51)
Extra ordinary Items	Nil	383.75
Profit/(Loss) for the Year	(374.40)	109.46
Balance brought forward from previous year	(3125.65)	(3235.11)
Balance carried to Balance Sheet	(3500.05)	(3125.65)

DIVIDEND

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

REVIEW OF OPERATIONS

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

FUTURE PROSPECTS

The gap between demand and supply is increasing and the shortfall quantity is being met by import. As there has been enhancement in the availability of natural gas in the country and better clarity of it's pricing the director's view the future prospects with cautious optimism.

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, 2010 and the loss of the Company for the year ended March 31, 2010;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The annual accounts have been prepared on a going concern basis.

AUDIT COMMITTEE

In accordance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee comprising of the following Directors viz. Mr Mahendra Lodha (Chairman), Mr Deonath Singh and Mr S. S. Arora. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

SUBSIDIARY COMPANY

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

SAFETY, ENVIRONMENTAL CONTROL & PROTECTION

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

DISCLOSURE OF PARTICULARS

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption, foreign exchange earning and outgo to the extent applicable, is annexed hereto and forms a part of this Report.

PERSONNEL

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

DIRECTORS

Mr. S S Arora retires from the Board of Directors by rotation and is eligible for reappointment.

AUDITORS REPORT

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

- a) The Company has not provided for interest on working capital loan in view of the difficult financial position and closure of the plant during the entire year under review.
- b) The Company has not provided for interest on 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 is in the process of obtaining confirmation of debit / credit balances referred to in Note No. 4.
- e) The Company has not disclosed information regarding dues to Micro, Small and Medium Enterprises since no information is available regarding their status.
- f) The Company is a Sick Industrial Company as defined in Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) act, 1985 and the Draft Rehabilitation Scheme is under consideration.

AUDITORS

M/s. Haribhakti & Company, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and have conveyed their unwillingness to be reappointed as the Auditors of the Company. The Company has received a Notice pursuant to Section 190 of the Companies Act, 1956 from a member proposing the name of Dayal & Lohia, Chartered Accountants as the Auditors of the Company in place of M/s Haribhakti & Co. The Company has received a certificate from M/s Dayal & Lohia certifying that their appointment, if made, would be within the limits specified under Section 224 (1-B) of the Companies Act, 1956.

COST AUDIT

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

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
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

H.D. RAMSINGHANI
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

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

Name of the Subsidiary Company	:	Rama Capital & Fiscal Services Pvt. Ltd.
Holding Company's Interest	:	5,00,300 Equity Shares of Rs. 10/- each fully paid and 25,00,000, 9% Cumulative Compulsorily Convertible Preference Shares of Rs.10/- each fully paid.
Extent of Holding	:	100%
Twelve months period of the Subsidiary company ended on	:	31 st March, 2010
Net aggregate amount of the Subsidiary Company's profits/ (losses) dealt with in the holding company's accounts		
For the subsidiary's aforesaid period	:	NIL
For the previous financial years since it became a subsidiary	:	NIL
Net aggregate amount of the subsidiary Company's profits/ (losses) not dealt with in the holding company's accounts		
For the subsidiary's aforesaid period	:	(Rs. 1,71,50,527/-)
For the previous financial years since it became a subsidiary	:	(Rs. 24,60,22,907/-)

For and on behalf of the Board

Place : Mumbai
Date : July 26, 2010

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, 2010

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	2009-2010 (12 months)	2008-2009 (12 months)
1) ELECTRICITY :		
A) Purchased (MSEB) Units (in Thousand)	352.220	290.370
Total cost (Rs. in lacs)	28.44	24.85
Rate per Unit (Rs.)	8.07	8.56

Rama Petrochemicals Ltd.

B) Own Generation :		
Through Diesel Generation		
Units (in Thousand)	2.100	2.400
Units/KL of Diesel	3.00	0.800
Cost/Unit (Rs.)	13.33	12.66
Through Steam Turbine/Generator		
Units (in thousand)	NIL	NIL
Units/Lt Of Fuel Oil, Gas	NIL	NIL
Cost/Unit	NIL	NIL
2) Coal	NIL	NIL
3) Furnace Oil	NIL	NIL
b) CONSUMPTION PER UNIT OF PRODUCTION		
Consumption/ton of Methanol	N.A	N.A
Electricity (KWH)	N.A	N.A
Furnace Oil	N.A	N.A
Coal	N.A	N.A
Other – Diesel Oil (KL)	N.A	N.A

II. TECHNOLOGY ABSORPTION :

A. RESEARCH AND DEVELOPMENT (R & D)

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

d) Expenditure on R & D	(Rs. in lacs)
i) Capital	NIL
ii) Recurring	NIL
iii) Total	NIL
iv) Total R & D expenditure as a percentage of total turnover	N.A.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- a) Efforts in brief made towards technology absorption and innovation :
- b) Benefits derived as a result of above efforts :
- Not Applicable as the Plant was closed during the entire year under review.
- c) Information of Imported Technology :
- Technology Imported : Low pressure technology for manufacture of Methanol from M/s. Lurgi GmbH, Germany.
- Year of Import : 1987 – 88
- Whether the technology has been fully absorbed.

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in lacs)
Foreign Exchange used	0.08
Foreign Exchange earned	NIL

For and on behalf of the Board

Place: Mumbai
Date : July 26, 2010

H. D. RAMSINGHANI
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

1. Company’s Philosophy on Corporate Governance

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

2. Board of Directors

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

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

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

May 27, 2009, June 30, 2009, July 31, 2009, October 29, 2009, January 29, 2010.

3. Code of Conduct

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

4. Audit Committee

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

The Committee presently comprises of Mr Mahendra Lodha – Chairman, Mr Deonath Singh and Mr S. S. Arora.

Four meetings of the Audit Committee were held during the year on June 30, 2009, July 31, 2009, October 29, 2009 and January 29, 2010. The attendance at the Audit Committee meetings of each of the Directors is as under:

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

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

5. Share Transfer Committee

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. Deonath Singh (Chairman) and Mr. H. D. Ramsinghani as also to the Registrars and Transfer Agent of the Company who attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates, issue of certificates on split/ consolidation/renewal and demat/remat of Share certificates etc.

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

6. Remuneration Committee

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

The Committee presently comprises of Mr Mahendra Lodha – Chairman, Mr H. D. Ramsinghani and Mr S. S. Arora. One meeting of the Remuneration Committee was held during the year on January 29, 2010.

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	4	4
Non-Receipt of Dividend Warrants.	2	2
Non-Receipt of Annual Report	2	2
Non-Receipt of Demat Credit / Remat Certificates	2	2
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	Nil	Nil

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

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

(b) Non-Executive Directors:

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

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

9. General Body Meetings

Financial Year	Date	Time	Location
2006-2007	14/09/2007	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2007-2008	24/09/2008	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2008-2009	23/09/2009	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001

10. Postal Ballot

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

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

Date	Matter
14.09.2007	Reappointment of Mr. D.N. Singh as Whole Time Director designated as Technical Director for a further period of three years w.e.f. May 01, 2007
24.09.2008	No Special Resolutions were passed.
23.09.2009	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	: 31 st March, 2010
Annual General Meeting	: September 17, 2010 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400001
Dates of Book Closure	: September 10, 2010 to September 17, 2010 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 500358
International Securities	: INE 783A01013
Identification Number allotted By NSDL	

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

Month	High	Low
April 2009	9.74	7.00
May 2009	10.39	6.00
June 2009	10.50	6.82
July 2009	7.93	6.35
August 2009	10.05	7.00
September 2009	9.50	7.31
October 2009	8.80	6.96
November 2009	8.65	7.41
December 2009	10.25	7.76
January 2010	11.32	9.16
February 2010	10.40	8.20
March 2010	9.90	8.25

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, 2010:

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	14996	93.65	2353924	22.48
501 – 1000	591	3.69	501932	4.79
1001 – 2000	221	1.38	337490	3.22
2001 – 3000	66	0.41	168182	1.61
3001 – 4000	34	0.21	120157	1.15
4001 – 5000	20	0.13	97201	0.93
5001 – 10000	42	0.26	291529	2.79
10001 & above	43	0.27	6598985	63.03
Total	16013	100.00	10469400	100.00

18. Shareholders' Profile as on March 31, 2010:

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	5502754	52.56
Foreign Collaborators	Nil	N A
Banks	9900	0.10
Financial Institutions	6900	0.06
Foreign Institutional Investors	Nil	N A
Mutual Funds	900	0.01
Domestic Companies	313155	2.99
Non-Domestic Companies	Nil	N A
Non-Resident Indians	79097	0.76
General Public	4556694	43.52
Total	10469400	100.00

19. Dematerialization of shares as on March 31, 2010:

83.21 % of the Company's total share capital representing 8711270 shares are held in dematerialised form.

20. Plant Location :

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

21. Address for Correspondence:

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

22. Non Mandatory Items :

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

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

For and on behalf of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

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, 2010, 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.

For and on behalf of the Board

Place : Mumbai
Date : July 26, 2010

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 (the Company)**, for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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 except:

- a) The Company does not have Company Secretary therefore it has not complied with the provision regarding secretary to audit committee [Clause 49 II (A)].
- b) The company has not published quarterly results for the year ended March 31, 2010. [Clause 49 VI].

We 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 and on behalf of
Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523W

Place: Mumbai
Date: July 26, 2010

Sarah George
Partner
Membership No.: 45255

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

There is no addition to companies manufacturing Methanol in the country. One of the company has marginally increased its production capacity but overall, there is a shortage of methanol in the country which is met by import.

2. OPPORTUNITIES AND THREATS

Allocation of natural gas to our plant will facilitate its starting operation as the pipeline to carry natural gas has been completely installed by GAIL (India) Ltd. Operation on naphtha continues to remain unviable due to its high price.

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

The demand of methanol in the country is much more than the production capacity , so the shortfall quantity is met by import. The outlook depends on the availability and the price of natural gas.

5. RISKS AND CONCERNS

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

6. INTERNAL CONTROL SYSTEMS

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

7. FINANCIAL PERFORMANCE

During the year under review there was no production and sales as the operations of the Methanol unit remained suspended. The loss for the year after extra ordinary items is Rs. 374.40 lacs as compared to a profit of Rs 109.46 lacs in the previous year.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

9. CAUTIONARY STATEMENT

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

For and on behalf of the Board
for RAMA PETROCHEMICALS LTD

Place : Mumbai
Date : July 26, 2010

H.D. RAMSINGHANI
CHAIRMAN

AUDITORS' REPORT

TO THE MEMBERS OF RAMA PETROCHEMICALS LIMITED

1. We have audited the attached Balance Sheet of **Rama Petrochemicals Limited** ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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.
3. 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' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, 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 **except to the extent stated in paragraph vii**;
 - 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 **except to the extent stated in paragraph vi, vii and viii**;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, **except for Accounting Standard- 29 on "Provisions, contingent liabilities and contingent assets", with respect to matters stated in paragraph 4 (vi) (a) and 4 (vi) (b)**.
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - vi. The Company has not provided for: -
 - a) *Interest on working capital loan upto March 31, 2010 aggregating to Rs.24233.24 thousands (P.Y Rs.16940.22 thousands).*
 - b) *Interest on unpaid custom duty upto March 31, 2010 aggregating to Rs. 5730.57 thousands (P.Y Rs. 5041.50 thousands).*
The above has resulted in understatement of loss for the year by Rs. 7982.09 thousands, accumulated losses by Rs.29963.81 thousands, Secured Loans by Rs.24233.24 thousands and outstanding liability by Rs. 5730.57 thousands.
 - vii. We report that:
 - a) *The company has not paid statutory liability on account of sales tax aggregating Rs. 262625.83 thousands (P.Y Rs. 235562.89 thousands) upto March 31, 2010 as explained in Note No. 2 to schedule 18.*
 - b) *Liabilities amounting to Rs.4772.10 thousands, written back during the year and debit / credit balances as on March 31, 2010 are subject to confirmation / reconciliation as explained in Note No.4 to Schedule 18.*
 - c) *Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No.5 to Schedule 18, 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 more fully explained in Note No. 8 to schedule 18, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. These factors, along with other matters set forth in Note 8 to schedule 18, raise substantial doubt that the company will be able to continue as a going concern.*
 - 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 4 (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.;

Rama Petrochemicals Ltd.

