



**RAMA PETROCHEMICALS LIMITED**

**Twenty-Seventh Annual Report**

**2012 - 2013**

**BOARD OF DIRECTORS**

**CHAIRMAN**

H.D. RAMSINGHANI

**REGISTERED OFFICE**

812, RAHEJA CHAMBERS,  
NARIMAN POINT,  
MUMBAI 400 021

Website : [www.ramapetrochemicals.com](http://www.ramapetrochemicals.com)

**TECHNICAL DIRECTOR**

D.N. SINGH

**CORPORATE OFFICE**

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

**DIRECTORS**

MAHENDRA LODHA

C.R. MALAVIYA (upto 28/02/2013)

R.G. KULKARNI (w.e.f. 30/05/2013)

**PLANT**

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

**BANKERS**

BANK OF INDIA

ICICI BANK LIMITED

STATE BANK OF INDIA

**REGISTRARS AND TRANSFER AGENT**

LINK INTIME INDIA PVT LTD

C-13, PANNALAL SILK MILLS COMPOUND,

L. B. S. MARG,

BHANDUP (WEST),

MUMBAI 400 078

TEL: 25963838

FAX : 25946969

EMAIL : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website : [www.linkintime.co.in](http://www.linkintime.co.in)

**AUDITORS**

DAYAL & LOHIA

CHARTERED ACCOUNTANTS

MUMBAI

## **NOTICE**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of RAMA PETROCHEMICALS LIMITED will be held on Friday, the 20th day of September, 2013 at 10.00 a.m at Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber of Commerce Path, Fort, Mumbai 400001 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H D Ramsinghani who retires by rotation and is eligible for reappointment.
3. To consider, and if thought fit, to pass with or without modification, the following Resolution, as an Ordinary Resolution :

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

### **SPECIAL BUSINESS**

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

5. 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, 2013 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. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 13 th day of September, 2013 to Friday the 20th day of September, 2013 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts are requested to address their queries, in writing, to the Company at its Corporate Office at least seven days before the date of the Meeting so that the requested information can be made available at the time of the meeting.
4. Members/Proxies should bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.

5. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering / updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Link Intime India Private Limited.

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

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

Place : Mumbai

Date : August 13, 2013

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

**ITEM NO 4**

Mr. R G Kulkarni was appointed as an Additional Director by the Board of Directors at their Meeting held on May 30, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. R G Kulkarni will hold office of Additional Director up to the date of the forthcoming Annual General Meeting. The Company has received a Notice from a Member pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying the intention to propose the name of Mr. R G Kulkarni as a Director of the Company. Mr. R G Kulkarni has filed with the Company his consent to act as a Director.

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

**ITEM NO 5**

The Board of Directors of the Company at their meeting held on February 13, 2013, 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, 2013. 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, 2013.
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 along with 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 : August 13, 2013

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

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

**1. Appointment**

Mr R G Kulkarni is proposed to be appointed as a Director of the Company. Mr R G Kulkarni is B Tech (Food science), DBM and has done a Middle Management Course from IIM (Ahmedabad). He has more than 31 years of rich and varied experience in the oil seeds processing and poultry feed business. He is the Whole Time Director of Rainbow Agri Industries Ltd. and also a Director of Integrated Port Services India Ltd., Rama Capital and Fiscal services Pvt. Ltd. and Replica Investments and Estates Ltd. He does not hold any shares in the Company.

**2. Reappointment**

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

Mr. H D Ramsinghani has done his Post Graduation in Management from U S A and has over 28 years of rich and varied experience in the field of Textiles, Petrochemicals and Fertilizers.

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

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

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

**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2013.

**FINANCIAL RESULTS**

	(₹ in lacs)	
	<b>YEAR ENDED 31.03.2013</b>	<b>YEAR ENDED 31.03.2012</b>
Profit/(Loss) before Depreciation	(136.21)	2.15
Depreciation	11.92	10.84
Profit/(Loss) before tax and extraordinary items	(148.13)	(8.69)
Extraordinary Items	Nil	420.52
Profit/(Loss) ) for the year after Tax and extraordinary items	(148.13)	411.83

**DIVIDEND**

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

**REVIEW OF OPERATIONS**

The Methanol Plant of the Company continued to be closed during the entire year under review since the operation of the Plant by using Naphtha as feed stock continues to be economically not viable.

**FUTURE PROSPECTS**

Till date allocation of natural gas by Govt. of India has not been made. It is hoped that availability of natural gas will improve in near future at competitive price and it would be possible to resume the plant operations.

**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 judgments 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, 2013 and the loss of the Company for the year ended March 31, 2013;
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. R. G. Kulkarni. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

**SUBSIDIARY COMPANY**

In accordance with the General Circular dated February 8, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept

open for inspection at the Registered Office of the Company and that of the subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company. Further, the necessary particulars in respect of the said subsidiary have been disclosed in the Consolidated Financial Statements as required by the said Circular.

### **SAFETY, ENVIRONMENTAL CONTROL & PROTECTION**

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

### **DISCLOSURE OF PARTICULARS**

Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption, foreign exchange earnings 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**

Your Directors wish to inform the Members about the sad and sudden demise of Mr. C.R. Malaviya a Director of the Company who left for his heavenly abode on February 28, 2013. Mr. Malaviya was a Director of the Company since the year 2011. The Board places on record its sincere appreciation of the valuable contribution made by Mr. Malaviya during his long association with the Company.

Mr. R. G. Kulkarni has been appointed as an Additional Director of the company w.e.f. 30th May 2013 and holds office up to the date of the forthcoming Annual General Meeting. The Company has received a Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose the name of Mr. R G Kulkarni as a Director of the Company.

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

### **AUDITORS REPORT**

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

- a) The Company has not provided for the custom duty and value of materials auctioned by the Custom Authority lying in Bonded Warehouse. The Company is in the process of filing Writ Petition with Hon'ble Bombay High Court.
- b) The Company has not provided for interest on unpaid Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.
- c) The Company has not provided for interest on late payment of Custom Duty in view of the difficult financial position and closure of the plant during the entire year under review.
- d) The Company has not paid statutory liability on account of Sales Tax dues in view of difficult financial position and closure of the plant during the entire year under review.
- e) The Company has not disclosed information regarding dues to Micro, Small and Medium Enterprises since no information is available regarding their status.
- f) The Company is a Sick Industrial Company as defined in Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and the Draft Rehabilitation Scheme is under consideration of the H'ble BIFR.
- g) The Company does not have a formal Internal Audit system since the manufacturing activities continued to be suspended during the year under review.
- h) The Company has used short term funds for long term investments due to losses incurred during the year under review.

### **AUDITORS**

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

**COST AUDIT**

The Cost Account Records for “Chemicals” are subject to yearly audit by qualified Cost Auditors. However, the Central Government, vide letter bearing Ref No 52/19/CAB/2013 dated June 13,2013, has exempted the Company from maintaining cost records and audit of the same for the year under review in view of the fact that the manufacturing activities of the Company have been closed during the entire financial year.

**FIXED DEPOSITS**

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

**INDUSTRIAL RELATIONS**

The Industrial Relations remained cordial during the year under review.

**ACKNOWLEDGEMENT**

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

Place : Mumbai

Date : August 13, 2013

**For and on behalf of the Board**

**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, 2013**

**I. CONSERVATION OF ENERGY:**

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

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

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

<b>a) POWER AND FUEL CONSUMPTION</b>	<b>2012- 2013</b>	<b>2011-2012</b>
	<b>(12 months)</b>	<b>(12 months)</b>
<b>1) ELECTRICITY :</b>		
A) Purchased(MSEB)		
Units (in Thousand)	<b>73.740</b>	264.892
Total cost (₹ in lacs)	<b>5.73</b>	24.27
Rate per Unit (₹)	<b>7.77</b>	9.16
B) Own Generation :		
Through Diesel Generation		
Units (in Thousand)	<b>NIL</b>	NIL
Units/KL of Diesel	<b>NIL</b>	NIL
Cost/Unit (₹)	<b>NIL</b>	NIL
Through Steam Turbine/Generator		
Units (in thousand)	<b>NIL</b>	NIL
Units/Lt Of Fuel Oil, Gas	<b>N.A</b>	N.A
Cost/Unit	<b>N.A</b>	N.A
<b>2) Coal</b>	<b>NIL</b>	NIL
<b>3) Furnace Oil</b>	<b>NIL</b>	NIL
<b>b) CONSUMPTION PER UNIT OF PRODUCTION</b>		
Consumption/ton of Methanol	<b>N.A</b>	N.A
Electricity (KWH)	<b>N.A</b>	N.A
Furnace Oil	<b>N.A</b>	N.A
Coal	<b>N.A</b>	N.A
Other – Diesel Oil (KL)	<b>N.A</b>	N.A

**II. TECHNOLOGY ABSORPTION :**

**A. RESEARCH AND DEVELOPMENT (R & D)**

- a) Specific areas in which R & D is carried out by the Company :
- b) Benefits derived as a result of R & D :
- c) Future Plan of Action :  
Not Applicable as the Plant was closed during the entire year under review.
- d) Expenditure on R & D (₹ in lacs)
  - i) Capital NIL
  - ii) Recurring NIL
  - iii) Total NIL
  - iv) Total R & D expenditure as a percentage of total turnover N.A.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

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

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(₹ in lacs)

Foreign Exchange used	NIL
Foreign Exchange earned	NIL

For and on behalf of the Board

Place : Mumbai  
Date : August 13, 2013

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

**REPORT ON CORPORATE GOVERNANCE**

**1. Company’s Philosophy on Corporate Governance**

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

**2. Board of Directors**

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

Name of Director	Category Executive, Non-executive/ Independent	Attendance at		Membership of other Board (including alternate Director-ships and Private Companies)	Membership/ Chairmanship of other Board Committees		Share-holding (No. of Shares)
		Board Meetings	Last Annual General Meeting		Chairman	Member	
Mr. H.D. Ramsinghani (Chairman)	Promoter Non Executive	Four	Yes	Five	One	Three	1110
Mr. Deonath Singh (Whole Time Director)	Executive	Four	Yes	Three	Two	Two	10898
Mr. Mahendra Lodha	Non Executive Independent	Four	Yes	Eighteen	Two	Five	Nil
Mr. C.R. Malaviya (upto 28/02/2013)	Non Executive Independent	Four	Yes	N.A.	N.A.	N.A.	N.A.
Mr. R.G. Kulkarni (w.e.f.30/05/2013)	Non Executive Independent	N.A.	N.A.	Four	Nil	One	Nil

None of the Directors are related to each other.

- (c) During the year four Board Meetings were held on the following dates :  
May 30, 2012, August 10, 2012, November 8, 2012 and February 13, 2013.