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No. 103523W
Sarah George
Partner
Membership No.: 45255

Place : Mumbai
Date : May 28, 2010

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 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (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) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or parties listed in the register maintained under section 301, of the Companies Act, 1956 and hence clause 4 (iii) (a), (b) and (d) of the Companies (Auditors Report) order 2003 (as amended) are not applicable to the company.
- (b) The Company has not taken any loans secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence clause 4 (iii) (f) and (g) of the Companies (Auditors Report) Order 2003 as amended, are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) According to the information and explanation given to us by the management, we are of the opinion that the company has not entered any contract or arrangement during the year that needs to be entered into the register maintained under section 301 of the Companies Act, 1956. Hence clause 4 (v) (b) of the Companies (Auditors Report) Order 2003 as amended, is not applicable to the company.
- (vi) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) *The Company does not have an Internal Audit System.*
- (viii) To the best of our knowledge and as explained, 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.
- (ix) (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.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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:

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Name of the statute	Nature of the dues	Amount (Rs in thousands)	Period to which the amount relates	Due Date	Date of Payment
The Customs Act, 1962	Custom Duty on import of Catalyst	5500	1997-98	21.02.1998	-

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

Name of the statute	Nature of dues	Amount (Rs in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand for income tax	2085	A.Y.1990-91	High Court, Mumbai
Income Tax Act, 1961	Demand for income tax	3452	A.Y.1997-98	ITAT, Mumbai
Income Tax Act, 1961	Demand for income tax	11998	A.Y.1998-99	ITAT, Mumbai
Income Tax Act, 1961	Demand for income tax	151733	A.Y. 1987-88 to A.Y. 1997 – 98 (Block Assessment)	High Court, Mumbai
Central Excise Act,	Excise Duty on Shortages	360	F.Y.1993-94	Asst. Commissioner of Central Excise, Khopoli Div. Raigad
Central Excise Act	Excise Duty on Shortages	10	F.Y.1994-95	
Central Excise Act	Modvat on Caustic Soda	22	F.Y.1995-96	Asst. Commissioner of Central Excise, Khopoli Div. Raigad
Central Excise Act	Modvat on Caustic Soda	20	F.Y.1997-98	
Central Excise Act	Modvat on Caustic Soda	24	F.Y.1998-99	

- (x) The accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses during the year amounting to Rs.12069 thousands and in the immediately preceding financial year amounting to Rs.25912 thousands.
- (xi) Based on our audit procedures and as per the information and explanation given by the management, the company has defaulted in repayment of dues to bank amounting to Rs.53260.06 thousands since August 2002.
- (xii) According to the information and explanation given to us and based on the documents and records produced 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.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) 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.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. However in the absence of relevant details being made available for verification, we are unable to comment on whether terms & conditions are prejudicial to the interest of the company in case of guarantees for loan taken by others from a bank in earlier year and outstanding as at the balance sheet date.
- (xvi) The Company has not obtained any term loan during the year and does not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the company has used funds raised on short term basis for long term investment, to the extent of Rs.13331 thousands.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No. 103523W

Place: Mumbai
Date: May 28, 2010

Sarah George
Partner
Membership No.: 45255

Rama Petrochemicals Ltd.

BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in Thousands)

	Schedule No.		AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SOURCES OF FUNDS :				
Shareholders' Fund :				
Share Capital	1	104,694		104,694
Reserves and Surplus	2	6,030		6,030
			110,724	110,724
Loan Funds :				
Secured Loans	3	29,027		29,027
Unsecured Loans	4	288,593		257,869
			317,620	286,896
Deferred Tax Liability			2,728	4,741
TOTAL			431,072	402,361
APPLICATION OF FUNDS :				
Fixed Assets :				
Gross Block	5	384,054		384,175
Less : Accumulated Depreciation		363,576		362,399
Net Block		20,478		21,776
Capital work in Progress : (Including Capital Advances)		6,997		2,695
			27,475	24,471
Investments :				
Current Assets, Loans and Advances :				
Interest Accrued but not Due		104		109
Inventories	7	49,496		50,823
Sundry Debtors	8	12,358		2,690
Cash and Bank Balances	9	1,948		761
Loans and Advances	10	10,668		19,763
		74,574		74,146
Less : Current Liabilities & Provisions :				
Current Liabilities	11	19,317		37,559
Provisions		1,665		1,377
		20,982		38,936
Net Current Assets			53,592	35,210
Profit and Loss Account :			350,005	312,565
TOTAL			431,072	402,361
Significant Accounting Policies and Notes on Accounts				
18				

As per our report of even date
For **HARIBHAKTI & CO.**
Chartered Accountants

For and on behalf of the Board

SARAH GEORGE
Partner

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Place : Mumbai
Date : 28th May, 2010

Place : Mumbai
Date : 28th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. in Thousands)

	Schedule No.	FOR THE YEAR ENDED 31ST MARCH, 2010	FOR THE YEAR ENDED 31ST MARCH, 2009
INCOME			
Sales	12	20,286	16,813
Other Income	13	5,171	249
		25,457	17,062
EXPENDITURE			
Cost of Construction		8,549	6,958
Employee Cost	14	8,829	10,244
Operating and Other Expenses	15	16,111	25,551
Financial Charges	16	129	415
		33,618	43,168
Profit / (Loss) Before Depreciation		(8,161)	(26,106)
Depreciation		1,177	1,203
		(9,338)	(27,309)
Profit / (Loss) after Depreciation before Exceptional Items		(9,338)	(27,309)
Exceptional Items (Refer Schedule No. 6)		30,115	-
Profit / (Loss) after Exceptional Items		(39,453)	(27,309)
Provision for Taxation			
Current Tax		-	-
Deferred Tax (Ref. Note No 17 of Schedule 18)		2,013	215
Fringe Benefit Tax		-	(84)
		(37,440)	(27,178)
Profit / (Loss) After Tax		(37,440)	(27,178)
Add / Less : Prior Period Income / (Expenditure)		-	(251)
Profit / (Loss) After Tax before extra ordinary items		(37,440)	(27,429)
Extra - Ordinary Items	17	-	38,375
		(37,440)	10,946
Profit / (Loss) After Extra -ordinary Items		(37,440)	10,946
Balance brought forward from previous year		(312,565)	(323,511)
		(350,005)	(312,565)
Balance carried to Balance Sheet		(350,005)	(312,565)
Basic & Diluted Earnings per Share of face value of Rs. 10/- each (before extra ordinary items)		(3.58)	(2.62)
Basic & Diluted Earnings per Share of face value of Rs. 10/- each (after extra ordinary items)		(3.58)	1.05
(Ref. Note No 16 of Schedule 18)			
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date
For **HARIBHAKTI & CO.**
Chartered Accountants

SARAH GEORGE
Partner

Place : Mumbai

Date : 28th May, 2010

For and on behalf of the Board

D. N. SINGH
Technical Director

Place : Mumbai

Date : 28th May, 2010

H. D. RAMSINGHANI
Chairman

Kama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 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 Rs. 10/- each	<u>104,694</u>	<u>104,694</u>
	<u>104,694</u>	<u>104,694</u>
 SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	<u>6,030</u>	<u>6,030</u>
	<u>6,030</u>	<u>6,030</u>
 SCHEDULE 3		
SECURED LOANS		
Working Capital Loans From Bank	<u>17,459</u>	<u>17,459</u>
Interest accrued and due	<u>11,568</u>	<u>11,568</u>
	<u>29,027</u>	<u>29,027</u>
 NOTE :		
1. Working capital Loans are secured by hypothecation of raw materials, stock-in- process, finished goods, stores and spares and books debts by way of second pari passu charge on fixed assets at patalganga and personal guarantee of a erstwhile director.		
2. Bank of Baroda has absolutely assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. the facilities together with all underlying security interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities.		
 SCHEDULE 4		
UNSECURED LOANS		
Short Term Loans		
From Others	<u>31,596</u>	-
Interest Accrued and due	<u>117</u>	-
	<u>31,713</u>	-
 Other Loans		
From Others	<u>256,880</u>	<u>257,869</u>
	<u>256,880</u>	<u>257,869</u>
	<u>288,593</u>	<u>257,869</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET
SCHEDULE 5

FIXED ASSETS (AT COST)

(Rs. in Thousands)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.09	Addition	Deductions	As at 31.03.10	As at 01.04.09	For the year	Deduction/ Adjustment	As at 31.03.10	As at 31.03.10	As at 31.03.09
FREE HOLD LAND	3,731	-	121*	3,610	-	-	-	-	3,610	3,731
LEASE HOLD LAND	256	-	-	256	62	3	-	65	191	194
BUILDINGS	25,980	-	-	25,980	11,513	516	-	12,029	13,951	14,467
PLANT AND MACHINERY	345,173	-	-	345,173	342,309	532	-	342,841	2,332	2,864
FURNITURE AND FIXTURE	3,492	-	-	3,492	3,208	86	-	3,294	198	284
OFFICE EQUIPMENTS	4,449	-	-	4,449	4,213	40	-	4,253	196	236
VEHICLES	1,094	-	-	1,094	1,094	-	-	1,094	-	-
TOTAL	384,175	-	121	384,054	362,399	1,177	-	363,576	20,478	21,776
PREVIOUS YEAR	384,171	4	-	384,175	361,196	1,203	-	362,399	21,776	22,975

NOTES :

- * Advance is given for purchase of land & still possession / agreement is not received by the company. On account of the same, this amount has been treated as capital advance and transferred to Capital work in progress.
- 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.
- 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.