**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. R G Kulkarni. Four meetings of the Audit Committee were held during the year on May 30, 2012, August 10, 2012, November 08, 2012 and February 13, 2013. The attendance at the Audit Committee meetings of each of the Directors is as under:

Name of the Director	Attendance at Audit Committee meetings
Mr. Mahendra Lodha	Four
Mr. Deonath Singh	Three
Mr. C. R. Malaviya (up to 28/02/2013)	Three
Mr. R G Kulkarni (from 30/05/2013)	N A

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

**5. Share Transfer Committee**

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

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

**6. Remuneration Committee**

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

The Committee presently comprises of Mr. Mahendra Lodha – Chairman, Mr. H. D. Ramsinghani and Mr. R G Kulkarni. One Remuneration Committee Meeting was held during the year.

**7. Shareholders'/Investors' Grievances Committee**

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

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

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

	Received	Resolved
Non-Receipt of Share Certificates duly transferred	19	19
Non-Receipt of Dividend Warrants.	4	4
Non-Receipt of Annual Report	2	2
Others	1	1
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	NIL	NIL

**8. Remuneration of Directors**

**(a) Executive Director**

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

**(b) Non-Executive Directors:**

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

Name of the Director	Sitting Fees (Rs.)
Mr. H. D. Ramsinghani	10,000/-
Mr. Mahendra Lodha	18,000/-
Mr. C.R. Malaviya (up to 28/02/2013)	18,000/-
Mr. R.G. Kulkarni (from 30/05/2013)	N A
TOTAL	46,000/-

**9. General Body Meetings**

Financial Year	Date	Time	Location
2009-2010	17/09/2010	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2010-2011	16/09/2011	10.00 A.M.	Babasaheb Dahanukar Hall, Fort, Mumbai 400001
2011-2012	27/09/2012	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 :

<b>Date</b>	<b>Particulars</b>
17.09.2010	Reappointment of Mr. D N Singh as Whole Time Director designated as ‘Technical Director’ for a further period of Three Years from May 01, 2010
16.09.2011	No Special Resolutions were passed.
27.09.2012	No Special Resolutions were passed.

**11. Disclosures**

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

**12. Means of communication**

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

**13. General Shareholder Information:**

Financial Year	: 31st March, 2013
Annual General Meeting	: September 20, 2013 at 10.00 a.m. At Babasaheb Dahanukar Hall, Oricon House, Maharashtra Chamber Of Commerce Path, Fort, Mumbai 400001
Dates of Book Closure	: September 13, 2013 to September 20, 2013 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 500358
ISIN	: INE 783A01013

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

Month	High	Low
April 2012	4.50	3.56
May 2012	4.92	3.56
June 2012	5.02	3.70
July 2012	5.70	3.60
August 2012	4.18	3.20
September 2012	5.04	3.30
October 2012	5.45	3.95
November 2012	5.42	3.85
December 2012	4.51	3.41
January 2013	3.70	2.48
February 2013	2.70	2.24
March 2013	2.53	2.02

**15. Registrars & Transfer Agent**

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

**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, 2013:**

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	14191	93.71	2213867	21.15
501 – 1000	541	3.57	455565	4.35
1001 – 2000	208	1.37	319782	3.05
2001 – 3000	63	0.42	160810	1.54
3001 – 4000	33	0.22	115949	1.11
4001 – 5000	21	0.14	102249	0.97
5001 – 10000	40	0.26	274431	2.62
10001 & above	47	0.31	6826747	65.21
<b>Total</b>	<b>15144</b>	<b>100.00</b>	<b>10469400</b>	<b>100.00</b>

**18. Shareholders' Profile as on March 31, 2013:**

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters	54,01,889	51.60
Foreign Collaborators	Nil	N A
Banks	9,900	0.10
Financial Institutions	700	0.00
Foreign Institutional Investors	Nil	N A
Mutual Funds	7,100	0.07
Domestic Companies	2,39,261	2.29
Non-Domestic Companies	Nil	N A
Non-Resident Indians	85,456	0.81
General Public	47,25,094	45.13
Total	1,04,69,400	100.00

**19. Dematerialization of shares as on March 31, 2013:**

84.71% of the Company's total share capital representing 88,68,580 shares are held in dematerialised form.

**20. Plant Location :**

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

**21. Address for Correspondence:**

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

**22. Non Mandatory Items :**

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

**23. Reappointment of Directors:**

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

For and on behalf of the Board

Place : Mumbai

Date : August 13, 2013

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

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**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, 2013, received from the members of the Board of Directors and the Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Place : Mumbai

Dated : August 13, 2013

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

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**CERTIFICATE**

To the Members of

RAMA PETROCHEMICALS LIMITED

We have examined the compliance of conditions of corporate governance by RAMA PETROCHEMICALS LIMITED, for the year ended on 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

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

Based on the representation received from the Company's Share Transfer Agents, we state that barring some cases pending in courts over the title of shares in which the Company is made a party, complaint letters received from shareholders during the period 01/04/2012 to 31/03/2013 have been attended.

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

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

(Sunil Khandelwal)

Partner

Membership No.101388

Place : Mumbai.

Date : August 13, 2013

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****1. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The industry is operating under constraints due to non availability of natural gas resulting in some plants being either shut down or operating at reduced capacity. Therefore the gap between demand and supply has widened.

**2. OPPORTUNITIES AND THREATS**

There is good demand of methanol in the country because the shortfall quantity is being met by import. Operation of the plant will be viable only on natural gas at competitive price. Naphtha is still not viable for the operation due 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**

Future of methanol industry is solely dependent on the availability of natural gas at competitive price.

**5. RISKS AND CONCERNS**

Natural gas availability for our industry from domestic production is only after meeting the requirements of priority sectors like fertilizers, power, and city gas distribution. At present there is huge shortage for the above sectors. Therefore the domestic gas would be available only after increase in gas production, However it is expected that there will be substantial increase in gas availability in few years from now.

**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. 148.13 lacs as compared to a profit of Rs. 411.83 lacs in the previous year.

**8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

**9. CAUTIONARY STATEMENT**

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

For and on behalf of the Board

Place : Mumbai

Date : August 13, 2013

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



**INDEPENDENT AUDITOR'S REPORT****To the Members of****RAMA PERTROCHEMICALS LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **RAMA PERTROCHEMICALS LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to:

**1) Non provision of:**

- (a) Value of materials lying in the Bonded warehouse, auctioned by the Customs being shown as Claims Receivable amounting to ₹ 1,87,71,179/- under Note-16 which is doubtful of recovery (Refer Note 12.1) and liabilities towards interest on unpaid custom duty upto March 31, 2013 aggregating to ₹ 1,69,65,361/- and unpaid customs duty of ₹ 4,32,740/- (Refer Note- 24 (a)).*
- (b) Demand of Interest on late payment of customs duty up to March 31, 2013 ₹ 19,62,185/- (Refer Note-24 (b)).*

*The above has resulted in understatement of loss for the year by ₹ 1,99,57,727/-, accumulated losses by ₹ 3,81,31,465/-, outstanding liability by ₹ 1,93,60,286/-, and overstatement of Other Current Assets by ₹ 1,87,71,179/-.*

- 2) Non Payment of statutory liability on account of sales tax aggregating ₹ 30,65,07,495/- upto March 31, 2013 as explained in Note-23(c).*

3) ***Non disclosure of information for dues to Micro, Small and Medium Enterprises, due to non availability of information, as explained in Note-7.1, and consequent non-quantification of the impact of interest if any on such MSME parties.***

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

Without qualifying the report we like to draw your attention to that the company's net worth has been completely eroded and has been declared as sick industrial company by BIFR vide order dated 01.07.2002. As explained in Note No. 25, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. The revival of the Company's operations depends upon the Company being able to obtain the alternative main feed stock. In absence of any other information indicating to the contrary, we have accepted this assumption.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Dyal and Lohia**  
Chartered Accountants  
Firm's Registration No. 102200W

**(S.L.Khandelwal)**  
**Partner**  
Membership No. 101388

Place : Mumbai  
Date : 30th May, 2013.

## **ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in our Report of even date to the members of **RAMA PERTROCHEMICALS LIMITED** on the financial statements for the year ended 31st March 2013.)

1. In respect of its Fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of available information;
  - b) Management has certified that they have carried out physical verification of fixed assets and no material discrepancy noticed on such verification.
  - c) The Company has not disposed off any substantial part of fixed assets so as to affect its going concern.
2. In respect of its inventories:
  - a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
3.
  - a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
  - e) According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (f) and (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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 and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions covered under section 301 of the Companies Act, 1956, according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, provision of sub-clause (b) of clause 4 (v) of the Order is not applicable.
6. According to the information and explanation given to us, the company has not accepted any deposits u/s 58A, 58AA or any other relevant provisions of the Companies Act, 1956, during the year.
7. **The Company does not have a formal internal audit system during the year**
8. According to the information and explanation given to us, the government has prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the methanol division of the company. The manufacturing activities are suspended and hence the Company has applied for the exemption for not maintaining the cost records and has not been maintaining any such records.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

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

Name of the statute	Nature of the dues	Amount ₹	Period to which the amount relates	Due Date	Date of Payment
The Customs Act, 1962	Custom Duty on import of Catalyst	59,32,740/-	1998-99	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 ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Demand for income tax	15,17,33,923	Block Assessment A.Y. 87-88 to 97-98	High Court
Income Tax Act, 1961	Demand for income tax	34,53,167	A.Y. 1997-98	High Court
Income Tax Act, 1961	Demand for income tax	1,19,98,802	A.Y. 1998-99	High Court
Sales Tax Act	Turnover Tax	18,02,591	F.Y.1993-94	Dy. Commissioner of Commercial Tax Rajkot
Sales Tax Act	Turnover Tax	18,03,494	F.Y.1994-95	Dy. Commissioner of Commercial Tax Rajkot
Irrigation Dept.	Water Charges	25,92,05,087	-	High Court

10. The company has accumulated losses amounting to ₹ 33,91,08,089/- as on 31st March, 2013. During the year company has incurred cash loss of ₹ 1,36,20,924/- and in the immediately preceding year, it has not incurred any cash loss.
11. According to the information and explanation given to us and on the basis of our examination of the books, we are of the opinion that the company has not defaulted in repayment of dues to banks or financial institution.
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 and therefore the provisions of clause 4 (xiii) of the Order are not applicable.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
15. According to the information and explanations given to us, and the representations made by the management, the Company has given corporate guarantee for loans taken by others from banks and financial institutions.
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, ₹ 12,23,33,540/- raised on short term basis as on balance sheet date have 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  
(Firm Registration No.102200W)

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

Place: Mumbai  
Date: 30th May, 2013.

**BALANCE SHEET AS AT 31ST MARCH 2013**

(Amount in ₹)

	NOTE NO.		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>EQUITY AND LIABILITIES :</b>				
<b>Shareholders' Fund :</b>				
Share Capital	2	104,694,000		104,694,000
Reserves and Surplus	3	<u>(333,078,089)</u>		<u>(318,265,473)</u>
			<b>(228,384,089)</b>	<b>(213,571,473)</b>
<b>Share Application Money :</b>	4		<b>147,075,000</b>	<b>96,475,000</b>
<b>Non Current Liabilities :</b>				
Long Term Provisions	5		<b>2,291,976</b>	<b>2,293,404</b>
<b>Current Liabilities :</b>				
Short Term Borrowings	6	237,153,416		261,473,941
Trade Payables	7	2,582,784		3,963,205
Other Current Liabilities	8	<u>17,110,776</u>		<u>18,853,241</u>
			<b>256,846,976</b>	<b>284,290,387</b>
	<b>TOTAL</b>		<u><b>177,829,863</b></u>	<u><b>169,487,318</b></u>
<b>ASSETS :</b>				
<b>Non - Current Assets :</b>				
Fixed Assets :	9			
Tangible Assets		17,123,391		18,315,083
Capital work in progress		24,120,371		23,453,901
Non-Current Investment	10	-		-
Long Term Loans and Advances	11	<u>2,072,665</u>		<u>2,074,065</u>
			<b>43,316,427</b>	<b>43,843,049</b>
<b>Current Assets :</b>				
Inventories	12	31,885,283		50,675,041
Trade Receivables	13	-		906,978
Cash and Bank Balances	14	2,158,602		31,420,460
Short Term Loans and Advances	15	81,546,669		42,524,852
Other Current Assets	16	<u>18,922,882</u>		<u>116,938</u>
			<b>134,513,436</b>	<b>125,644,269</b>
	<b>TOTAL</b>		<u><b>177,829,863</b></u>	<u><b>169,487,318</b></u>
<b>Significant Accounting Policies</b>	1			
<b>Notes on Financial Statement</b>	2 to 31			

As per our report of even date

**For DAYAL AND LOHIA**

**Chartered Accountants**

**(Firm Registration No. 102200W)**

For and on behalf of the Board of Directors

**S. L. KHANDELWAL**

**Partner**

**M. No. 101388**

**D. N. SINGH**

**Technical Director**

**H. D. RAMSINGHANI**

**Chairman**

Place : Mumbai

Date : May 30,2013

Place : Mumbai

Date : May 30,2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

		(Amount in ₹)	
	NOTE	FOR THE	FOR THE
	NO.	YEAR ENDED	YEAR ENDED
		31ST MARCH, 2013	31ST MARCH, 2012
<b>REVENUE</b>			
Other Income	17	5,974,655	25,550,626
		<u>5,974,655</u>	<u>25,550,626</u>
<b>EXPENSES</b>			
Employee Benefits Expense	18	7,977,012	11,094,241
Finance Cost	19	1,303,888	2,214,105
Depreciation	9	1,191,692	1,083,954
Other Expenses	20	10,314,679	12,027,666
		<u>20,787,271</u>	<u>26,419,966</u>
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>(14,812,616)</b>	<b>(869,340)</b>
Extra ordinary items	21	-	42,051,558
<b>Profit / (Loss) before tax</b>		<b>(14,812,616)</b>	<b>41,182,218</b>
<b>Tax Expenses</b>		-	-
<b>Profit / (Loss) for the year</b>		<b>(14,812,616)</b>	<b>41,182,218</b>
<b>Basic/ Diluted Earning per Equity Share of Face Value of Rs. 10/- each</b>	22		
Basic Earning per Share (Before Extraordinary items)		<b>(1.41)</b>	(0.08)
Diluted Earning per Share (Before Extraordinary items)		<b>(0.66)</b>	(0.05)
Basic Earning per Share (After Extraordinary items)		<b>(1.41)</b>	3.93
Diluted Earning per Share (After Extraordinary items)		<b>(0.66)</b>	2.19
<b>Significant Accounting Policies</b>	1		
<b>Notes on Financial Statement</b>	2 to 31		

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

For and on behalf of the Board of Directors

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

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

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

Place : Mumbai  
 Date : May 30,2013

Place : Mumbai  
 Date : May 30,2013

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	AS AT 31ST MARCH, 2013	(Amount in ₹) AS AT 31ST MARCH, 2012
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) Before Tax	(14,812,616)	(869,340)
<b>Add:</b> Depreciation	1,191,692	1,083,954
Interest Paid	1,303,888	2,214,105
Prior period Adjustments	-	(975,890)
	<u>2,495,580</u>	<u>2,322,169</u>
	(12,317,036)	1,452,829
<b>Less:</b> Interest Received	376,135	170,707
Dividend Received	4,500	6,000
Extra Ordinary Item	-	(42,051,558)
Sundry balances written back	8,706	40,001
	<u>389,341</u>	<u>(41,834,850)</u>
Operating Profit before Working Capital Changes	(12,706,377)	43,287,679
Adjustment for :		
(Increase)/Decrease in Trade & Other receivables	(56,919,383)	(15,588,466)
Increase/(Decrease) in Trade Payables	(3,115,607)	(8,823,054)
(Increase)/Decrease in Inventories	18,789,757	(202,768)
	<u>(41,245,233)</u>	<u>(24,614,288)</u>
	<u>(53,951,610)</u>	<u>18,673,391</u>
<b>Net Cash from Operative Activities (A)</b>	<u>(53,951,610)</u>	<u>18,673,391</u>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Dividend Received	4,500	6,000
Fixed Assets	-	(69,475)
Capital work in Progress	(666,470)	(12,932,663)
	<u>(661,970)</u>	<u>(12,996,138)</u>
<b>Net cash used in investing activities (B)</b>	<u>(661,970)</u>	<u>(12,996,138)</u>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Receipts Of Borrowings	50,600,000	39,125,000
Repayments of Borrowings	(24,320,525)	(12,165,717)
	26,279,475	26,959,283
Interest Received	376,135	170,707
Interest Paid	(1,303,888)	(2,214,105)
	<u>(927,753)</u>	<u>(2,043,398)</u>
<b>Net cash used in financial activities (C)</b>	<u>25,351,722</u>	<u>24,915,885</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	(29,261,858)	30,593,138
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	31,420,460	827,322
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	2,158,602	31,420,460

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

For and on behalf of the Board of Directors

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

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 30, 2013

Place : Mumbai  
Date : May 30, 2013



**NOTE 1**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Accounting :**

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

Use of Estimates :

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

**2. Accounting for Construction Division :**

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

**3. Revenue Recognition :**

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

**4. Fixed Assets :**

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

**5. Depreciation :**

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

**6. Impairment of Assets :**

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

**7. Excise Duty :**

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

**8. Foreign Currency Transactions :**

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

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

**9. Investments :**

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

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

**10. Valuation of Inventories :**

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

**11. Employee’s Benefits :**

**Long Term Employee Benefits :**

a. Defined Contribution Plan :

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

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

b. Defined Benefit Plans :

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

**12. Borrowing Cost :**

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

**13. Segment Reporting :**

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

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

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

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

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

**16. Provisions :**

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

**17. Contingent Liabilities :**

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

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>NOTE 2</b>		
<b>Share Capital :</b>		
<b>Authorised :</b>		
5,00,00,000 (5,00,00,000)		
Equity Shares of ₹ 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, Subscribed and Paid - up :</b>		
1,04,69,400 (1,04,69,400)		
Equity Shares of ₹ 10/- each	<u>104,694,000</u>	<u>104,694,000</u>
<b>Total</b>	<u><u>104,694,000</u></u>	<u><u>104,694,000</u></u>

**Details of rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.**

**Equity Shares :** The company has issued only one class of Equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**The details of Shareholders holding more than 5% shares**

Indo Us Investment Inc.	<b>Nos.</b>	<b>3,000,000</b>	3,000,000
	<b>%</b>	<b>28.65%</b>	28.65%
Libra Mercantile Pvt. Ltd.	<b>Nos.</b>	<b>1,404,401</b>	1,404,401
	<b>%</b>	<b>13.41%</b>	13.41%
Jupiter Corporate Services Pvt Ltd.	<b>Nos.</b>	<b>593,280</b>	593,280
	<b>%</b>	<b>5.67%</b>	5.67%

**NOTE 3**

**Reserves and Surplus :**

**Capital Reserve**

As Per Last Balance Sheet	6,030,000	6,030,000
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**Profit and Loss Account**

As Per Last Balance Sheet	(324,295,473)	(365,477,691)
Add : Profit/(Loss) for the year	(14,812,616)	41,182,218
	<u>(339,108,089)</u>	<u>(324,295,473)</u>
<b>Total</b>	<u><u>(333,078,089)</u></u>	<u><u>(318,265,473)</u></u>

**NOTE 4**

**Share Application Money :**

	147,075,000	96,475,000
<b>Total</b>	<u><u>147,075,000</u></u>	<u><u>96,475,000</u></u>

- 4.1 Share Application money is received from a promoter's group company in accordance with the revival Scheme submitted to the B.I.F.R. and the allotment of shares pursuant thereto is subject to and shall be in accordance with the directions of the B.I.F.R.

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

AS AT  
31ST MARCH, 2013      AS AT  
31ST MARCH, 2012

**NON CURRENT LIABILITIES :**

**NOTE 5**

**Long Term Provisions :**

for Gratuity	1,628,108	1,759,451
for Leave Encashment	663,868	533,953
<b>Total</b>	<b>2,291,976</b>	<b>2,293,404</b>

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

**A Defined Contribution Plan**

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

Employer's contribution to Provident Fund 314,876 399,873

**B Defined Benefit Plan**

The Company has defined benefit plan for leave encashment and gratuity. As per Para 132 of Accounting Standard 15, disclosure for leave encashment are not mandatory . The disclosure for employee benefit towards gratuity are as under :

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

Discount Rate	7.75%	8.25%
Salary Escalation	5.00%	5.00%
Mortality	<b>LIC(1994-96)</b>	LIC(1994-96)
	Ultimate	Ultimate
Type of Plan	<b>Unfunded</b>	Unfunded

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

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

Opening defined benefit obligation	1,759,451	1,530,654
Interest Cost	145,155	130,444
Current Service Cost	103,787	99,898
Benefits Paid	564,346	-
Actuarial (gain) / Loss on obligation	184,061	(1,545)
Closing defined benefit obligation	1,628,108	1,759,451

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

Opening fair value of Plan Assets	-	-
Expected Return	-	-
Contribution by employer	-	-
Benefits Paid	564,346	-
Actuarial gains / (losses)	(184,061)	1,545
Closing fair value of Plan Assets	-	-
Actuarial return on Plan Assets	-	-
Expected contribution to be made in next annual year	-	-

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

Present value of Funded Obligation	(1,628,108)	(1,759,451)
Fair Value of Plan Assets	-	-
Funded (Asset)/Liability recognised in Balance Sheet	-	-
Present Value of Unfunded Obligation	-	-
Unrecognised past service cost	-	-
Unrecognised Actuarial	-	-
Unfunded Net Liability recognised in Balance Sheet	(1,628,108)	(1,759,451)

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

Defined benefit obligation	(1,628,108)	(1,759,451)
Fair value of Plan Assets	-	-
Liability recognised in the Balance Sheet	(1,628,108)	(1,759,451)

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>f Profit and Loss Account - Net Employee Benefit Expenses</b>		
Current Service Cost	103,787	99,898
Interest Cost on benefit obligation	145,155	130,444
Net Actuarial (gain) / loss recognised in the year	184,061	(1,545)
Total Expenses recognised in the Profit and Loss Account	433,003	228,797

**CURRENT LIABILITIES :**

**NOTE 6**

**Short Term Borrowings :**

**Secured**

Working Capital Loans from Others	-	11,318,421
	-	11,318,421

**Unsecured**

**Loans and Advances**

from Related Parties	138,645,000	207,425,000
from Others	98,508,416	42,730,520
	237,153,416	250,155,520

<b>Total</b>	237,153,416	261,473,941
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6.1 Working Capital Loans are secured by hypothecation of raw materials, stock-in-process, finished goods, stores and spares and book debts and by way of second parri passu charge on fixed assets at Patalganga and personal guarantee of a erstwhile director.