(Rs. in Thousands)

AS AT	AS AT
31ST MARCH	31ST MARCH
2010	2009

SCHEDULE 6

INVESTMENTS (At Cost)

Long Term

Unquoted

Investment in Subsidiary Company

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

5,021 5,021

25,00,000 (25,00,000) 9% Cumulative
Compulsorily Convertible Preference Shares of

Rs. 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**

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE 7

INVENTORIES (At Cost)

(As taken, valued & certified by Management)

Stores and Spares

30,725 32,052

Stock in Bonded Warehouse

18,771 18,771

49,496 **50,823**

Rama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SCHEDULE 8		
SUNDRY DEBTORS (Unsecured)		
Outstanding Over Six months		
considered good	12,358	2,690
considered doubtful	384	384
	12,742	3,074
Outstanding under Six months		
considered good	-	-
	12,742	3,074
Less : Provision for Doubtful Debts	384	384
	12,358	2,690
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on hand	413	118
Balances with Scheduled Banks		
- Current Accounts	1,247	382
- Fixed Deposits	288	261
	1,535	643
	1,948	761
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	215	438
Advances Income Tax / TDS	7,442	7,752
Other Advances		
considered good	460	8,773
considered doubtful	23,444	22,782
	23,904	31,555
Less : Provision for Doubtful Advances	23,444	22,782
	460	8,773
Security and Other Deposits		
considered good	2,224	2,473
considered doubtful	249	-
	2,473	2,473
Less : Provision for Doubtful Deposits	249	-
	2,224	2,473
Balance with Central Excise	327	327
	10,668	19,763

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	-	-
Due to MSME	-	-
Other Creditors	<u>1,348</u>	<u>4,112</u>
	1,348	4,112
Advance from Customers	4,240	19,429
Other Liabilities	13,729	13,920
Interest accrued and not due	<u>-</u>	<u>98</u>
	19,317	37,559
PROVISIONS		
Fringe Benefit Tax (Net of Advance Tax)	-	2
Gratuity	1,042	859
Leave Encashment	<u>623</u>	<u>516</u>
	1,665	1,377
	<u>20,982</u>	<u>38,936</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
SCHEDULE 12		
SALES		
Revenue from Construction Division	<u>20,286</u>	<u>16,813</u>
SCHEDULE 13		
OTHER INCOME		
Interest Income		
Interest Receipt - Deposit [TDS Rs. 30.57 thousand (Rs. 47.89 thousand)]	135	221
Interest Receipt - Other	<u>57</u>	<u>-</u>
	192	221
Sundry Balances Written Back	4,772	-
Miscellaneous Income	<u>207</u>	<u>28</u>
	<u>5,171</u>	<u>249</u>
SCHEDULE 14		
EMPLOYEE COST :		
Salaries, Wages and Allowances	7,905	8,864
Contribution to P.F./F.P.F.	395	455
Welfare & Other Amenities	346	734
Gratuity	<u>183</u>	<u>191</u>
	8,829	10,244

Rama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rs. in Thousands)	
	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
SCHEDULE 15		
OPERATING AND OTHER EXPENSES :		
Power and Fuel	2,870	2,515
Warehouse Charges	197	197
Consumption of Stores and Spares	2,259	9,124
Repairs to :		
Building	-	41
Plant and Machinery	2,163	7,566
Others	589	797
	2,752	8,404
Insurance	136	189
Rates, Taxes and Duties	228	374
Director's Sitting Fees	46	46
Auditor's Remuneration		
Audit Fees (incl. Limited Review Fees)	240	146
Certification	10	10
Reim. of Expenses	1	1
Service Tax	25	16
	276	173
Provision for Doubtful Advances	912	-
Security Charges	1,323	698
Water Charges	134	130
Conveyance	723	868
Printing and Stationary	65	93
Postage and Telegram	116	117
Legal and Professional Charges	3,164	1,448
Share Department Expenses	150	140
Books and Periodicals	13	12
Travelling Expenses	95	93
Telephone and Telex	113	157
Staff Recruitment Expenses	-	98
Bank Charges	15	50
Miscellaneous Expenses	524	625
	16,111	25,551
SCHEDULE 16		
FINANCIAL CHARGES		
Interest on Bank Loans	-	415
Interest on Other Loans	129	-
[TDS Rs. 12.95 thousand (Rs. Nil)]		
	129	415
SCHEDULE 17		
EXTRA - ORDINARY ITEMS		
Waiver of Interest by bank	-	28,488
Remission of Principal by bank	-	9,887
	-	38,375

SCHEDULE 18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting :

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

Use of Estimates

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

2. Accounting for Construction Division :

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

3. Revenue Recognition :

- a. Revenue is recognized when the substantial risks and rewards of ownership is transferred to the buyer on dispatch of goods.
- b. Interest income is recognized on time proportionate basis.
- c. Dividend income from investments is recognized when the right to receive the dividend is established .
- d. Claims and damages are accounted as and when they are finalized.

4. Fixed Assets :

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

5. Depreciation :

- a. Depreciation on Fixed Assets is provided on Straight Line Method based on the useful life of the assets estimated by the management which is as per the rate prescribed in Schedule XIV of the Companies Act, 1956.
- b. Depreciation on addition / deletion is provided pro-rata basis with reference to the date of addition / deletion as the case may be.
- c. Individual assets acquired for less than Rs. 5000/- are depreciated fully in the year of acquisition.

6. Impairment of Assets :

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

7. Excise Duty :

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

8. Foreign Currency Transactions :

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

The gain or loss arising out of settlement / translation of the assets and the liabilities at the closing rates due to exchange fluctuations is recognized as income / expenditure in the profit and loss account.

9. Investments :

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

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

10. Valuation of Inventories :

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

11. Employee’s Benefits :

Long Term Employee Benefits :

a. Defined Contribution Plan :

The company has Defined Contribution plans for post employment benefits namely Provident Fund. Under the provident Fund Plan, the company contributes to a Government administered provident fund on behalf of its employees.

The Company’s contributions to the above funds are charged to revenue every year.

b. Defined Benefit Plans :

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

12. Borrowing Cost :

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

13. Segment Reporting :

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

14. Earning per Share (EPS) :

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

15. Provision for Current and Deferred Tax :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

16. Provisions :

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

17. Contingent Liabilities :

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

B. NOTES ON ACCOUNTS :**1. Contingent Liabilities :**

- a. Income Tax and Excise Duty claims not acknowledged by the Company Rs. 1,69,705 thousands (Rs. 25,405 thousands) The Company is in appeal for these claims.
- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs. 953,876 thousands (Rs.1,096,876 thousands)
- c. Sales Tax Liability of Rs. 310,344 thousands (Rs. 310,344 thousands) (Refer Note No. 2)
- d. Capital commitments Rs. 17,075 thousands (Rs. 22,489 thousands)

2. Interest Free Sales Tax Deferment :

The Company had a liability of Rs.312,333 thousands payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol division. The Company has assigned the said liability to another company during the year 1999 – 2001. The assignee company has paid Rs. 1,989 thousands (Rs. 1,989 thousands) upto 31st March 2010 out of Rs. 264,615 thousands (Rs. 237,552 thousands) due upto 31st March 2010. 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.

Rama Petrochemicals Ltd.

3. During the year the Company has made provision for diminution in long term investments in its wholly owned subsidiary company. However dividend of Rs 31,500 thousands (Rs. 29,250 thousands) upto 31.03.2010 on investment in Cumulative Convertible Preference Shares of subsidiary company has not been received by the company since the subsidiary company has not paid any dividend as the net worth of the subsidiary company has been completely eroded.
4. The outstanding balances of debtors, creditors, secured loans and advances from customers, security and other deposits and balances with excise authorities are subject to confirmation and reconciliation.
5. In the absence of information from suppliers of their status as defined under “Micro, Small and Medium Enterprises Development Act, 2006”, amount overdue and interest payable thereon, if any, cannot be quantified.
6. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
7. The company has not provided for :
 - a. Interest of Rs. 24,233 thousands (Rs. 16,940 thousands) on working capital loans from banks, till March 31, 2010.
 - b. Interest on custom duty aggregating to Rs. 5,731 thousands (Rs. 5,042 thousands) till March 31, 2010.
8. The operation of company’s methanol division has been unviable and in turn forced the company to suspend its production activities since Sept.’1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas 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”.
9. 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.
10. In the absence of certainty about the applicability of the Service Tax and Maharashtra Value Added Tax on construction activities no provision has been made in the accounts for the same.
11. During the year, the company is supposed to pay capital gain tax on account of conversion of its capital asset (land) into stock in trade, which happened in the earlier year. However as the company is having a business loss for the current year, the same capital gain is knocked off towards it. Accordingly the provision for taxation on such capital gain has not been made.
12. The disclosures required under Accounting Standard 15 “Employees Benefits” are given below :

A Defined Contribution Plan

Provident Fund

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

Employers’ contribution to Provident Fund Rs. 395 thousands (Rs. 455 thousands)

B Defined Benefit Plan

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

The disclosures as required by AS-15 Employee Benefits towards gratuity are as under

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

	2009 – 10 (Rs. in thousands)	2008 – 09 (Rs. in thousands)
Opening defined benefit obligation	859	829
Interest cost	73	78
Current service cost	182	222
Benefits paid	-	(160)
Actuarial (gains) / losses on obligation	(71)	(109)
Closing defined benefit obligation	1042	859

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

	2009 – 10 (Rs. in thousands)	2008 – 09 (Rs. in thousands)
Opening fair value of plan assets	0	0
Expected return	0	0
Contributions by employer	0	0
Benefits paid	0	(160)
Actuarial gains / (losses)	71	269
Closing fair value of plan assets	0	0
Actuarial Return on plan Assets	0	0
Estimated contribution to be made in next annual year	0	0

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

	2009 – 10 (Rs. in thousands)	2008 – 09 (Rs. in thousands)
Present value of Funded Obligation	(1042)	(859)
Fair value of Plan Assets	0	0
Funded (Asset)/Liability recognized in the Balance Sheet	0	0
Present value of Unfunded Obligation	0	0
Unrecognized Past Service Cost	0	0
Unrecognized Actuarial	0	0
Unfunded Net Liability recognized in the Balance Sheet	(1042)	(859)

d. Balance Sheet

Details of Provision for gratuity

	2009 – 10 (Rs. in thousands)	2008 – 09 (Rs. in thousands)
Defined benefit obligation	(1042)	(859)
Fair value of plan assets	0	0
Liability recognized in Balance Sheet	(1042)	(859)

e. Profit and Loss Account

Net employee benefit expenses

	2009 – 10 (Rs. in thousands)	2008 – 09 (Rs. in thousands)
Current service cost	182	222
Interest cost on benefit obligation	73	78
Net Actuarial (gain)/ loss recognized in the year	(71)	(160)
Total Expenses recognized in the Profit & Loss Account	183	30

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

	2009 – 10	2008 – 09
Discount rate	7.75%	7.00%
Salary Escalation	5.00%	4.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Type of Plan	Unfunded	Unfunded
Employee Turnover	0.08%	0.58%

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

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13. 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.

14. Segment Reporting :

The Company is only the primary segment which is its business segment with no secondary segment

Information about Primary Business Segment :

(Rs. in Thousands)

REVENUE	Methanol		Construction		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External Sales / Income	—	—	20286	16813	20286	16813
Add : Intersegment Sales	—	—	—	—	—	—
Total Sales / Income	—	—	20286	16813	20286	16813
Less : Intersegment Sales	—	—	—	—	—	—
Total Revenue	—	—	20286	16813	20286	16813
Segment Result before interest, exceptional / extraordinary items and tax	(50885)	(36747)	11561	9853	(39324)	(26894)
Less : Unallocable Income / (Expenses)						
Financial Charges					129	415
Profit / (Loss) before Exceptional items and Tax					(39453)	(27309)
Exceptional Items					-	-
Profit / (Loss) after Exceptional items before Tax					(39453)	(27309)
(Provision) / Release of Deferred Tax					2013	215
Fringe Benefit Tax					-	84
Prior Period Income / (Expenditure)					-	(251)
Profit / (Loss) after Tax but before extra ordinary items					(37440)	(27429)

OTHER INFORMATION

(Rs. in Thousands)

	Methanol		Construction		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Assets	89691	88042	12358	10575	102049	98617
Segment Liabilities	334362	308571	4240	17261	338602	325832
Depreciation	1177	1203	-	-	1177	1203
Non cash expenses other than depreciation	-	-	-	-	-	-
Unallocated Segment Assets :						
Investment					-	30115
Unallocated Segment Liabilities :						
Deferred Tax Liability					2728	4741