**NOTE 7**

**Trade Payables :**

	2,582,784	3,963,205
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<b>Total</b>	2,582,784	3,963,205
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7.1 In the absence of information from suppliers of their status as defined under "Micro, Small and Medium Enterprises Development Act, 2006" amount overdue and interest payable thereon, if any, cannot be quantified.

**NOTE 8**

**Other Current Liabilities :**

Interest Accrued but not due	-	384,578
Advance from Customers	2,431,405	4,240,000
Other Liabilities	14,679,371	14,228,663

<b>Total</b>	17,110,776	18,853,241
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NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

NOTE 9

Fixed Assets (At Cost)

Description	(Amount in ₹)									
	Gross Block			Depreciation			Net Block			
	As At 01.04.12	Addition	Deduction	As At 31.03.13	As At 01.04.12	For the Year	Deduction / Adjustment	As At 31.03.13	As At 31.03.13	
<b>Tangible Assets</b>										
Free Hold Land	3,610,057	-	-	3,610,057	-	-	-	-	3,610,057	3,610,057
Lease Hold Land	255,600	-	-	255,600	68,388	2,690	-	71,078	184,522	187,212
Buildings	26,049,991	-	-	26,049,991	13,062,613	517,589	-	13,580,202	12,469,789	12,987,378
Plant and Machinery *	345,173,435	-	-	345,173,435	343,828,673	590,013	-	344,418,686	754,749	1,344,762
Furniture and Fixture	3,492,038	-	-	3,492,038	3,437,275	45,102	-	3,482,377	9,661	54,763
Office Equipments	4,448,251	-	-	4,448,251	4,317,345	36,298	-	4,353,643	94,608	130,906
Vehicles	1,093,271	-	-	1,093,271	1,093,266	-	-	1,093,266	5	5
<b>Total</b>	384,122,643	-	-	384,122,643	365,807,560	1,191,692	-	366,999,252	17,123,391	18,315,083
Previous Year	384,053,168	69,475	-	384,122,643	364,723,605	1,083,954	-	365,807,559	18,315,084	19,329,563
<b>Capital work in progress</b>									<b>24,120,371</b>	<b>23,453,901</b>

9.1 Lease hold land is taken on lease for the period of 95 years and cost of the same is amortised over the period of lease.

9.2. Immovable properties of the Company is also mortgaged on first pari-passu charge basis in favour of Financial Institution and Banks to secure Term Loan sanctioned to denim division of the company. In the year 1999 - 2001, denim division of the company was demerged as Rainbow Denim Ltd.

9.3 \* Depreciation for the year includes ₹ 68,759/- for earlier year.





**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>NOTE 13</b>		
<b>Trade Receivables ( Unsecured ) :</b>		
Due more than six months considered good	-	-
considered doubtful	<u>384,116</u>	<u>384,116</u>
	<b>384,116</b>	<b>384,116</b>
Due within six months considered good	-	906,978
	<u>384,116</u>	<u>1,291,094</u>
Less : Provision for Doubtful Debts	<u>384,116</u>	<u>384,116</u>
	<b>-</b>	<b>906,978</b>
<b>Total</b>	<u><u>-</u></u>	<u><u>906,978</u></u>
<b>NOTE 14</b>		
<b>Cash and Bank Balances :</b>		
Cash on hand	396,162	20,693
Balances with Scheduled Banks		
- Current Accounts	1,197,589	30,885,086
- Fixed Deposits	<u>564,851</u>	<u>514,681</u>
	<u>1,762,440</u>	<u>31,399,767</u>
	<b>2,158,602</b>	<b>31,420,460</b>
<b>Total</b>	<u><u>2,158,602</u></u>	<u><u>31,420,460</u></u>
<b>NOTE 15</b>		
<b>Short Term Loans and Advances :</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	320,133	243,325
Advances Income Tax / TDS	80,919	29,732
Balance with Central Excise	5,745,015	327,098
Other Advances		
considered good	75,400,602	41,924,697
considered doubtful	<u>23,487,070</u>	<u>23,487,070</u>
	<u>98,887,672</u>	<u>65,411,767</u>
Less : Provision for Doubtful Advances	<u>23,487,070</u>	<u>23,487,070</u>
	<u>75,400,602</u>	<u>41,924,697</u>
	<b>81,546,669</b>	<b>42,524,852</b>
<b>Total</b>	<u><u>81,546,669</u></u>	<u><u>42,524,852</u></u>
<b>NOTE 16</b>		
<b>Other Current Assets :</b>		
Interest Accrued but not due	151,703	116,938
Claims Receivable (Refer Note - 12.1)	18,771,179	-
	<u>18,922,882</u>	<u>116,938</u>
<b>Total</b>	<u><u>18,922,882</u></u>	<u><u>116,938</u></u>

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	FOR THE YEAR ENDED 31ST MARCH, 2013	(Amount in ₹) FOR THE YEAR ENDED 31ST MARCH, 2012
<b>NOTE 17</b>		
<b>Other Income :</b>		
Interest Income	376,135	170,707
Dividend Income	4,500	6,000
<b>Other Non Operating Income</b>		
Sundry Balances Written Back	8,706	40,001
Scrap Sale	131,153	1,258,018
Sale of Stores and Spares	-	72,267
Miscellaneous Income	6,000	23,027,743
Rent Income	120,000	-
Prior Period Income	5,328,161	975,890
<b>Total</b>	<u><u>5,974,655</u></u>	<u><u>25,550,626</u></u>

**NOTE 18****Employee benefits Expenses :**

Salaries, Wages and Allowances	6,974,353	10,107,397
Contribution to P.F./F.P.F.	314,876	399,873
Welfare & Other Amenities	254,780	358,174
Gratuity	433,003	228,797
<b>Total</b>	<u><u>7,977,012</u></u>	<u><u>11,094,241</u></u>

18.1 In view of losses in current year, no commission is payable to Directors hence computation of net profit u/s 349 of the Companies Act, 1956 is not applicable.

**NOTE 19****Finance Cost :**

Interest	1,303,888	2,214,105
<b>Total</b>	<u><u>1,303,888</u></u>	<u><u>2,214,105</u></u>

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

	FOR THE YEAR ENDED 31ST MARCH, 2013	FOR THE YEAR ENDED 31ST MARCH, 2012
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**NOTE 20**

**Other Expenses :**

Power and Fuel	577,417	2,440,633
Warehouse Charges	198,664	196,896
Consumption of Stores and Spares	57,284	857,302

**Repairs to :**

Building	7,800	56,186
Plant and Machinery	156,823	1,676,054
Others	369,491	581,608
	534,114	2,313,848

Insurance	153,535	155,227
Rates, Taxes and Duties	563,017	257,757
Director's Sitting Fees	46,000	40,000

**Auditor's Remuneration**

Audit Fees	100,000	112,360
Tax Audit Fees	-	28,090
other Capacity	60,000	118,985
Reimbursement of Expenses	1,392	305
	161,392	259,740

Security Charges	1,621,745	2,056,613
Water Charges	23,242	227,454
Conveyance	357,588	874,336
Printing and Stationary	49,159	47,252
Postage and Telegram	101,653	102,267
Legal and Professional Charges	1,309,926	863,165
Share Department Expenses	191,193	210,169
Books and Periodicals	7,011	11,848
Excise Duty	370,110	-
Travelling Expenses	47,827	185,567
Telephone and Telex	75,454	109,105
Bank Charges	6,844	45,393
Claims and Settlement	3,000,000	-
Miscellaneous Expenses	861,504	773,094

	10,314,679	12,027,666
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**20.1 Expenditure in Foreign Currency**

Membership and Subscription	-	11,387
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**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

(Amount in ₹)

<b>FOR THE YEAR ENDED 31ST MARCH, 2013</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2012</b>
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**NOTE 21**

**Extra - Ordinary Items**

Waiver of Interest by bank	-	6,026,832
Sundry balances written back	-	36,024,726

<b>Total</b>	-	42,051,558
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21.1 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan together with all underlying security, interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 6,026,832 and which have been treated as Extra – Ordinary Items in the profit and loss account.

**NOTE 22**

**Earning Per Share (EPS)**

		2012-13	2011-12
i	Net Profit / (Loss) after Tax as per statement of profit and loss attributable to Equity Shareholders (Before Extraordinary items) (Amount in ₹)	<b>(14,812,616)</b>	(869,340)
ii	Net Profit / (Loss) after Tax as per statement of profit and loss attributable to Equity Shareholders (After Extraordinary items) (Amount in ₹)	<b>(14,812,616)</b>	41,182,218
iii	No of Equity Shares outstanding	<b>10,469,400</b>	10,469,400
iv	Weighted Average number of Equity Shares outstanding during the year	<b>11,907,776</b>	8,293,641
v	Face Value of Equity Shares in ₹	<b>10.00</b>	10.00
vi	Basic Earning per Equity Share (Before Extraordinary item)	<b>(1.41)</b>	(0.08)
vii	Diluted Earning per Equity Share (Before Extraordinary item)	<b>(0.66)</b>	(0.05)
viii	Basic Earning per Equity Share (After Extraordinary item)	<b>(1.41)</b>	3.93
ix	Diluted Earning per Equity Share (After Extraordinary item)	<b>(0.66)</b>	2.19

**NOTE 23**

**Contingent Liabilities :**

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

(Amount in ₹)

Name of the Statute	2012 - 13	2011 - 12
Income Tax	<b>167,185,892</b>	170,316,161
Excise Duty	-	370,110
Gujarat Sales Tax	<b>3,606,085</b>	3,606,085
Irrigation Department	<b>259,205,087</b>	130,733,149
Total	<b>429,997,064</b>	305,025,505

The Company is in appeal for these claims.