15. Related Party Disclosure :

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

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

b. Related Party Transactions

	(Rs. in Thousands)	
	2009-10	2008-09
Rama Capital & Fiscal Services Pvt. Ltd.		
Unsecured Loans Received	24812	77866
Unsecured Loans Repaid	25800	34260
Unsecured Loan Outstanding	178625	179613
Rainbow Denim Ltd.		
Unsecured Loans Received	-	5061
Unsecured Loans Repaid	-	62878
Unsecured Loan Outstanding	4500	4500
Guarantees outstanding at year end	135000	135000
Sharing of Infrastructure and resources (This transaction is of non monetary consideration)		
Rama Phosphates Ltd.		
Unsecured Loan Outstanding	36025	36025
Guarantees outstanding at year end	270000	270000
Rama Industries Ltd.		
Guarantees outstanding at year end	504500	647500
Rama Enterprises		
Sharing of Infrastructure and resources (This transaction is of non monetary consideration)		
Mr H D Ramsinghani		
Sitting Fees	10	10
Mr D. J. Ramsinghani		
Personal Guarantee	5326000	4596700

16. Earning Per Share (EPS)

	2009-10	2008-09
i Net Profit / (Loss) after Tax available for equity shareholder (Rs. in Thousands)	(37,440)	10,946
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)	(3.58)	(2.62)
v Basic & Diluted Earning per Share in Rupees (after extra ordinary items)	(3.58)	1.05

17. Deferred Tax Liability

The Company's Methanol Unit is closed and company is yet to finalize the scheme of revival of the unit in consultation with operating agency appointed by BIFR. In view of this, the company is not expecting any taxable

Kama Petrochemicals Ltd.

profit in near future. Hence no deferred tax asset is created on account of carryforward losses under Income Tax Act. Working of deferred tax liability is as under :

(Rs. in Thousands)

	2008 - 09	Current Year	2009 - 10
Deferred Tax Liability on account of :			
Difference between WDV of Fixed Assets	4,741	(676)	4,065
Deferred Tax Assets on account of :			
Disallowances u/s 43B			
Gratuity	-	(966)	966
Leave encashment	-	(192)	192
Bonus / Exgratia	-	(179)	179
Total Deferred Tax Asset	-	(1,337)	1,337
Net Release of Deferred Tax Liability	4,741	(2,013)	2,728

18. a. No remuneration is paid to Whole Time Director during the year under review u/s 198 of the Companies Act, 1956.
b. No commission is payable to Directors hence computation of net profit u/s 349 of Companies Act, 1956 is not applicable.
19. Information pursuant to the provisions of paragraphs (3) and (4) of part II of Schedule VI of the Companies Act, 1956.

a. Manufactured Goods : Methanol

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

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

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

	2009 - 2010		2008 - 2009	
	Value (Rs. in Thousands)	%	Value (Rs. in Thousands)	%
Stores & Spares Imported	745	32.98	6097	66.82
Indigenous	1514	67.02	3027	33.18
Total	2259	100.00	9124	100.00

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

Stores and Spares **Rs. 1427 thousands** (Rs. 719 thousands)

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

Expenditure in Foreign Currency :

Membership & Subscriptions **Rs. 8 thousands** (Rs.103 thousands)

Travelling Expenses **Rs. Nil** (Rs. 53 thousands)

Advances **Rs. Nil** (Rs. 1,137 thousands)

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

For and on behalf of the Board

Place : Mumbai
Date : 28th May, 2010

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

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CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in Thousands)	
	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) after Tax	(37,440)	10,946
Add: Depreciation	1,177	1,203
Interest Paid	129	415
Sundry balances written off	15	-
Prior period Adjustments	-	251
Deferred Tax and FBT	(2,013)	(131)
Provision for diminution in the value of investments	30,115	-
Provision for doubtful advances and deposits	912	-
	<u>30,335</u>	<u>1,738</u>
	(7,105)	12,684
Less: Interest Received	192	221
Extra Ordinary Item	-	38,375
Sundry balances written back	4,772	-
	<u>4,964</u>	<u>38,596</u>
Operating Profit before Working Capital Changes	(12,069)	(25,912)
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	(1,495)	2,113
Increase/(Decrease) in Trade Payables	(13,182)	28,808
(Increase)/Decrease in Inventories	1,327	5,942
	<u>(13,350)</u>	<u>36,863</u>
	<u>(25,419)</u>	<u>10,951</u>
Net Cash from Operative Activities (A)	<u>(25,419)</u>	<u>10,951</u>
B. CASHFLOW FROM INVESTING ACTIVITIES		
Fixed Assets	-	(4)
CWIP	(4,181)	(1,558)
	<u>(4,181)</u>	<u>(1,562)</u>
Net cash used in investing activities (B)	<u>(4,181)</u>	<u>(1,562)</u>
C. CASHFLOW FROM FINANCING ACTIVITIES		
Receipt of Borrowing	30,724	-
Repayments of Borrowings	-	(12,000)
	<u>30,724</u>	<u>(12,000)</u>
Interest Received	192	221
Interest Paid	(129)	(415)
	<u>63</u>	<u>(194)</u>
Net cash used in financial activities (C)	<u>30,787</u>	<u>(12,194)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	<u>1,187</u>	<u>(2,805)</u>
Cash & Cash Equivalents (Opening Balance)	<u>761</u>	<u>3,566</u>
Cash & Cash Equivalents (Closing Balance)	<u>1,948</u>	<u>761</u>

For HARIBHAKTI & CO.
Chartered Accountants

For and on behalf of the Board

SARAH GEORGE
Partner

Place : Mumbai
Date : 28th May, 2010

D. N. SINGH
Technical Director

Place : Mumbai
Date : 28th May, 2010

H. D. RAMSINGHANI
Chairman

Rama Petrochemicals Ltd.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS :

Registration No.	35187	State Code	11
Balance Sheet Date	31.03.2010		

II Capital raised during the year (' 000 omitted)

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

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

Total Liabilities (including current liabilities and provisions)	4,52,054	Total Assets (excluding current liabilities and provisions)	4,52,054
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Source of Funds

Paid up Capital	1,04,694	Reserves & Surplus	6,030
Secured Loan	29,027	Unsecured Loans	2,88,593
Deferred Tax Liability	2,728		

Application of Funds

Net Fixed Assets	20,478	Investments	-
Capital Work in Progress	6,997	Accumulated Losses	3,50,005
Net Current Assets	53,592		

IV Performance of Company (' 000 omitted)

Turnover (including other income)	25,457	Total Expenditure	64,910
Profit/(Loss) before tax	(39,453)	Profit / (Loss) after tax	(37,440)
Earning per share Rs.	(3.58)	Dividend Rate %	Nil

V Generic Name of Principal Product of the Company

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

For and on behalf of the Board

Place : Mumbai
Date : 28th May, 2010

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Auditors' Report To The Board of Directors of Rama Petrochemical Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **Rama Petrochemicals Limited** ("the Company") and its Subsidiary (collectively referred to as "the group") as at 31st March, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test 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.
3. We did not audit the financial statements of subsidiary whose financial statements reflect total net assets of Rs. 317163.62 thousands as at 31st March, 2010, total net revenues of Rs. 150.18 thousands and net cash outflows of Rs. 64.65 thousands for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Rama Petrochemicals Limited and its subsidiary.
5. Further to our comments in paragraph 4 above, we report that: -
 - i The company has not provided for:
 - a) *Interest on working capital loan upto March 31, 2010 aggregating to Rs.24233.24 thousands (P.Y Rs.16940.22 thousands).*
 - b) *Interest on unpaid custom duty upto March 31, 2010 aggregating to Rs. 5730.57 thousands (P.Y Rs. 5041.50 thousands).
The above has resulted in understatement of loss for the year by Rs. 7982.09 thousands, accumulated losses by Rs.29963.81 thousands, Secured Loans by Rs.24233.24 thousands and outstanding liability by Rs. 5730.57 thousands.*
 - ii. *The company has not paid statutory liability on account of sales tax aggregating Rs. 262625.83 thousands (P.Y Rs. 235562.89 thousands) upto March 31 2010 as explained in Note No. 2 to schedule 17.*
 - iii. *Liabilities amounting to Rs.4772.10 thousands, written back during the year and debit / credit balances as on March 31, 2010 are subject to confirmation / reconciliation as explained in Note No.3 to Schedule 17.*
 - iv. *Due to non disclosure / non availability of information for dues to Micro, Small and Medium Enterprises as explained in Note No.4 to Schedule 17, we are unable to quantify the impact of interest provision if any, on such MSME parties.*
 - v. *The company's net worth has been completely eroded and has been declared as sick industrial company by BIFR vide order dated 01.07.2002. As more fully explained in Note No. 7 to schedule 17, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. These factors, along with other matters set forth in Note 7 to schedule 17, raise substantial doubt that the company will be able to continue as a going concern.*
6. Based on our audit and on consideration of reports of other auditor on separate financial statement and on the other financial information of the component, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, **subject to our comments in paragraph 5 and as mentioned in audit report of the subsidiary company regarding retirement benefits of employees having been provided on the basis of actual liability instead of actuarial valuation as required as per Accounting Standard 15 (revised)**, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2010;
 - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountant
Firm Registration No.103523W

Sarah George
Partner
Membership No.45255

Place : Mumbai
Date : May 28, 2010

Rama Petrochemicals Ltd.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Thousands)

	Schedule No.		AS AT 31ST MARCH 2010		AS AT 31ST MARCH 2009
SOURCES OF FUNDS :					
Shareholders' Fund :					
Share Capital	1	104,694			104,694
Reserves and Surplus	2	6,030			6,030
			110,724		110,724
Loan Funds :					
Secured Loans	3	29,027			29,027
Unsecured Loans	4	397,129			349,034
			426,156		378,061
Deferred Tax Liability					
			2,728		4,741
	TOTAL		539,608		493,526
APPLICATION OF FUNDS :					
Fixed Assets :					
Gross Block	5	386,407			386,528
Less : Accumulated Depreciation		364,864			363,597
Net Block		21,543			22,931
Capital work in Progress :					
(Including Capital Advances)		6,997			2,695
			28,540		25,626
Goodwill :					
			-		113
Current Assets, Loans and Advances :					
Interest Accrued but not Due		104			109
Inventories	6	49,502			50,830
Sundry Debtors	7	12,358			2,690
Cash and Bank Balances	8	2,023			901
Loans and Advances	9	64,566			217,198
			128,553		271,728
Less : Current Liabilities and Provisions : 10					
Current Liabilities		198,954			361,115
Provisions		1,706			1,412
			200,660		362,527
Net Current Assets			(72,107)		(90,799)
Profit and Loss Account :					
			583,175		558,586
	TOTAL		539,608		493,526
Significant Accounting Policies and Notes on Accounts					
	17				

As per our report of even date
For **HARIBHAKTI & CO.**
Chartered Accountants

For and on behalf of the Board

SARAH GEORGE
Partner

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Place : Mumbai
Date : 28th May, 2010

Place : Mumbai
Date : 28th May, 2010

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CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Rs. in Thousands)	
	Schedule	FOR THE	FOR THE
	No.	YEAR ENDED	YEAR ENDED
		31ST MARCH, 2010	31ST MARCH, 2009
INCOME			
Sales	11	20,291	61,322
Other Income	12	5,316	1,301
		<u>25,607</u>	<u>62,623</u>
EXPENDITURE			
Cost of Construction		8,549	6,958
Cost of Traded Goods		-	25,662
Employee Cost	13	8,942	10,350
Operating and Other Expenses	14	16,820	27,025
Financial Charges	15	16,518	20,670
Impairment of Goodwill		113	-
		<u>50,942</u>	<u>90,665</u>
Profit / (Loss) Before Depreciation		(25,335)	(28,042)
Depreciation		1,267	1,294
		<u>(26,602)</u>	<u>(29,336)</u>
Profit / (Loss) after depreciation before Tax			
Provision for Taxation			
Current Tax		-	-
Deferred Tax		2,013	215
(Refer Note No. 16 of Schedule 17)			
Fringe Benefit Tax		-	(84)
		<u>(24,589)</u>	<u>(29,205)</u>
Profit / (Loss) After Tax			
Add / Less : Prior Period Income / (Expenditure)		-	(251)
		<u>(24,589)</u>	<u>(29,456)</u>
Profit / (Loss) After Tax before Extra Ordinary Items			
Extra-Ordinary Items	16	-	38,375
		<u>(24,589)</u>	<u>8,919</u>
Profit / (Loss) after Extra Ordinary Items			
Balance brought forward from previous year		(558,586)	(567,505)
		<u>(583,175)</u>	<u>(558,586)</u>
Balance carried to Balance Sheet			
Basic & Diluted Earnings per Share of Face value of Rs. 10/- each (before extra ordinary items)		(2.35)	(2.81)
Basic & Diluted Earnings per Share of Face value of Rs. 10/- each (after extra ordinary items)		(2.35)	0.85
(Refer Note No. 15 of Schedule 17)			
Significant Accounting Policies and Notes on Accounts	17		

As per our report of even date

For HARIBHAKTI & CO.

Chartered Accountants

SARAH GEORGE
Partner

Place : Mumbai

Date : 28th May, 2010

For and on behalf of the Board

D. N. SINGH
Technical Director

Place : Mumbai

Date : 28th May, 2010

H. D. RAMSINGHANI
Chairman

Rama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET

	(Rs. in Thousands)	
	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10/- each	500,000	500,000
Issued, Subscribed & Paid - up :		
1,04,69,400 (1,04,69,400) Equity Shares of Rs. 10/- each	104,694	104,694
	104,694	104,694
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	6,030	6,030
	6,030	6,030
SCHEDULE 3		
SECURED LOANS		
Working Capital Loans From Bank	17,459	17,459
Interest accrued and due	11,568	11,568
	29,027	29,027
NOTE :		
1. Working capital Loans are secured by hypothecation of raw materials, stock-in- process, finished goods, stores and spares and books debts by way of second pari passu charge on fixed assets at patalganga and personal guarantee of a erstwhile director.		
2. Bank of Baroda has absolutely assigned and transferred to International Asset Reconstruction Company Pvt. Ltd the facilities together with all underlying security interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities.		
SCHEDULE 4		
UNSECURED LOANS		
Short Term Loans and Advances		
From Others	31,596	-
Interest Accrued and due	117	-
	31,713	-
Other Loans and Advances		
From Others	78,255	78,256
Sales Tax Deferral	287,161	270,778
	365,416	349,034
	397,129	349,034

SCHEDULE 5
FIXED ASSETS (AT COST)

(Rs. in Thousands)

DESCRIPTION	GROSSBLOCK				DEPRECIATION				NETBLOCK	
	As at 01.04.09	Addition	Deductions	As at 31.03.10	As at 01.04.09	For the year	Deduction/ Adjustment	As at 31.03.10	As at 31.03.10	As at 31.03.09
FREE HOLD LAND	3,731	-	121 *	3,610	-	-	-	-	3,610	3,731
LEASE HOLD LAND	256	-	-	256	62	2	-	64	192	194
BUILDINGS	27,105	-	-	27,105	11,765	535	-	12,300	14,805	15,340
PLANT AND MACHINERY	345,173	-	-	345,173	342,309	532	-	342,841	2,332	2,864
FURNITURE AND FIXTURE	4,371	-	-	4,371	3,933	142	-	4,075	296	438
OFFICE EQUIPMENTS	4,798	-	-	4,798	4,434	56	-	4,490	308	364
VEHICLES	1,094	-	-	1,094	1,094	-	-	1,094	-	-
TOTAL	386,528	-	121	386,407	363,597	1,267	-	364,864	21,543	22,931
PREVIOUS YEAR	386,524	4	-	386,528	362,303	1,294	-	363,597	22,931	24,221

NOTES :

- * Advance is given for purchase of land & still possession / agreement is not received by the company. On account of the same, this amount has been treated as capital advance and transferred to Capital work in progress.
- 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.
- Immovable properties of the Company is also mortgaged on first pari-passu charge basis in favour of Financial Institution and Banks to secure Term Loan sanctioned to denim division of the company. In the year 1999 - 2001, denim division of the company was demerged as Rainbow Denim Ltd.

Rama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
CURRENT ASSETS, LOANS AND ADVANCES		
SCHEDULE 6		
INVENTORIES (At Cost)		
(As taken, valued & certified by Management)		
Stores and Spares	30,725	32,052
Stock in Bonded Warehouse	18,771	18,771
Stock in Trade (shares)	6	7
	49,502	50,830
SCHEDULE 7		
SUNDRY DEBTORS (Unsecured)		
Outstanding Over Six months considered good	12,358	2,690
considered doubtful	384	384
	12,742	3,074
Outstanding under Six months considered good	-	-
	12,742	3,074
Less : Provision for Doubtful Debts	384	384
	12,358	2,690
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	435	127
Balances with Scheduled Banks		
- Current Accounts	1,300	513
- Deposit Accounts	288	261
	1,588	774
	2,023	901
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	249	441
Advance Income Tax / TDS	7,485	7,797
Other Advances		
considered good	54,281	206,160
considered doubtful	23,444	22,782
	77,725	228,942
Less : Provision for Doubtful Advances	23,444	22,782
	54,281	206,160
Security and Other Deposit		
considered good	2,224	2,473
considered doubtful	249	-
	2,473	2,473
Less : Provision for Doubtful Advances	249	-
	2,224	2,473
Balance with Central Excise	327	327
	64,566	217,198

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SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

	AS AT 31ST MARCH 2010	AS AT 31ST MARCH 2009
SCHEDULE 10		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
Due to MSME	-	-
Other Creditors	<u>1,644</u>	<u>4,139</u>
	1,644	4,139
Advance from Customers	5,040	24,208
Other Liabilities	192,270	332,670
Interest accrued and not due	<u>-</u>	<u>98</u>
	198,954	361,115
PROVISIONS		
Fringe Benefit Tax (Net of Advance Tax)	-	2
Gratuity	1,079	891
Leave Encashment	<u>627</u>	<u>519</u>
	1,706	1,412
	<u>200,660</u>	<u>362,527</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
SCHEDULE 11		
SALES		
Revenue from Construction Division	20,286	16,813
Sales - Traded Goods	-	44,509
Sales - Shares & Debentures	<u>5</u>	<u>-</u>
	<u>20,291</u>	<u>61,322</u>
SCHEDULE 12		
OTHER INCOME		
Dividend Income	22	21
Interest Income		
Interest Receipt - Deposits	135	427
[TDS Rs. 30.57 thousand (Rs. 90.35 thousand)]		
Interest Receipt - Others	<u>57</u>	<u>-</u>
	192	427
Sundry Balances Written Back	4,772	422
Miscellaneous Income	<u>330</u>	<u>431</u>
	<u>5,316</u>	<u>1,301</u>

Rama Petrochemicals Ltd.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rs. in Thousands)	
	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
SCHEDULE 13		
EMPLOYEE COST :		
Salaries, Wages and Allowances	8,011	8,963
Contribution to P.F./F.P.F.	395	455
Welfare and Other Amenities	348	737
Gratuity	188	195
	8,942	10,350
SCHEDULE 14		
OPERATING AND OTHER EXPENSES :		
Power and Fuel	2,878	2,515
Warehouse Charges	197	197
Consumption of Stores and Spares	2,259	9,124
Repairs to :		
Building	-	41
Plant and Machinery	2,163	7,566
Others	589	797
	2,752	8,404
Insurance	136	189
Rates, Taxes and Duties	249	397
Director's Sitting Fees	46	46
Auditor's Remuneration		
Audit Fees (incl. Limited Review Fees)	250	151
Tax Audit	-	5
Certification	17	23
Reim. of Expenses	1	1
Service Tax	28	19
	296	199
Provision for Doubtful Advances	912	-
Selling Expenses	-	150
Security Charges	1,323	698
Water Charges	134	130
Conveyance	723	868
Printing and Stationary	65	100
Postage and Telegram	116	117
Legal and Professional Charges	3,796	1,671
Share Department Expenses	150	140
Loss on Sale of Investment	-	800
Books and Periodicals	13	12
Travelling Expenses	95	93
Telephone and Telex	119	161
Staff Recruitment Expenses	-	98
Bank Charges	18	261
Miscellaneous Expenses	543	655
	16,820	27,025

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	(Rs. in Thousands)	
	FOR THE YEAR ENDED 31ST MARCH 2010	FOR THE YEAR ENDED 31ST MARCH 2009
SCHEDULE 15		
FINANCIAL CHARGES		
Interest on Bank Loans	-	415
Interest on Other Loans	16,518	20,255
[TDS Rs. 12.95 thousand (Rs. Nil)]	16,518	20,670
SCHEDULE 16		
EXTRA-ORDINARY ITEMS		
Waiver of Interest by Bank	-	28,488
Remission in Principal by Bank	-	9,887
	-	38,375

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS

A. PRINCIPLES OF CONSOLIDATION :

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

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

The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2010.

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-rata basis with reference to the date of addition / deletion as the case may be.
- c. Individual assets acquired for less than Rs. 5000/- are depreciated fully in the year of acquisition.

6. Impairment of Assets :

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

7. Excise Duty :

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

8. Foreign Currency Transactions :

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

9. Investments :

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

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

10. Valuation of Inventories :

- a. Raw Material and Stores & Spares are valued at cost (on "first in first out basis") or market value whichever is lower.
- b. 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 :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

16. Provisions :

A provision is recognized when the company has a present obligation as a result of past events and it is probable

that there will be an outflow of resources to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

17. Contingent Liabilities :

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

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

C. NOTES ON ACCOUNTS :

1. Contingent Liabilities :

- a. Income Tax and Excise Duty claims not acknowledged by the Company Rs. 179,481 thousands (Rs. 48,083 thousands). The Company is in appeal for these claims.
- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate Rs.9,53,876 thousands (Rs. 1,096,876 thousands)
- c. Capital commitment Rs. 17,075 thousands (Rs. 22,489 thousands)

2. Interest Free Sales Tax Deferment :

The Company had a liability of Rs. 312,333 thousands 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 31.03.2010 is Rs. 287,161 thousands. The Company has assigned the said liability to subsidiary company during the year 1999-2001. The subsidiary company had paid Rs. 1,989 thousands (Rs.1,989 thousands) upto 31st March 2010 out of Rs. 264,615 thousands (Rs. 237,552 thousands) due upto 31st March 2010 Since the subsidiary company have failed in paying the sales tax dues, the assignor is responsible to pay the same. The company is registered under BIFR, no due is paid to the sales tax department.