- b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate ₹ 984,670,906/- (₹ 953,876,000/-)
- c. Sales Tax Liability of ₹ 310,344,140/- (₹ 310,344,140/-).  
Interest Free Sales Tax Deferment : The Company had a liability of ₹ 312,333,405/- (₹ 312,333,405/-) payable from 30th April 2001 to 30th April 2014 to Sales Tax Department of Government of Maharashtra in respect of sales tax deferral scheme for its Methanol division. The Company has assigned the said liability to another company during the year 1999 – 2001. The assignee company has paid ₹ 1,989,265/- (₹ 1,989,265/-) upto 31st March 2013 out of ₹ 308,496,760/- (₹ 300,493,466/-) due upto 31st March 2013. Since the assignee company has failed in paying the sales tax dues, the assignor is responsible to pay the same. The company is registered under BIFR and no dues have been paid to the sales tax department.
- d. Capital commitments ₹ 1,883,435/- (₹ 2,475,200/-)

**NOTE 24**

The company has not provided for :

- a. Custom duty (net of provision) of ₹ 432,740/- (₹ 432,740/-) and interest on custom duty as per revised working aggregating to ₹ 16,965,361/- (₹ 15,778,813/-) till March 31, 2013.
- b. Interest on late payment of custom duty ₹ 1,962,185/- (₹ 1,962,185/-)

**NOTE 25**

The operation of company's methanol division has been unviable and in turn forced the company to suspend its production activities since Sept.'1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas by Gas Authority of India Ltd. (GAIL) is completed, the company is hopeful to restart its plant soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".

**NOTE 26**

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

**NOTE 27**

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

**NOTE 28**

Segment Reporting :

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

Other Information

(Amount in ₹)

	Methanol		Construction		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment Assets	176,853,973	168,074,878	975,890	1,412,440	177,829,863	169,487,318
Segment Liabilities	403,973,952	378,818,791	2,240,000	4,240,000	406,213,952	383,058,791
Depreciation	1,191,692	1,083,954	-	-	1,191,692	1,083,954
Non cash expenses other than depreciation	-	-	-	-	-	-

**NOTE 29**

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

- A) List of related parties as identified by the management are as under :
- I) Enterprises that directly or indirectly control (through subsidiaries) or are controlled by or are under common control with the reporting enterprise :**  
Rama Capital and Fiscal Services Pvt. Ltd. – 100% Subsidiary Company
- II) Associates, Joint Ventures of the reporting entity, investing party or venture in respect of which reporting enterprise is an associate or a joint venture :**  
Indo Us Investment Inc.
- III) Individual owing, directly or indirectly an interest in voting power of reporting enterprise that gives them control or significant influence over the enterprise and relative of any such individual :**  
None
- IV) Key Management Personnel (KMP) and their relatives**  
Mr. H. D.Ramsinghani Chairman  
Mr. D.N. Singh Technical Director  
Mr. D. J. Ramsinghani Relative of Chairman  
Mrs. N.H.Ramsinghani Relative of Chairman
- V) Enterprises over which any person described in III and IV above is able to exercise significant influence and with whom transactions have taken place during the year.**  
Rainbow Denim Ltd.  
Rama Phosphates Ltd.  
Rama Industries Ltd.  
Rainbow Agri Industries Ltd.  
Rama Enterprises
- B) The following transaction were carried out with the related parties :

(Amount in ₹)

Sr. No	Particular	Enterprises that directly / indirectly control by the reporting enterprise		Key management personnel and their relatives		Enterprises over which KMP with their relatives is able to exercise significant influence	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Balance Outstanding						
	Receivable	-	-	-	-	-	345,297
	Payable	138,645,000	171,725,000	-	-	-	35,700,000
2	Sale of Store Material	-	-	-	-	-	326,640
3	Loans / Advances Taken	49,775,000	62,450,000	-	-	15,800,000	59,425,000
4	Loans / Advances Repaid	82,855,000	33,250,000	-	-	51,500,000	42,225,000
5	Guarantees Outstanding at year end	-	-	-	-	909,500,000	909,500,000
6	Sitting Fees to KMP	-	-	10,000	8,000	-	-
7	Personal Guarantees by KMP	-	-	5,326,000,000	5,326,000,000	-	-
8	Share Application money received	-	-	-	-	53,700,000	41,125,000
9	Share Application money refunded	-	-	-	-	3,100,000	2,000,000
10	Balances Written back	-	-	-	-	-	36,024,726
11	Sharing of infrastructure and resources	-	-	-	-	This transaction is of non monetary consideration	This transaction is of non monetary consideration

**NOTE 30**

**Deferred Tax Liability**

In accordance with the provisions of Accounting Standard (AS22) issued by The Institute of Chartered Accountants of India pertaining to accounting of taxes on income, in view of the company not expecting any taxable profits in near future, no deferred tax asset is recognized. The details of the same are as under :

(Amount in ₹)

	2012 - 13	2011 - 12
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	<b>3,298,319</b>	3,578,929
<b>Deferred Tax Assets on account of :</b>		
Disallowances u/s 43B		
Gratuity	<b>1,147,037</b>	1,187,622
Leave encashment	<b>205,135</b>	164,991
Bonus / Exgratia	<b>101,810</b>	142,721
Carried forward Losses as per Income Tax	<b>31,303,494</b>	17,775,397
<b>Total Deferred Tax Asset</b>	<b>32,757,476</b>	19,270,731
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>29,459,157</b>	15,691,802

**NOTE 31**

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

As per our report of even date

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

For and on behalf of the Board of Directors

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

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

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

Place : Mumbai  
 Date : May 30, 2013

Place : Mumbai  
 Date : May 30, 2013

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Rama Petrochemicals Limited.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **RAMA PERTROCHEMICALS LIMITED** ("the company") and its subsidiaries: hereinafter referred to as the "Group", which comprise the Consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to:

#### **1) Non provision of :**

- (a) Value of materials lying in the Bonded warehouse, auctioned by the Customs being shown as Claims Receivable amounting to ₹ 1,87,71,179/- under Note-16 which is doubtful of recovery (Refer Note 12.1) and liabilities towards interest on unpaid custom duty up to March 31, 2013 aggregating to ₹ 1,69,65,361/- and unpaid customs duty of ₹ 4,32,740/- (Refer Note- 27 (a)).*
- (b) Demand of Interest on late payment of customs duty up to March 31, 2013 ₹ 19,62,185/- (Refer Note-27 (b)).*



*The above has resulted in understatement of loss for the year by ₹ 1,99,57,727/-, accumulated losses by ₹3,81,31,465/-, outstanding liability by ₹ 1,93,60,286/-, and overstatement of Other Current Assets by ₹ 1,87,71,179/-.*

- 2) *Non Payment of statutory liability on account of sales tax aggregating ₹ 30,65,07,495/- up to March 31, 2013 as explained in Note-26(d).*
- 3) *Non disclosure of information for dues to Micro, Small and Medium Enterprises, due to non availability of information, as explained in Note-7.1, and consequent non-quantification of the impact of interest if any on such MSME parties.*
  - (a) in case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2013;
  - (b) in the case of consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
  - (c) in the case of consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Emphasis of Matter**

Without qualifying the report we like to draw your attention to that the company's net worth has been completely eroded and has been declared as sick industrial company by BIFR vide order dated 01.07.2002. As explained in Note No. 28, the management considers that the methanol division can be made viable and accordingly the company's accounts have been prepared on going concern assumption. The revival of the Company's operations depends upon the Company being able to obtain the alternative main feed stock. In absence of any other information indicating to the contrary, we have accepted this assumption.

For **Dayal and Lohia**  
Chartered Accountants  
Firm's Registration No. 102200W

Place : Mumbai  
Date : 30<sup>th</sup> May, 2013.

**(S.L.Khandelwal)**  
**Partner**  
Membership No. 101388

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013**

(Amount in ₹)

	NOTE NO.		AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>EQUITY AND LIABILITIES :</b>				
<b>Shareholders' Fund :</b>				
Share Capital	2	104,694,000		104,694,000
Reserves and Surplus	3	<u>(568,149,671)</u>	(463,455,671)	<u>(552,522,895)</u> (447,828,895)
<b>Share Application Money :</b>	4		147,075,000	96,475,000
<b>Non-Current Liabilities :</b>				
Long Term Provisions	5		2,291,976	2,293,404
<b>Current Liabilities :</b>				
Short Term Borrowings	6	269,765,479		303,245,823
Trade Payables	7	6,303,808		3,968,168
Other Current Liabilities	8	<u>327,040,591</u>	603,109,878	<u>325,454,957</u> 632,668,948
<b>TOTAL</b>			<u><b>289,021,183</b></u>	<u><b>283,608,457</b></u>
<b>ASSETS :</b>				
<b>Non - Current Assets :</b>				
Fixed Assets	9			
Tangible Assets		17,983,521		19,210,130
Capital Work in Progress		24,120,372		23,453,901
Non-Current Investment	10	102,500,000		102,500,000
Long Term Loans and Advances	11	<u>2,073,186</u>	146,677,079	<u>2,074,586</u> 147,238,617
<b>Current Assets :</b>				
Inventories	12	31,977,415		50,681,316
Trade Receivables	13	7,312,868		906,978
Cash and Bank Balances	14	2,577,993		42,137,783
Short Term Loans and Advances	15	81,552,899		42,526,825
Other Current Assets	16	<u>18,922,929</u>	142,344,104	<u>116,938</u> 136,369,840
<b>TOTAL</b>			<u><b>289,021,183</b></u>	<u><b>283,608,457</b></u>
<b>Significant Accounting Policies</b>	1			
<b>Notes on Financial Statement</b>	2 to 36			

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

For and on behalf of the Board of Directors

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

**D. N. SINGH**  
Technical Director

**H. D. RAMSINGHANI**  
Chairman

Place : Mumbai  
Date : May 30, 2013

Place : Mumbai  
Date : May 30, 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

		(Amount in ₹)	
		FOR THE YEAR	FOR THE YEAR
	NOTE	ENDED	ENDED
	NO.	31ST MARCH, 2013	31ST MARCH, 2012
<b>REVENUE</b>			
Revenue from Operations	17	7,033,493	13,643,054
Other Income	18	5,979,032	25,556,745
		<u>13,012,525</u>	<u>39,199,799</u>
<b>EXPENSES</b>			
Purchase of Stock in Trade	19	4,343,963	6,625,659
Changes in inventories of Stock in Trade	20	(85,857)	-
Employee Benefits Expense	21	7,977,012	11,104,161
Finance Cost	22	4,510,891	9,266,390
Depreciation	9	1,226,609	1,162,981
Other Expenses	23	10,666,683	12,520,438
		<u>28,639,301</u>	<u>40,679,629</u>
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>(15,626,776)</b>	<b>(1,479,830)</b>
Extraordinary items	24	-	42,051,558
<b>Profit / (Loss) before tax</b>		<b>(15,626,776)</b>	<b>40,571,728</b>
<b>Tax Expenses</b>		-	-
<b>Profit / (Loss) for the year</b>		<b>(15,626,776)</b>	<b>40,571,728</b>