3. The outstanding balances of debtors, creditors, secured loans and advances from customers, security and other deposits and balances with excise authorities are subject to confirmation and reconciliation.
4. In the absence of information from suppliers of their status as defined under "Micro , Small and Medium Enterprises Development Act, 2006 ", amount overdue and interest payable thereon, if any, cannot be quantified.
5. The Company is in the process of appointing a whole time Company Secretary as required under Section 383A of the Companies Act, 1956.
6. The company has not provided
 - a. Interest of Rs. 24,233 thousands (Rs. 16,940 thousands) on working capital loans from banks till March 31, 2010.
 - b. Interest on custom duty aggregating to Rs. 5,731 thousands (Rs. 5,042 thousands) till March 31, 2010.
7. The operation of company's methanol division has been unviable and in turn forced the company to suspend its production activities since Sept.'1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas by Gas Authority of India Ltd. (GAIL) is completed, the company is hopeful to restart its plant soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".
8. As mentioned earlier that the company had suspended its production activities since Sept' 1999, as a result of this the company has transferred some of the employees to other Division/Group Companies w.e.f. 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.
9. In the absence of certainty about the applicability of the Service Tax and Maharashtra Value Added Tax on construction activities no provision has been made in the accounts for the same.
10. During the year, the company is supposed to pay capital gain tax on account of conversion of its capital asset (land) into stock in trade, which happened in the earlier year. However as the company is having a business loss for the current year, the same capital gain is knocked off towards it. Accordingly the provision for taxation on such capital gain has not been made

11. The disclosures required under Accounting Standard 15 “Employees Benefits” are given below :

A. Defined Contribution Plan

Provident Fund

The Company has recognized the following amount in the profit and loss account for the year
Employer’s contribution to provident Fund : Rs. 395 thousands (Rs. 455 thousands)

B. Defined Benefit Plan

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

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

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

	2009 - 10 (Rs. in thousands)	2008 - 09 (Rs. in thousands)
Opening defined benefit obligation	859	829
Interest cost	73	78
Current service cost	182	222
Benefits paid	-	(160)
Actuarial (gains) / losses on obligation	(71)	(109)
Closing defined benefit obligation	1042	859

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

	2009 - 10 (Rs. in thousands)	2008 - 09 (Rs. in thousands)
Opening fair value of plan assets	0	0
Expected return	0	0
Contributions by employer	0	0
Benefits paid	0	(160)
Actuarial gains / (losses)	71	269
Closing fair value of plan assets	0	0
Actuarial Return on plan Assets	0	0
Estimated contribution to be made in next annual year	0	0

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

	2009 - 10 (Rs. in thousands)	2008 - 09 (Rs. in thousands)
Present value of Funded Obligation	(1042)	(859)
Fair value of Plan Assets	0	0
Funded (Asset)/Liability recognized in the Balance Sheet	0	0
Present value of Unfunded Obligation	0	0
Unrecognised Past Service Cost	0	0
Unrecognised Actuarial	0	0
Unfunded Net Liability recognized in the Balance Sheet	(1042)	(859)

d. Balance Sheet

Details of Provision for gratuity

	2009 - 10 (Rs. in thousands)	2008 - 09 (Rs. in thousands)
Defined benefit obligation	(1042)	(859)
Fair value of plan assets	0	0
Liability recognised in Balance Sheet	(1042)	(859)

e. Profit and Loss Account

Net employee benefit expenses

	2009 - 10 (Rs. in thousands)	2008 - 09 (Rs. in thousands)
Current service cost	182	222
Interest cost on benefit obligation	73	78
Net Actuarial (gain)/ loss recognized in the year	(71)	(160)
Total Expenses recognized in the Profit & Loss Account	183	30

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

	2009 - 10	2008 - 09
Discount rate	7.75%	7.00%
Salary Escalation	5.00%	4.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Type of Plan	Unfunded	Unfunded
Employee Turnover	0.08%	0.58%

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

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

12. 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.

13. Segment Reporting :

The Company is the only primary segment which is business segment and no secondary segment.

Information about Primary Business Segment :

(Rs. in Thousands)

	Methanol		Construction		Trading-Shares		Trading-Goods		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External Sales/Income	-	-	20286	16813	5	-	-	44509	20291	61322
Add : Intersegment Sales	-	-	-	-	-	-	-	-	-	-
Total Sales / Income	-	-	20286	16813	5	-	-	44509	20291	61322
Less: Intersegment Sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	20286	16813	5	-	-	44509	20291	61322
Segment Result before interest, exceptional / extraordinary items	(20883)	(36747)	11561	9853	(762)	(619)	-	18847	(10084)	(8666)
Less : Unallocable Income / (Expenses)										
Financial Charges									16518	20670
Profit / (Loss) before exceptional / extra ordinary items & tax									(26602)	(29336)
Exceptional items									-	-
Profit / (Loss) before Tax									(26602)	(29336)
(Provision) / Release of Deferred Taxes									2013	215
Fringe Benefit Tax									-	84
Profit / (Loss) after Tax									(24589)	(29205)

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OTHER INFORMATION

(Rs. in Thousands)

	Methanol		Construction		Trading		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Assets	89691	88042	12358	10575	55044	198737	157093	297354
Segment Liabilities	155736	128957	4240	17261	466839	594369	626815	740587
Depreciation	1177	1203	-	-	90	91	1267	1294
Non cash expenses other than depreciation	-	-	-	-	-	-	-	-
Unallocated Segment Assets :								
Goodwill							-	113
Unallocated Segment Liabilities :								
Deferred Tax Liability							2728	4741

14. Related Party Disclosure :

a. List of Related Parties and Relationships

Party	Relation	
i Rainbow Denim Ltd Rama Phosphates Ltd Rama Industries Ltd. Rainbow Agri Industries Ltd.	Associates	
ii Indo-Us Investment Inc		Holding more than 20% equity in Rama Petrochemicals Ltd.
iii Key Management Personnel Mr H D Ramsinghani Mr D N Singh Mr S S Arora		Chairman Technical Director Director
iv Exercise of significant control / influence Blue lagoon Investment Pvt. Ltd. Rama Enterprises		Relatives of Key Management Personnel holds more than 20% share holding
v Mr. D. J.Ramsinghani	Relative of Key Management Personnel	

b. **Related Party Transactions**

(Rs. in Thousands)

	2009-10	2008-09
Rainbow Denim Ltd.		
Unsecured Loans Received	-	5061
Unsecured Loans Repaid	-	75652
Unsecured Loan Outstanding	4500	4500
Guarantees outstanding at year end	135000	135000
Sharing of Infrastructure and resources (This transaction is of non monetary consideration)		
Rama Phosphates Ltd.		
Unsecured Loan Outstanding	36025	36025
Guarantees outstanding at year end	270000	270000
Rama Industries Ltd.		
Guarantees outstanding at year end	504500	647500
Rainbow Agri Industries Ltd.		
Loans/ Advances Received	74600	198900
Loans / Advances Repaid	189500	122000
Credit Balance Outstanding	-	114900
Rama Enterprises		
Sharing of Infrastructure and resources (This transaction is of non monetary consideration)		
Mr H D Ramsinghani		
Sitting Fees	10	10
Mr D. J. Ramsinghani		
Personal Guarantee	5326000	4596700

15. Earning Per Share (EPS)

	2009-10	2008-09
i Net Profit / (Loss) after Tax available for equity shareholder (Rs. in Thousands)	(24589)	8919
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)	(2.35)	(2.81)
v Basic & Diluted Earning per Share in Rupees (after extra ordinary item)	(2.35)	0.85

16. Deferred Tax Liability

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

(Rs. in Thousands)

	2008 - 09	Current Year	2009 - 10
Deferred Tax Liability on account of :			
Difference between WDV of Fixed Assets	4,741	(676)	4,065
Deferred Tax Assets on account of :			
Disallowances u/s 43B			
Gratuity	-	(966)	966
Leave encashment	-	(192)	192
Bonus / Exgratia	-	(179)	179
Total Deferred Tax Asset	-	(1,337)	1,337
Net Release of Deferred Tax Liability	4,741	(2,013)	2,728

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

(Rs. in Thousands)

Particular		2009 - 10
Deferred Tax Liability on account of :		
Difference between WDV of Fixed Assets		173
Deferred Tax Assets on account of :		
Disallowance u/s 43B		
Gratuity	12	
Leave encashment	1	
Bonus / Exgratia	2	
Carried Forward Losses as per Income Tax	42,412	
	_____	42,427
Net Deferred Tax Asset		42,254

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

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

- a. Manufactured Goods : Methanol

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

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

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

	2009 – 2010		2008 - 2009	
	Value (Rs. in Thousands)	%	Value (Rs. in Thousands)	%
Stores & Spares				
Imported	745	32.98	6097	66.82
Indigenous	1514	67.02	3027	33.18
Total	2259	100.00	9124	100.00

20. C.I.F. Value of Imports : **Rs. 1,427 thousands** (Rs. 13,681 thousands)
21. Earnings in Foreign Currency : **Rs. NIL** (NIL)
- Expenditure in Foreign Currency :
- Membership and Subscription **Rs. 8 thousand** (Rs. 103 thousands)
- Travelling Expenses **Rs. NIL** (Rs. 53 thousands)
- Advances **Rs. NIL** (Rs. 1137 thousands)
22. Previous year figures are given in brackets and have been regrouped / rearranged wherever necessary to make them comparable.
23. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statement.

For and on behalf of the Board

Place : Mumbai
Date : 28th May, 2010

D. N. SINGH
Technical Director

H. D. RAMSINGHANI
Chairman

Rama Petrochemicals Ltd.

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

		AS AT 31st March 2010	(Rs. in Thousands) AS AT 31st March 2009
A. CASHFLOW FROM OPERATING ACTIVITIES			
	Net Profit / (Loss) after Tax	(24,589)	8,919
Add:	Depreciation	1,267	1,294
	Deferred Tax and FBT	(2,013)	(131)
	Prior Period Adjustments	-	251
	Sundry balance written off	15	-
	Goodwill written off	113	-
	Provision for doubtful advances and deposits	912	-
	Interest Paid	16,518	20,670
		<u>16,812</u>	<u>22,084</u>
		<u>(7,777)</u>	<u>31,003</u>
Less:	Interest Received	192	427
	Dividend Income	22	21
	Sundry balance written back	4,772	-
	Extra - Ordinary Items	-	38,375
	Prior period Adjustments	-	251
		<u>4,986</u>	<u>39,074</u>
	Operating Profit before Working Capital Changes	<u>(12,763)</u>	<u>(8,071)</u>
	Adjustment for :		
	(Increase)/Decrease in Trade & Other receivables	142,042	(50,248)
	Increase/(Decrease) in Trade Payables	(157,095)	59,838
	(Increase)/Decrease in Inventories	1,328	5,942
		<u>(13,725)</u>	<u>15,532</u>
	Cash Generated from Operations	<u>(26,488)</u>	<u>7,461</u>
	Income Tax	-	131
	Extra Ordinary items	-	38,375
		<u>-</u>	<u>38,506</u>
B. Net Cash from Operative Activities	(A)	<u>(26,488)</u>	<u>45,967</u>
CASHFLOW FROM INVESTING ACTIVITIES			
	Fixed Assets	-	(4)
	CWIP	(4,181)	(1,558)
	Investments	-	1,600
	Dividend Income	22	21
		<u>(4,159)</u>	<u>59</u>
C. Net cash used in investing activities	(B)	<u>(4,159)</u>	<u>59</u>
CASHFLOW FROM FINANCING ACTIVITIES			
	Receipts of Borrowings	48,095	20,255
	Repayments of Borrowings	-	(50,376)
		<u>48,095</u>	<u>(30,121)</u>
	Interest Received	192	427
	Interest Paid	(16,518)	(20,670)
		<u>(16,326)</u>	<u>(20,243)</u>
Net cash used in financial activities	(C)	<u>31,769</u>	<u>(50,364)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(A + B + C)	<u>1,122</u>	<u>(4,338)</u>
Cash & Cash Equivalents (Opening Balance)		<u>901</u>	<u>5,239</u>
Cash & Cash Equivalents (Closing Balance)		<u>2,023</u>	<u>901</u>

For HARIBHAKTI & CO.
Chartered Accountants

SARAH GEORGE
Partner

Place : Mumbai
Date : 28th May, 2010

For and on behalf of the Board

D. N. SINGH
Technical Director

Place : Mumbai
Date : 28th May, 2010

H. D. RAMSINGHANI
Chairman

DIRECTOR'S REPORT

Your Directors present the 16th Annual Report together with the audited statements of Accounts for the year ended on 31st March, 2010.

FINANCIAL HIGHLIGHTS :

	Year Ended 31.03.2010 (Rupees)	Year Ended 31.03.2009 (Rupees)
Profit / (Loss) before Depreciation	(1,70,59,993)	(19,36,218)
Less : Depreciation	90,534	90,534
Less : Fringe Benefit Tax	Nil	220
Profit / (Loss) after Tax	(1,71,50,527)	(20,26,972)
Add : Balance Brought Forward	(24,60,22,907)	(24,39,95,935)
Balance Carried to Balance Sheet	(26,31,73,434)	(24,60,22,907)

DIVIDEND :

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

OPERATIONS :

During the year under review, the company could not carry on any business activity due to financial constraints.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed ;
2. Appropriate accounting policies have been selected and applied consistently and have made judgment 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, 2010 and the loss of the Company for the year ended March 31, 2010;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis:

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

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

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

B. FOREIGN EXCHANGE EARNING AND OUTGO :

Income : NIL Expenditure : NIL

PARTICULARS OF EMPLOYEES:

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

DIRECTORS :

In accordance with the Articles of Association of the company Mr C. M. Divakaran Nair retires by rotation at the forthcoming Annual General Meeting and is eligible for reappointment.

FIXED DEPOSITS :

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

AUDITORS REPORT :

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

The Company has provided the retirement benefits of employees on the actual basis.

AUDITORS :

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

ACKNOWLEDGEMENTS :

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

For and on behalf of the Board

Place : Mumbai
Date : 26th July, 2010

V. G. SHARMA
Director

S. S. ARORA
Director

AUDITOR'S REPORT

To The Members of

RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED

We have audited the attached Balance Sheet of RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED as at 31st March 2010 and the Profit and Loss Account for the year ended on that date, and also the Cash flow statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by CARO (Amendment) 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, on the basis of such checks of the books and records of the company as we considered appropriate and the information and explanation given to us during the course of our audit;
3. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet, the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and based on the declaration given by the directors and other information and explanations given to us, none of the directors are disqualified as on 31st March, 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies' Act, 1956, *subject to Note. B (ii) in Schedule 12 regarding retirement benefits of employees having been provided on the basis of actual liability instead of actuarial valuation as required as per Accounting Standard 15 (revised)* in the manner so required and gives a true and fair view,
 - i. in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010; and
 - ii. in the case of the Profit and Loss Account, of the loss of the company for the year ended on that date; and
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Dayal and Lohia**
Chartered Accountants

(Anil Lohia)

Partner

M. No.: 31626

(Firm Registration No. 102200W)

Place : Mumbai.
Dated : 28th May 2010

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 of our Report of even date on the accounts of RAMA CAPITAL AND FISCAL SERVICES PRIVATE LIMITED for the year ended 31st March 2010.)

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

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- c) No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
3. The Company has not granted or taken interest free loans to/from parties covered under register maintained under section 301 of the Companies Act, 1956. As the Company has not granted or taken loans to/from parties listed under register maintained Section 301 of the Companies Act, 1956 paragraphs (iii) (b), (c), (d), (e), (f) and (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a) According to the information and explanations given to us, we are of the opinion that there is no contract or arrangement that needs to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) As the Company has not done any transaction with parties listed under register maintained under Section 301 of the Companies Act, 1956 paragraph (v) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA or any other relevant provision of the Act and Rules framed there under.
7. ***The Company does not have a formal internal audit system during the year.***
8. According to the information and explanation given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209(1)(d) of the Act.
9. a) According to the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues outstanding as on 31st March, 2010, for a period of more than six months from the date they became payable, **except the amount of assigned Sales-tax liability indicated in Note. B (i) (a) to Schedule 12.**
- b) According to the records of the Company and information and explanations given to us there are no dues of sales tax, income tax, wealth tax, service tax, custom duty, excise duty or cess on account of any disputes.
10. The Company has accumulated losses amounting to Rs. 2,631.73 Lacs as at 31st March, 2010 which is more than 50% of its net worth. During the year and in immediately preceding financial year, it has incurred cash losses amounting to Rs. 170.60 lacs and Rs. 19.36 lacs respectively.
11. On the basis of our examination of the books and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or any other securities.
13. In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Fund/Society.
14. In our opinion, the Company is maintaining proper record of the transactions and contracts of dealing in shares and securities and other investments and timely entries have been made in the records. The shares, securities, debentures and other investments are held by the Company in its own name.
15. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution. However, the Company has mortgaged its Premises shown under Fixed Assets for the loans taken by Rama Phosphates Ltd., a group Company, from Financial Institutions and banks.
16. In our opinion and on the basis of information and explanations given to us no term loans are availed by the Company during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been used for long term investment by the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, and to the best of our knowledge and belief no fraud on or by the Company, has been noticed or reported during the year.

For **Dayal and Lohia**
Chartered Accountants

(Anil Lohia)
Partner
M. No.: 31626

Place : Mumbai.
Dated : 28th May 2010

Rama Capital & Fiscal Services Pvt. Ltd.

BALANCE SHEET AS AT 31ST MARCH 2010

		AS AT 31ST MARCH, 2010 RUPEES	AS AT 31ST MARCH, 2009 RUPEES
SOURCES OF FUNDS :			
Shareholders' Fund :			
Share Capital	1	30,003,000	30,003,000
Loan Funds :			
Unsecured Loans :		287,160,623	270,778,406
(Ref Note B i (a) of Schedule 12)			
TOTAL		317,163,623	300,781,406
APPLICATION OF FUNDS :			
Fixed Assets :	2		
Gross Block		2,352,223	2,352,223
Less : Accumulated Depreciation		1,287,615	1,197,081
Net Block		1,064,608	1,155,142
Current Assets, Loans and Advances :			
Inventories	3	6,275	6,625
Cash and Bank Balances	4	75,289	139,941
Loans and Advances	5	232,521,714	377,048,098
		232,603,278	377,194,664
Less : Current Liabilities and Provisions :	6		
Current Liabilities		179,637,001	323,555,977
Provisions		40,696	35,330
		179,677,697	323,591,307
Net Current Assets		52,925,581	53,603,357
Profit and Loss Account		263,173,434	246,022,907
TOTAL		317,163,623	300,781,406
Significant Accounting Policies and Notes on Accounts	12		

As per our report of even date
For **DAYAL & LOHIA**
Chartered Accountants

ANIL LOHIA
Partner
M No. 31626

Place : Mumbai
Date : May 28, 2010

for and on behalf of the Board

V. G. SHARMA
Director

S. S. ARORA
Director

Place : Mumbai
Date : May 28, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCH	FOR THE YEAR ENDED 31ST MARCH, 2010 RUPEES	FOR THE YEAR ENDED 31ST MARCH, 2009 RUPEES
INCOME :			
Sales	7	5,176	44,509,137
Other Income	8	145,008	1,050,717
		150,184	45,559,854
EXPENDITURE:			
Cost of Sale	9	350	25,661,729
Employee Cost	10	112,395	105,430
Selling , Administrative and Other Expenses	11	708,468	1,473,552
Finance Charges		16,388,964	20,255,361
		17,210,177	47,496,072
Profit / (Loss) Before Depreciation		(17,059,993)	(1,936,218)
Depreciation		90,534	90,534
Profit / (Loss) Before Tax		(17,150,527)	(2,026,752)
Fringe Benefit Tax		-	220
Profit / (Loss) After Tax		(17,150,527)	(2,026,972)
Balance brought forward from previous year		(246,022,907)	(243,995,935)
Balance carried to Balance Sheet		(263,173,434)	(246,022,907)
Earning per Share Basic & Diluted (Rupees)		(34.28)	(4.05)
Significant Accounting Policies and Notes on Accounts	12		

As per our report of even date
For DAYAL & LOHIA
Chartered Accountants

ANIL LOHIA
Partner
M No. 31626

Place : Mumbai
Date : May 28, 2010

for and on behalf of the Board

V. G. SHARMA
Director

S. S. ARORA
Director

Place : Mumbai
Date : May 28, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH 2010 RUPEES	AS AT 31ST MARCH 2009 RUPEES
SCHEDULE 1		
SHARE CAPITAL :		
Authorised :		
25,00,000 (25,00,000) Equity Shares of Rs.10/- each	25,000,000	25,000,000
25,00,000 (25,00,000) Cummulative Convertible Preference Shares of Rs. 10/- each	25,000,000	25,000,000
	50,000,000	50,000,000
Issued , Subscribed and Paid Up :		
5,00,300 (5,00,300) Equity Shares of Rs. 10/- each	5,003,000	5,003,000
25,00,000 (25,00,000) 9 % 20 years Cummulative Compulsorily Convertible Preference Shares of Rs. 10/- each issued on 09th September, 1993	25,000,000	25,000,000
	30,003,000	30,003,000

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

SCHEDULE 2

FIXED ASSETS :

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 01.04.09	ADDITION / (DEDUCTION)	AS AT 31.03.10	AS AT 01.04.09	FOR THE YEAR	ADDITION / (DEDUCTION)	AS AT 31.03.10	AS AT 31.03.10	AS AT 31.03.09
PREMISES	1,124,324	-	1,124,324	252,684	18,326	-	271,010	853,314	871,640
FURNITURE & FIXTURES	878,628	-	878,628	723,283	55,617	-	778,900	99,728	155,345
OFFICE EQUIPMENTS	146,120	-	146,120	91,965	6,941	-	98,906	47,214	54,155
AIR CONDITIONERS	203,151	-	203,151	129,149	9,650	-	138,799	64,352	74,002
TOTAL	2,352,223	-	2,352,223	1,197,081	90,534	-	1,287,615	1,064,608	1,155,142
PREVIOUS YEAR	2,352,223	-	2,352,223	1,106,547	90,534	-	1,197,081	1,155,142	1,245,676

CURRENT ASSETS, LOANS AND ADVANCES :

SCHEDULE 3

INVENTORIES

(As taken, Valued and Certified by Management)

6,275

6,625

6,275

6,625

SCHEDULE 4

CASH AND BANK BALANCES

Cash on Hand

21,870

8,975

Balances with Scheduled Banks in current accounts

53,419

130,966

75,289

139,941

SCHEDULE 5

LOANS AND ADVANCES

(Unsecured, Considered Good)