**Basic/ Diluted Earning per Equity Share of Face Value of Rs. 10/- each**      25

Basic Earning per Share (Before Extraordinary items)	(1.49)	(0.14)
Diluted Earning per Share (Before Extraordinary items)	(1.31)	(0.08)
Basic Earning per Share (After Extraordinary items)	(1.49)	3.88
Diluted Earning per Share (After Extraordinary items)	(1.31)	2.16

**Significant Accounting Policies**      1

**Notes on Financial Statement**      2 to 36

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

For and on behalf of the Board of Directors

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

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

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

Place : Mumbai  
 Date : May 30,2013

Place : Mumbai  
 Date : May 30,2013

**CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012	(Amount in ₹)
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>			
Net Profit / (Loss) Before Tax	(15,626,776)		(1,479,830)
<b>Add:</b> Depreciation	1,226,609	1,162,981	
Interest Paid / Provided	4,510,891	9,266,390	
Prior Period Adjustment	-	(975,890)	
	<u>5,737,500</u>		<u>9,453,481</u>
	(9,889,276)		7,973,651
<b>Less:</b> Interest Received	376,182	170,739	
Dividend Income	8,830	12,003	
Extraordinary items	-	(42,051,558)	
Sundry balance written back	8,706	40,001	
	<u>393,718</u>		<u>(41,828,815)</u>
Operating Profit before Working Capital Changes	<u>(10,282,994)</u>		<u>49,802,466</u>
Adjustment for :			
(Increase)/Decrease in Trade & Other receivables	(6,405,890)	4,564,161	
Increase/(Decrease) in Trade Payables	3,928,552	(4,610,916)	
(Increase)/Decrease in Inventories	<u>18,703,901</u>	<u>(202,768)</u>	
	<u>16,226,563</u>		<u>(249,523)</u>
Cash Generated from Operations	<u>5,943,569</u>		<u>49,552,943</u>
<b>Net Cash from Operative Activities (A)</b>	<u><u>5,943,569</u></u>		<u><u>49,552,943</u></u>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>			
Addition to Fixed Assets	-	(69,475)	
Capital work in progress	(666,471)	(12,932,663)	
Interest Received	376,182	170,739	
Dividend Income	8,830	12,003	
	<u>(281,459)</u>		<u>(12,819,396)</u>
<b>Net cash used in investing activities (B)</b>	<u><u>(281,459)</u></u>		<u><u>(12,819,396)</u></u>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>			
Receipts Of Borrowings	50,600,000	39,125,000	
Repayments of Borrowings	<u>(91,311,009)</u>	<u>(25,530,899)</u>	
	<u>(40,711,009)</u>		13,594,101
Interest Paid / Provided	(4,510,891)		(9,266,390)
<b>Net cash used in financial activities (C)</b>	<u><u>(45,221,900)</u></u>		<u><u>4,327,711</u></u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<u>(39,559,790)</u>		41,061,258
<b>Cash &amp; Cash Equivalents (Opening Balance)</b>	<u>42,137,783</u>		1,076,525
<b>Cash &amp; Cash Equivalents (Closing Balance)</b>	<u>2,577,993</u>		42,137,783

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

For and on behalf of the Board of Directors

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

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

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

Place : Mumbai  
 Date : May 30,2013

Place : Mumbai  
 Date : May 30,2013

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

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

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

The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the parent company i.e. 31st March, 2013.

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

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

**B. SIGNIFICANT ACCOUNTING POLICIES :****1. Basis of Accounting :**

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

**Use of Estimates :**

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

**2. Accounting for Construction Division :**

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

**3. Revenue Recognition :**

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

**4. Fixed Assets :**

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

**5. Depreciation :**

- a. Depreciation on Fixed Assets is provided on Straight Line Method based on the useful life of the assets estimated by the management which is as per the rate prescribed in Schedule XIV of the Companies Act, 1956.

- b. Depreciation on addition / deletion is provided pro-rate basis with reference to the date of addition / deletion as the case may be.
- c. Individual assets acquired for less than ₹ 5000/- are depreciated fully in the year of acquisition.

**6. Impairment of Assets :**

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

**7. Excise Duty :**

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

**8. Foreign Currency Transactions :**

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

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

**9. Investments :**

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

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

**10. Valuation of Inventories :**

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

**11. Employee's Benefits :**

**Long Term Employee Benefits :**

- a. Defined Contribution Plan :

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

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

- b. Defined Benefit Plans :

The Company's liabilities towards gratuity and leave encashment are determined using the

projected unit credit method as at the balance sheet date. Actuarial gains / losses are recognized immediately in the profit and loss account. Long term compensated absences are provided for based on actuarial valuations.

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

**12. Borrowing Cost :**

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

**13. Segment Reporting :**

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

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

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

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

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

**16. Provisions :**

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

**17. Contingent Liabilities :**

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

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

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

AS AT  
31ST MARCH, 2013      AS AT  
31ST MARCH, 2012

**NOTE 2**

**Share Capital :**

**Authorised :**

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

Equity Shares of ₹ 10/- each

**500,000,000**

500,000,000

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

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

Equity Shares of ₹ 10/- each

**104,694,000**

104,694,000

**Total**

**104,694,000**

104,694,000

**Details of rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.**

**Equity Shares :** The company has only one class of Equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**The details of Shareholders holding more than 5% shares**

Indo Us Investment Inc.	<b>Nos.</b>	<b>3,000,000</b>	3,000,000
	<b>%</b>	<b>28.65%</b>	28.65%
Libra Mercantile Pvt. Ltd.	<b>Nos.</b>	<b>1,404,401</b>	1,404,401
	<b>%</b>	<b>13.41%</b>	13.41%
Jupiter Corporate Services Pvt Ltd.	<b>Nos.</b>	<b>593,280</b>	593,280
	<b>%</b>	<b>5.67%</b>	5.67%

**NOTE 3**

**Reserves and Surplus :**

**Capital Reserve**

As per last Balance Sheet

**6,030,000**

6,030,000

**Profit and Loss Account**

As per last Balance Sheet

**(558,552,895)**

(599,124,623)

Add : Profit / (Loss) for the year

**(15,626,776)**

40,571,728

**(574,179,671)**

(558,552,895)

**Total**

**(568,149,671)**

(552,522,895)



**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>NOTE 4</b>		
<b>Share Application Money :</b>	<b>147,075,000</b>	96,475,000
<b>Total</b>	<b>147,075,000</b>	96,475,000

4.1 Share Application money is received from a promoter's group company in accordance with the revival Scheme submitted to the B.I.F.R. and the allotment of shares pursuant thereto is subject to and shall be in accordance with the directions of the B.I.F.R.

**NON CURENT LIABILITIES :**

**NOTE 5**

**Long Term Provisions :**

for Gratuity	1,628,108	1,759,451
for Leave Encashment	663,868	533,953
<b>Total</b>	<b>2,291,976</b>	2,293,404

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

**A Defined Contribution Plan**

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

Employer's contribution to Provident Fund	314,876	399,873
---	---------	---------

**B Defined Benefit Plan**

The Company has defined benefit plan for leave encashment and gratuity. As per Para 132 of Accounting Standard 15, disclosure for leave encashment are not mandatory. The disclosure for Employee benefit towards gratuity are as under :

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

Discount Rate	7.75%	8.25%
Salary Escalation	5.00%	5.00%
Mortality	<b>LIC(1994-96) Ultimate</b>	LIC(1994-96) Ultimate
Type of Plan	<b>Unfunded</b>	Unfunded

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

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

Opening defined benefit obligation	1,759,451	1,530,654
Interest Cost	145,155	130,444
Current Service Cost	103,787	99,898
Benefits Paid	564,346	-
Actuarial (gain) / Loss on obligation	184,061	(1,545)
<b>Closing defined benefit obligation</b>	<b>1,628,108</b>	1,759,451

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>c Changes in the fair value of Plan Assets</b>		
Opening fair value of Plan Assets	-	-
Expected Return	-	-
Contribution by employer	-	-
Benefits Paid	<b>564,346</b>	-
Actuarial gains / (losses)	<b>(184,061)</b>	1,545
Closing fair value of Plan Assets	-	-
Actuarial return on Plan Assets	-	-
Expected contribution to be made in next annual year	-	-
<b>d Reconciliation of the Present Value of Defined Present Obligations and Fair value of Assets</b>		
Present value of Funded Obligation	<b>(1,628,108)</b>	(1,759,451)
Fair Value of Plan Assets	-	-
Funded (Asset)/Liability recognised in Balance Sheet	-	-
Present Value of Unfunded Obligation	-	-
Unrecognised past service cost	-	-
Unrecognised Actuarial	-	-
Unfunded Net Liability recognised in Balance Sheet	<b>(1,628,108)</b>	(1,759,451)
<b>e Balance Sheet - Details of Provision of Gratuity</b>		
Defined benefit obligation	<b>(1,628,108)</b>	(1,759,451)
Fair value of Plan Assets	-	-
Liability recognised in the Balance Sheet	<b>(1,628,108)</b>	(1,759,451)
<b>f Profit and Loss Account - Net Employee Benefit Expenses</b>		
Current Service Cost	<b>103,787</b>	99,898
Interest Cost on benefit obligation	<b>145,155</b>	130,444
Net Actuarial (gain) / loss recognised in the year	<b>184,061</b>	(1,545)
Total Expenses recognised in the Profit and Loss Account	<b>433,003</b>	228,797
5.2 In case of subsidiary company, provision for leave encashment and gratuity is not required as there is no employee as on 31st March 2013.		

**CURRENT LIABILITIES**

**NOTE 6**

**Short Term Borrowings :**

**Secured**

Working Capital Loans From Others	-	11,318,421
	-	11,318,421

**Unsecured**

**Loans and Advances**

from Related Parties	171,257,063	228,882,063
from Others	98,508,416	63,045,339
	<b>269,765,479</b>	291,927,402
<b>Total</b>	<b>269,765,479</b>	303,245,823

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

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹ )

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>NOTE 7</b>		
<b>Trade Payables :</b>	<b>6,303,808</b>	3,968,168
	<b>Total</b>	
	<b>6,303,808</b>	<b>3,968,168</b>

7.1 In the absence of information from suppliers of their status as defined under "Micro, Small and Medium Enterprises Development Act, 2006" amount overdue and interest payable thereon, if any, cannot be quantified.