Advances Recoverable in Cash or in Kind or for Value to be Received

33,649

3,082

Advances Income Tax / TDS

42,465

45,056

Loan to Holding Company

178,625,000

179,612,711

Advances to Others

53,820,600

197,387,249

232,521,714

377,048,098

SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH 2010 RUPEES	AS AT 31ST MARCH 2009 RUPEES
SCHEDULE 6		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	296,399	26,905
Advance From Customers	800,000	4,779,054
Other Liabilities	<u>178,540,602</u>	<u>318,750,018</u>
	<u>179,637,001</u>	<u>323,555,977</u>
PROVISIONS		
Fringe Benefit Tax	-	50
Gratuity	36,346	31,500
Leave Encashment	<u>4,350</u>	<u>3,780</u>
	<u>40,696</u>	<u>35,330</u>
	<u>179,677,697</u>	<u>323,591,307</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED 31ST MARCH 2010 RUPEES	FOR THE YEAR ENDED 31ST MARCH 2009 RUPEES
SCHEDULE 7		
SALES :		
Sales - Traded Goods	-	44,509,137
Sales - Shares & Debentures	<u>5,176</u>	-
	<u>5,176</u>	<u>44,509,137</u>
SCHEDULE 8		
OTHER INCOME :		
Dividend Income	22,336	20,602
Interest Income		
Interest Income - Deposits	-	206,137
Interest Income - Other	<u>423</u>	-
	<u>423</u>	<u>206,137</u>
Sundry Balances Written Back	-	421,504
Miscellaneous Income	<u>122,249</u>	<u>402,474</u>
	<u>145,008</u>	<u>1,050,717</u>
SCHEDULE 9		
COST OF SALE		
Traded Goods		
Opening Stock	-	-
Add : Purchases	-	25,661,729
Less : Closing Stock	-	-
	<u>-</u>	<u>25,661,729</u>
Shares and Debentures		
Opening Stock	6,625	6,625
Add : Purchases	-	-
Less : Closing Stock	<u>6,275</u>	<u>6,625</u>
	<u>350</u>	<u>-</u>
	<u>350</u>	<u>25,661,729</u>

Rama Capital & Fiscal Services Pvt. Ltd.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	FOR THE YEAR ENDED 31ST MARCH 2010 RUPEES	FOR THE YEAR ENDED 31ST MARCH 2009 RUPEES
SCHEDULE 10		
EMPLOYEE COST		
Salaries and Benefits	105,505	98,882
Gratuity	4,846	4,500
Staff Welfare	2,044	2,048
	112,395	105,430
SCHEDULE 11		
SELLING, ADMINISTRATIVE AND OTHER EXPENSES		
Selling Expenses	-	150,465
Auditors Remuneration		
Audit Fees	10,000	5,000
Tax Audit Fees	-	5,000
Other Capacity	7,000	13,000
Reim. of Expenses	150	39
Service Tax	1,751	2,449
	18,901	25,488
Loss on Sale of Investment	-	799,800
Rates and Taxes	21,816	22,867
Electricity Charges	7,506	380
Printing and Stationary	-	7,340
Legal and Professional Charges	632,765	223,250
Bank Charges	2,397	18,637
L C Charges	-	192,972
Securities Transaction Tax	7	-
Telephone Charges	6,408	3,131
Other Expenses	18,668	29,222
	708,468	1,473,552

SCHEDULE 12

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting :

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

2. Revenue Recognition :

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

3. Fixed Asset :

Fixed Assets are carried at cost. The cost of fixed assets includes expenses incidental to acquisition.

4. Depreciation :

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

5. Impairment of Assets :

At each Balance Sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the profit and loss account to the extent the carrying amount exceeds recoverable amount.

6. Foreign Currency Transactions :

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

7. Investments :

Investments are shown at cost plus expenditure relating to their acquisition.

8. Inventories :

- a. Inventories of Shares and debentures have been valued at cost or market price whichever is lower based on basket valuation method.
- b. Inventories are valued at Cost or Market Value whichever is lower.

9. Assigned Liability :

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

10. Leave Encashment and Gratuity :

Provision for Leave Encashment and gratuity are made on the basis of actual liability based on the period of service.

11. Provision for Current and Deferred Tax :

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

12. Provisions :

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

13. Contingent Liabilities :

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

B. NOTES ON ACCOUNTS**i. Contingent Liabilities :**

- a. The Company has accepted assignments of sales tax deferral liabilities of Rs. 3123.33 lacs of body corporate for which the net present value as on 31st March 2010 is Rs. 2,871.61 lacs. The aforesaid liability was to be discharged from 30th April 2001 to 30th April 2014 to the sales tax department of the Government of Maharashtra. The Company had paid Rs. 19.89 lacs (Rs.19.89 lacs) upto 31st March 2010 out of Rs. 2,646.15 lacs (Rs.2,375.52 lacs) due upto 31st March 2010.
- b. Income tax claims not acknowledged by the Company Rs. 97.76 Lacs (Rs.226.78 Lacs) The Company is in appeal for the same.
- c. Dividend not declared on cumulative convertible preference shares Rs. 315.00 lacs (Rs. 292.50 lacs)

ii. Leave encashment and Gratuity

Provision for Leave Encashment and gratuity are made on the basis of actual liability based on the period of service. The difference on account of actuarial valuation is not likely to be significant and hence not considered.

Rama Capital & Fiscal Services Pvt. Ltd.

iii. Related Party Disclosure :

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

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

Related Party Transactions

(RUPEES)

	Holding company		Exercising significant influence		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Loans/Advances Received	-	-	74600000	198900000	74600000	198900000
Loans/Advances Given	24812289	77866083	-	-	24812289	77866083
Loans/Advances Repaid	25800000	34260000	189500000	134774000	215300000	169034000
Debit Balance outstanding	178625000	179612711	-	-	178625000	179612711
Credit Balance Outstanding	-	-	-	114900000	-	114900000

iv. Earning Per Share (EPS)

		31.03.2010	31.03.2009
i	Net Profit/(Loss) after tax available for equity shareholder in Rupees	(17150527)	(2026972)
ii	Weighted average no of Equity Shares for basic and diluted EPS	500300	500300
iii	Nominal Value of Equity Shares in Rupees	10.00	10.00
iv	Basic / Diluted Earning per Share in Rupees	(34.28)	(4.05)

v. Deferred Tax Asset

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 :

Particular	(RUPEES)	AS AT 31.03.2010 (RUPEES)
Deferred Tax Liability on account of :		
Difference between WDV of Fixed Assets		1,73,277
Deferred Tax Assets on account of :		
Disallowance u/s 43B	15,358	
Carried Forward Losses as per Income Tax	4,24,11,764	
		4,24,27,122
Net Deferred Tax Asset		4,22,53,845

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- vi. a. No remuneration is paid to directors during the year under review under section 198 of the Companies Act, 1956.
- b. No commission is payable to directors hence computation of net profit under section 349 of the Companies Act, 1956 is not applicable.
- vii. In the absence of information from suppliers of their status as defined under “Micro, Small and Medium Enterprises Development Act, 2006”, amount overdue and interest payable thereon, if any, cannot be quantified.
- viii. Balances of Debtors and Creditors are subject to confirmation.
- ix. Information pursuant to the provisions of paragraphs (3) and (4) of part II of Schedule VI of the Companies Act, 1956. :

Quantitative details of Stock in Trade – Shares

Script	Opening Stock Nos	Opening Stock Value Rs.	Purchase Nos	Purchase Value Rs.	Sales Nos	Sales Value Rs.	Closing Stock Nos	Closing Stock Value Rs.
Aarvee Denim Ltd	100 (100)	770 (770)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	100 (100)	770 (770)
C J Gelatine Ltd	50 (50)	348 (348)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	50 (50)	348 (348)
K G denim Ltd	100 (100)	700 (700)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	100 (100)	700 (700)
Madalsa International Ltd	200 (200)	200 (200)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	200 (200)	200 (200)
Maheshwari Protein Ltd	100 (100)	100 (100)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	100 (100)	100 (100)
Modern Suiting Ltd	50 (50)	50 (50)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	50 (50)	50 (50)
Rainbow Agri Industries Ltd	200 (200)	1000 (1000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	200 (200)	1000 (1000)
Rama Phosphates Ltd	1920 (1920)	3360 (3360)	Nil (Nil)	Nil (Nil)	200 (Nil)	5176 (Nil)	1720 (1920)	3010 (3360)
Reliance Capital Ltd	2 (2)	97 (97)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	2 (2)	97 (97)
Total		6625				5176		6275
		(6625)				(Nil)		(6625)

Rama Capital & Fiscal Services Pvt. Ltd.

Quantitative details of Traded Chemical Goods

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

* includes 21.820 MT material handling loss

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

For and on behalf of the Board

Place : Mumbai
Date : May 28, 2010

V. G. SHARMA
Director

S. S. ARORA
Director

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	AS AT 31st March 2010	(Amount in Rupees) AS AT 31st March 2009
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax	(17,150,527)	(2,026,752)
Add: Depreciation	90,534	90,534
Interest Provided	16,382,217	20,255,361
Fringe Benefit Tax	-	(220)
Loss on sale of Investments	-	799,800
	16,472,751	21,145,475
	(677,776)	19,118,723
Less: Dividend Income	22,336	20,602
	(700,112)	19,098,121
Operating Profit before Working Capital Changes	(700,112)	19,098,121
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	144,526,384	(95,967,730)
Increase/(Decrease) in Trade Payables	(143,913,610)	74,516,345
(Increase)/Decrease in Inventories	350	-
	613,124	(21,451,385)
Cash Generated from Operations	(86,988)	(2,353,264)
Net Cash from Operative Activities (A)	(86,988)	(2,353,264)
B. CASHFLOW FROM INVESTING ACTIVITIES		
Dividend Received	22,336	20,602
Net cash used in investing activities (B)	22,336	20,602
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from sale of Investments	-	799,800
Net cash used in financial activities (C)	-	799,800
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(64,652)	(1,532,862)
Cash & Cash Equivalents (Opening Balance)	139,941	1,672,803
Cash & Cash Equivalents (Closing Balance)	75,289	139,941

As per our report of even date
For DAYAL & LOHIA
Chartered Accountants

ANIL LOHIA
Partner
M No. 31626

Place : Mumbai
Date : May 28, 2010

for and on behalf of the Board

V. G. SHARMA
Director

S. S. ARORA
Director

Place : Mumbai
Date : May 28, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS :

Registration No.	11 - 72255	State Code	11
Balance Sheet Date	31.03.2010		

II Capital raised during the year (' 000 omitted)

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

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

Total Liabilities	3,17,164	Total Assets	3,17,164
-------------------	----------	--------------	----------

Source of Funds

Paid up Capital	30,003	Reserves & Surplus	Nil
Secured Loan	Nil	Unsecured Loan	2,87,161

Application of Funds

Net Fixed Assets	1,065	Accumulated Losses	2,63,173
Net Current Assets	52,926		

IV Performance of Company (' 000 omitted)

Turnover	150	Total Expenditure	17,300
Profit/(Loss) before tax	(17,151)	Profit / (Loss) after tax	(17,151)
Earning per share Rs.	(34.28)	Dividend Rate %	Nil

V Generic Name of Principal Product of the Company

Item Code No. (ITC Code)	Nil	Item Code No. (ITC Code)	Nil
Product Description	Nil	Product Description	Nil

for and on behalf of the Board

Place : Mumbai
Date : May 28, 2010

V. G. SHARMA
Director

S. S. ARORA
Director

RAMA PETROCHEMICALS LIMITED

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

PROXY FORM

For Demat Shares

For Physical Shares

DP ID	
-------	--

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

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

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

I/We _____ s/o, w/o, d/o _____ residing at _____ being member/member(s) of the above named company hereby appoint Mr./Ms. _____ residing at _____ or failing him/her Mr./Ms _____ residing at _____ as my/our proxy to vote for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Friday, the 17th day of September, 2010 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 _____, 2010

Affix Revenue Stamp of Rs. 0.15
--

Signature

(Please sign across the Stamp)

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

RAMA PETROCHEMICALS LIMITED

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

ATTENDANCE SLIP

For Demat Shares

For Physical Shares

DP ID	
-------	--

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

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

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

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company to be held on Friday, the 17th day of September, 2010 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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L.B. S. Marg, Bhandup (W),
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