**NOTE 8**

**Other Current Liabilities :**

Interest Accrued but not due	-	384,578
Advance from Customers	<b>2,431,405</b>	4,240,000
Deferred Payment Liability	<b>309,746,120</b>	306,539,117
Other Liabilities	<b>14,863,066</b>	14,291,262
	<b>Total</b>	
	<b>327,040,591</b>	<b>325,454,957</b>

8.1 The company has accepted assignments of sales tax deferral liabilities of ₹ 312,333,405/- (₹ 312,333,405/-) of body corporate for which the net present value as on 31st March 2013 is ₹ 309,746,120/- (₹ 306,539,117/-) The aforesaid liability was to be discharged from 30th April 2001 to 30th April 2014 to the sales tax department of Government of Maharashtra. The company had paid ₹ 1,989,265/- (₹ 1,989,265/-) upto 31st March 2013 out of ₹ 308,496,760/- (₹ 300,493,466/-) due upto 31st March 2013.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

## NOTE 9

## Fixed Assets (At Cost)

DESCRIPTION	(Amount in ₹)									
	Gross Block		Depreciation			Net Block				
	As At 01.04.12	Addition	Deduction	As At 31.03.13	As At 01.04.12	For the Year	Deductions / Adjustments	As At 31.03.13	As At 31.03.13	As At 31.03.12
Tangible Assets										
Free Hold Land	3,610,057	-	-	3,610,057	-	-	-	-	3,610,057	3,610,057
Lease Hold Land	255,600	-	-	255,600	68,388	2,690	-	71,078	184,522	187,212
Buildings	27,174,316	-	-	27,174,316	13,370,275	535,915	-	13,906,190	13,268,126	13,804,041
Plant and Machinery *	345,173,435	-	-	345,173,435	343,828,673	590,013	-	344,418,686	754,749	1,344,762
Furniture and Fixture	4,370,665	-	-	4,370,665	4,315,901	45,102	-	4,361,003	9,662	54,764
Office Equipments	4,797,521	-	-	4,797,521	4,588,232	52,889	-	4,641,121	156,400	209,289
Vehicles	1,093,271	-	-	1,093,271	1,093,266	-	-	1,093,266	5	5
<b>Total</b>	386,474,865	-	-	386,474,865	367,264,735	1,226,609	-	368,491,344	17,983,521	19,210,130
Previous Year	386,405,390	69,475	-	386,474,865	366,101,754	1,162,981	-	367,264,735	19,210,130	20,303,636
<b>Capital work in progress</b>									<b>24,120,372</b>	<b>23,453,901</b>

9.1 Lease hold land is taken on lease for the period of 95 years and cost of the same is amortised over the period of lease.

9.2. Immovable properties of the Company is also mortgaged on first pari-passu charge basis in favour of Financial Institution and Banks to secure Term Loan sanctioned to denim division of the company. In the year 1999 - 2001, denim division of the company was demerged as Rainbow Denim Ltd.

9.3 \* Depreciation for the year includes ₹ 68,759/- for earlier year.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

AS AT  
31ST MARCH, 2013      AS AT  
31ST MARCH, 2012

**NOTE 10**

**Non Current Investments (At Cost) :**

**Unquoted (Other than Trade)**

92,760 (92,760) Equity Shares of ₹ 10/- each in Elate Investments & Holdings Pvt. Ltd. of ₹10/- each fully paid up.	<b>46,380,000</b>	46,380,000
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14,030 (14,030) Equity Shares of ₹ 10/- each in Optical Disc Marketing (India) Pvt. Ltd. of ₹ 10/- each fully paid up.	<b>56,120,000</b>	56,120,000
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<b>Total</b>	<b>102,500,000</b>	102,500,000
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**Aggregate Value of Unquoted Investments :**

At Cost Price	<b>102,500,000</b>	102,500,000
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**NOTE 11**

**Long Term Loans and Advances :**

**Security Deposits**

Considered Good	<b>2,073,186</b>	2,074,586
Considered doubtful	<b>206,600</b>	206,600

	<b>2,279,786</b>	2,281,186
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Less : Provision for doubtful deposits	<b>206,600</b>	206,600
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<b>Total</b>	<b>2,073,186</b>	2,074,586
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**CURRENT ASSETS**

**NOTE 12**

**Inventories (At Cost) :**

(As taken, valued & certified by Management)

Stores and Spares	<b>30,909,393</b>	30,927,972
Stock in Bonded Warehouse	-	18,771,179
Stock in Trade	<b>975,890</b>	975,890
Stock in Trade - Shares	<b>6,275</b>	6,275
Stock in Trade - Traded Goods	<b>85,857</b>	-

<b>Total</b>	<b>31,977,415</b>	50,681,316
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12.1 During the year 1998 - 99, company had imported some material and could not pay the custom duty due to financial crisis. The material stored in Cental Warehousing Corporation bonded warehouse. During the current year, the company came to know that the material was auctioned by the Custom Authority for non payment of duty. The company is in the process of filing a writ petition with Hon'ble Bombay High Court, for claiming the value of these materials, hence the same is disclosed as Claims Receivable under Note - 16.

12.2 The company has pledged 200 shares of Rainbow Agri Industries Ltd. with lender for loan granted to Nova Gelicon Pvt. Ltd.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

	AS AT 31ST MARCH, 2013	AS AT 31ST MARCH, 2012
<b>NOTE 13</b>		
<b>Trade Receivables (Unsecured) :</b>		
Due more than six months considered good	-	906,978
considered doubtful	<u>384,116</u>	<u>384,116</u>
	<b>384,116</b>	<b>1,291,094</b>
Due within six months considered good	<u>7,312,868</u>	-
	<b>7,696,984</b>	<b>1,291,094</b>
Less : Provision for Doubtful Debts	<u>384,116</u>	<u>384,116</u>
	<b>384,116</b>	<b>384,116</b>
<b>Total</b>	<u><u>7,312,868</u></u>	<u><u>906,978</u></u>
<b>NOTE 14</b>		
<b>Cash and Bank Balances :</b>		
Cash on hand	397,346	25,502
Balances with Scheduled Banks		
- Current Accounts	1,615,796	41,597,600
- Fixed Deposits	<u>564,851</u>	<u>514,681</u>
	<b>2,180,647</b>	<b>42,112,281</b>
<b>Total</b>	<u><u>2,577,993</u></u>	<u><u>42,137,783</u></u>
<b>NOTE 15</b>		
<b>Short Term Loans and Advances :</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	326,363	245,297
Advances Income Tax / TDS	80,919	29,732
Balance with Central Excise	5,745,015	327,098
Other Advances		
considered good	75,400,602	41,924,698
considered doubtful	<u>23,487,070</u>	<u>23,487,070</u>
	<b>98,887,672</b>	<b>65,411,768</b>
Less : Provision for Doubtful Advances	<u>23,487,070</u>	<u>23,487,070</u>
	<b>75,400,602</b>	<b>41,924,698</b>
<b>Total</b>	<u><u>81,552,899</u></u>	<u><u>42,526,825</u></u>
<b>NOTE 16</b>		
<b>Other Current Assets :</b>		
Interest Accrued but not due	151,750	116,938
Claims receivable (Refer Note - 12.1)	<u>18,771,179</u>	-
	<b>18,922,929</b>	<b>116,938</b>
<b>Total</b>	<u><u>18,922,929</u></u>	<u><u>116,938</u></u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

	<b>FOR THE YEAR ENDED 31ST MARCH, 2013</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2012</b>
<b>NOTE 17</b>		
<b>Revenue from Operations :</b>		
Sales - Traded Goods	7,033,493	13,643,054
<b>Total</b>	<b>7,033,493</b>	<b>13,643,054</b>
<b>NOTE 18</b>		
<b>Other Income :</b>		
Interest Income	376,182	170,739
Dividend Income	8,830	12,003
<b>Other Non Operating Income</b>		
Sundry Balances Written Back	8,706	40,001
Scrap Sale	131,153	1,258,018
Sale of Stores and Spares	-	72,267
Miscellaneous Income	6,000	23,027,827
Rent Income	120,000	-
Prior Period Income	5,328,161	975,890
<b>Total</b>	<b>5,979,032</b>	<b>25,556,745</b>
<b>NOTE 19</b>		
<b>Purchases of Stock in Trade :</b>		
Goods	4,343,963	6,625,659
<b>Total</b>	<b>4,343,963</b>	<b>6,625,659</b>
<b>NOTE 20</b>		
<b>Changes in Inventories of Stock in Trade :</b>		
Opening Stock	6,275	6,275
Less : Cost of Sale	-	-
Less : Closing Stock	92,132	6,275
<b>Total</b>	<b>(85,857)</b>	<b>-</b>
<b>NOTE 21</b>		
<b>Employee benefits Expenses :</b>		
Salaries, Wages and Allowances	6,974,353	10,115,376
Contribution to P.F./F.P.F.	314,876	399,873
Welfare & Other Amenities	254,780	360,115
Gratuity	433,003	228,797
<b>Total</b>	<b>7,977,012</b>	<b>11,104,161</b>

21.1 In view of losses in current year , no commission is payable to Directors hence computation of net profit u/s 349 of the Companies Act, 1956 is not applicable.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

**FOR THE YEAR ENDED 31ST MARCH, 2013**      **FOR THE YEAR ENDED 31ST MARCH, 2012**

**NOTE 22**

**Finance Cost :**

Interest	4,510,891	9,266,390
<b>Total</b>	<b>4,510,891</b>	<b>9,266,390</b>

**NOTE 23**

**Other Expenses :**

Power and Fuel	581,927	2,450,181
Warehouse Charges	198,664	196,896
Consumption of Stores and Spares	57,284	857,302

**Repairs to :**

Building	7,800	56,186
Plant and Machinery	156,824	1,676,054
Others	369,491	581,608
	534,115	2,313,848

Insurance	153,535	155,227
Rates, Taxes and Duties	594,912	285,808
Director's Sitting Fees	46,000	40,000

**Auditor's Remuneration**

Audit Fees	128,090	140,450
Tax Audit Fees	-	50,408
Other Capacity	92,946	159,704
Reimbursement of Expenses	1,940	305
	222,976	350,867

Security Charges	1,621,745	2,056,613
Water Charges	23,242	227,454
Conveyance	357,588	874,336
Printing and Stationary	49,206	47,412
Postage and Telegram	101,653	102,303
Legal and Professional Charges	1,542,657	1,187,729
Share Department Expenses	191,193	210,169
Books and Periodicals	7,011	11,848
Excise Duty	370,110	-
Travelling Expenses	47,827	185,567
Telephone and Telex	78,928	114,214
Bank Charges	7,742	59,094
Claims and Settlement	3,000,000	-
Miscellaneous Expenses	878,368	793,570

<b>Total</b>	<b>10,666,683</b>	<b>12,520,438</b>
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**23.1 Expenditure in Foreign Currency**

Membership and Subscription	-	11,387
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**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in ₹)

<b>FOR THE YEAR ENDED 31ST MARCH, 2013</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2012</b>
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**NOTE 24**

**Extraordinary Items :**

Waiver of Interest by bank	-	6,026,832
Sundry balance written back	-	36,024,726
<b>Total</b>	-	42,051,558

24.1 Bank of Baroda has assigned and transferred to International Asset Reconstruction Company Pvt. Ltd. (IARC) the outstanding loan together with all underlying security, interest thereto and all Bank of Baroda's rights, title and interest in all agreements, deeds, documents in relation to or in connection with the facilities. However, during the year the Company has finalized One Time Settlement (OTS) with IARC and payment in terms of this OTS have been effected. Consequent to above, the company has taken credit of waiver of interest amounting to ₹ 60,26,832/- and which have been treated as Extra – Ordinary Items in the profit and loss account.

**NOTE 25**

**Earning Per Share (EPS)**

		2012-13	2011-12
i	Net Profit / (Loss) after Tax as per statement of profit and loss attributable to Equity Shareholders (Before Extraordinary items) (Amount in ₹)	<b>(15,626,776)</b>	(1,479,830)
ii	Net Profit / (Loss) after Tax as per statement of profit and loss attributable to Equity Shareholders (After Extraordinary items) (Amount in ₹)	<b>(15,626,776)</b>	40,571,728
iii	No of Equity Shares outstanding	<b>10,469,400</b>	10,469,400
iv	Weighted Average number of Equity Shares outstanding during the year	<b>11,907,776</b>	8,293,641
v	Face Value of Equity Shares in ₹	<b>10.00</b>	10.00
vi	Basic Earning per Equity Share (Before Extraordinary item)	<b>(1.49)</b>	(0.14)
vii	Diluted Earning per Equity Share (Before Extraordinary item)	<b>(1.31)</b>	(0.08)
viii	Basic Earning per Equity Share (After Extraordinary item)	<b>(1.49)</b>	3.88
ix	Diluted Earning per Equity Share (After Extraordinary item)	<b>(1.31)</b>	2.16

**NOTE 26**

**Contingent Liabilities**

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

(Amount in ₹)

Name of the Statute	2012 - 13	2011 - 12
Income Tax	<b>172,782,600</b>	180,091,508
Excise Duty	-	370,110
Gujarat Sales Tax	<b>3,606,085</b>	3,606,085
Irrigation Department	<b>259,205,087</b>	130,733,149
<b>Total</b>	<b>435,593,772</b>	314,800,852

The Company is in appeal for these claims.

b. Guarantees / Counter Guarantees given to Banks, Financial Institutions and other Body Corporate ₹ 984,670,906/- (₹ 953,876,000/-)

c. Capital commitment ₹ 1,883,435/- (₹ 2,475,200/-)

d. Interest Free Sales Tax Deferment :

The Company had a liability of ₹ 312,333,405/- 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 31.03.2013 is ₹ 309,746,120/- (₹ 306,539,117/-). The Company has assigned the said liability to subsidiary company during the year 1999-2001. The subsidiary company had paid ₹ 1,989,265/- (₹ 1,989,265/-) upto 31st March 2013 out of ₹ 308,496,760/- (₹ 300,493,466/-) due upto 31st March 2013 Since the subsidiary company have failed in paying the sales tax dues, the assignor is responsible to pay the same. The company is registered under BIFR, no dues have been paid to the sales tax department.

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

**NOTE 27**

The company has not provided

a. Custom duty (net of provision) of ₹ 432,740/- (₹ 432,740/-) and interest on custom duty as per revised working aggregating to ₹ 16,965,361/- (₹ 15,778,813/-) till March 31, 2013.

b. Interest on late payment of custom duty ₹ 1,962,185/- (₹ 1,962,185/-)

**NOTE 28**

The operation of company's methanol division has been unviable and in turn forced the company to suspend its production activities since Sept.'1999. However, the company is making efforts to obtain alternative main feed stock for its methanol plant to make the operation viable. Considering the fact that laying of pipeline for supply of gas by Gas Authority of India Ltd. (GAIL) is completed, the company is hopeful to restart its plant soon. Accordingly the company continues to prepare accounts on the basis of "Going Concern Concept".

**NOTE 29**

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

**NOTE 30**

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

**NOTE 31**

**Segment Reporting :**

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

Other Information

(Amount in ₹)

	Methanol		Construction		Trading		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment Assets	176,853,973	168,074,878	975,890	1,412,440	111,191,320	114,121,139	289,021,183	283,608,457
Segment Liabilities	403,973,952	378,818,791	2,240,000	4,240,000	346,262,902	348,378,561	752,476,854	731,437,352
Depreciation	1,191,692	1,083,954	-	-	34,917	79,027	1,226,609	1,162,981
Non cash expenses other than depreciation	-	-	-	-	-	-	-	-

**NOTE 32**

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

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

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

None

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

Indo Us Investment Inc.

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

None

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

Mr. H. D.Ramsinghani	Chairman
Mr. D.N. Singh	Technical Director
Mr. V G Sharma	Director
Mr. R G Kulkarni	Director
Mr. C M Divakaran Nair	Director upto 01/08/2012
Mr. D. J. Ramsinghani	Relative of Chairman
Mrs. N. H. Ramsinghani	Relative of Chairman

**V) Enterprises over which any person described in III and IV above is able to exercise significant influence and with whom transactions have taken place during the year :**

Rainbow Denim Ltd.  
 Rama Phosphates Ltd.  
 Rama Industries Ltd.  
 Rainbow Agri Industries Ltd.  
 Rama Enterprises  
 Nova Gelicon Pvt. Ltd.  
 Bluelagoon Investment Pvt. Ltd.  
 Cuffepara Estates Pvt. Ltd.  
 Integrated Port Services (I) Ltd.  
 Libra Mercantile Pvt. Ltd.  
 Replica Investment and Estates Ltd.  
 Trishul Mercantile Pvt. Ltd.  
 Vrushabh Trading Co. Pvt. Ltd.

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

(Amount in ₹)

Sr. No	Particular	Key management personnel and their relatives		Enterprises over which KMP with their relatives is able to exercise significant influence	
		2012 - 13	2011 - 12	2012 - 13	2011 - 12
1	Balance Outstanding				
	Receivable	-	-	7,292,078	345,297
	Payable	-	-	172,030,836	228,882,063
2	Loans / Advances Given	-	-	200,000	10,200,000
3	Loans/Advances recovered	-	-	200,000	10,200,000
4	Loans / Advances Taken	-	-	116,335,000	112,375,000
5	Loans / Advances Repaid	-	-	194,274,819	86,805,000
6	Purchase of Goods	-	-	785,848	-
7	Sale of Goods	-	-	7,015,013	13,969,695
8	Guarantees Outstanding at year end	-	-	909,500,000	909,500,000
9	Sitting Fees to KMP	10,000	8,000	-	-
10	Personal Guarantees by KMP	5,326,000,000	5,326,000,000	-	-
11	Share Application money received	-	-	53,700,000	41,125,000
12	Share Application money refunded	-	-	3,100,000	2,000,000
13	Balances written back	-	-	-	36,024,726
14	Securities pledged for loan taken by others	-	-	This transaction is of non monetary consideration	-
15	Sharing of infrastructure and resources	-	-	This transaction is of non monetary consideration	This transaction is of non monetary consideration

**NOTE 33**

**Deferred Tax Liability**

In accordance with the provisions of Accounting Standard (AS22) issued by The Institute of Chartered Accountants of India pertaining to accounting of taxes on income, in view of the company not expecting any taxable profits in near future, no deferred tax asset is recognized. The details of the same are as under :

(Amount in ₹)

	2012 - 13	2011 - 12
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	3,298,319	3,578,929
<b>Deferred Tax Assets on account of :</b>		
Disallowances u/s 43B		
Gratuity	1,147,037	1,187,622
Leave encashment	205,135	164,991
Bonus / Exgratia	101,810	142,721
Carried forward Losses as per Income Tax	31,303,494	17,775,397
<b>Total Deferred Tax Asset</b>	<b>32,757,476</b>	<b>19,270,731</b>
<b>Net Deferred Tax Asset/ (Liability)</b>	<b>29,459,157</b>	<b>15,691,802</b>

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 :

(Amount in ₹)

Particular	2012 - 13	2011 - 12
<b>Deferred Tax Liability on account of :</b>		
Difference between WDV of Fixed Assets	<b>155,806</b>	154,254
<b>Deferred Tax Assets on account of :</b>		
Carried Forward Losses as per Income Tax	<b>23,797,787</b>	34,011,123
<b>Total Deferred Tax Assets</b>	<b>23,797,787</b>	34,011,123
<b>Net Deferred Tax Asset / (Liability)</b>	<b>23,641,981</b>	33,856,869

**NOTE 34**

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

(Amount in ₹)

Share Capital	<b>30,003,000</b>
Reserves and Surplus	<b>(265,074,583)</b>
Total Assets	<b>249,836,319</b>
Total Liabilities	<b>514,910,902</b>
Investment other than in subsidiaries	<b>102,500,000</b>
% of holding	<b>100%</b>
Sales and Other Income	<b>7,037,870</b>
Profit before taxation	<b>(814,161)</b>
Provision for taxation	<b>Nil</b>
Profit after taxation	<b>(814,161)</b>
Proposed dividend (incl. dividend reserve)	<b>Nil</b>

**NOTE 35**

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

**NOTE 36**

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

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

For and on behalf of the Board of Directors

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

**D. N. SINGH**  
 Technical Director

**H. D. RAMSINGHANI**  
 Chairman

Place : Mumbai  
 Date : May 30,2013

Place : Mumbai  
 Date : May 30,2013



# RAMA PETROCHEMICALS LIMITED

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

## PROXY FORM

For Demat Shares

DP ID	
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CLIENT ID	
-----------	--

For Physical Shares

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

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

I/We \_\_\_\_\_ s/o, w/o, d/o \_\_\_\_\_ residing at \_\_\_\_\_ being member/member(s) of the above named company hereby appoint Mr./Ms. \_\_\_\_\_ residing at \_\_\_\_\_ or failing him/her Mr./Ms \_\_\_\_\_ residing at \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held on Friday the 20th day of September, 2013 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 \_\_\_\_\_, 2013

Affix Revenue Stamp of ₹ 0.15
--

Signature

(Please sign across the Stamp)

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

# RAMA PETROCHEMICALS LIMITED

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

## ATTENDANCE SLIP

For Demat Shares

DP ID	
-------	--

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

For Physical Shares

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

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

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Seventh Annual General Meeting of the Company held on Friday the 20th day of September, 2013 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.)

## BOOK – POST

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**Unit : Rama Petrochemicals Limited**

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