



# 40<sup>TH</sup> ANNUAL REPORT 2021-22



# Chairman's Statement

“*Strengthening  
and Growing  
through continuous  
efforts and innovation*”



**Mr. Amirali E. Rayani**

**Chairman**

In this fast-moving world, staying resonant and relevant for 40 years is a journey of great pride for any Organisation. What makes it even more eventful for Panama Petrochem Limited is its ability to navigate through the many challenges of the past year and deliver yet another year of robust operational and financial performance.

It is thus an honour to share with you the 40<sup>th</sup> Annual Report for the Financial Year 2021-22.

Financial Year 2022 continued to be one of the challenging times not only for your Company but businesses globally, gradually as the economy recovered from the disruptions caused by the COVID-19 Pandemic, we were hit by the Ukraine/Russia conflict resulting in rapidly developing humanitarian crisis leaving the oil and petroleum industries across the world to cope up with supply chain shortages, liquidity crunch, enhanced regulatory norms, muted global growth and so much more.

In the face of widespread change, your Company has shown remarkable resilience and adaptability, coming out stronger than ever, after catastrophic events like the global financial crisis or the pandemic.

We had an incredible year in terms of growth in the financial year that ended in March 2022. A significant improvement in the operating performance of your Company was witnessed during the financial year 2021-22, our profits peaked to an all-time high to ₹ 23,034.08 Lakhs, operating margin for the year expanded to 14.1%.

Your Company is determined to continuously drive for innovation, growth and productivity throughout the Organization, as a result the sales, supply chain, manufacturing, all have surpassed their previous best.

In 2021, we grew in strength and attained leadership position in a number of our product solutions. Further the ability of the Company to deliver 'Just in Time' has been duly appreciated by our esteemed clients which grew exponentially during the year enhancing our market reach. The full-fledged restart of manufacturing activities from the second quarter provided the much needed boost to our business cycle, thus realizing the full benefits of the market recovery. Your Company witnessed strong demand visibility during the year and together with import substitution has achieved robust revenues thereby rewarding the shareholders with increasing dividends.

During the year ending March 2022, the Company has successfully maintained margin expansion even in the middle of existing uncertainties recording robust net revenues of ₹ 2,13,235.40 Lakhs, reduction of net debt and the dividend payout ratio of the Company for the year under review is 21%.

Enhanced performance across the entire high value added product offerings, extended the reach of our exports and clientele resulting into record earnings in specialty oil segment while sustaining best ever safety and quality of our services.



Your Company has relentlessly looked at innovation to provide newer and better value propositions for customers, and thus increase our relevance to them. This year was no different, with multiple new products, some of these products like drilling fluids, rubber process oil has created a niche in the market and accorded leadership position to your Company.

It has always been the Company's endeavor to promote eco-friendly product offerings to the market. With global attention towards climate change, R&D of your Company has rose to the occasion and provided new products with green technology.

The Company wishes to harness its competitive strength and has introduced low Aromatic content products for Ink & Coating Industry, Paint Industry, Rubber Industry and Bio-degradable oils for drilling & Oil Exploration.

As we move forward, we continue to evolve and streamline our business processes to orient towards being recognized as one of the petroleum based Specialty Oil Company.

To drive future growth, we will intensify our focus and investments towards increasing our manufacturing capacities at all our plants locations, product portfolio expansion and digital initiatives with advanced technology. We will also intensify our marketing investments to improve the reach and visibility of our products.

Panama Petrochem Ltd. approaches 2022-23 with cautious optimism amidst the uncertain geo-political environment. However, we are confident that our focus on high value added solutions with green technology and new product launches will help us in generating competitive returns.

I take this opportunity to acknowledge and place my sincere appreciation to the contributions of the Board of Directors, team members, employees, and supplier partners for their continuous and dedicated efforts, despite external pressures. I would also like to express my deepest gratitude to all our stakeholders for your continuing interest, commitment and support to the Company.

I assure you that your Company will continue to achieve newer heights in the years to come.

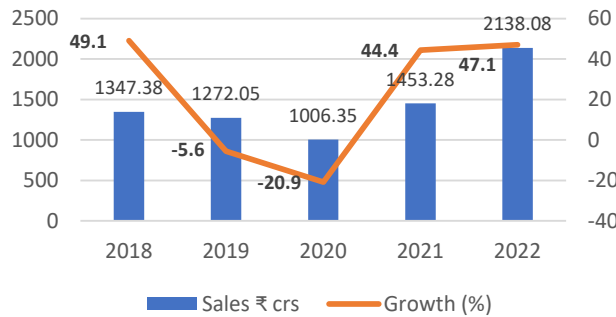
***Best Wishes,***

***Amirali E. Rayani***  
***Chairman***

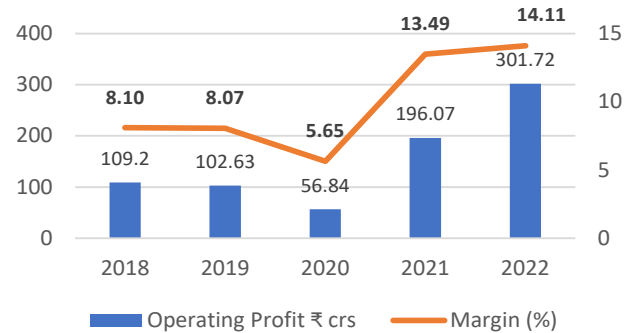


## Fueling Constant Growth

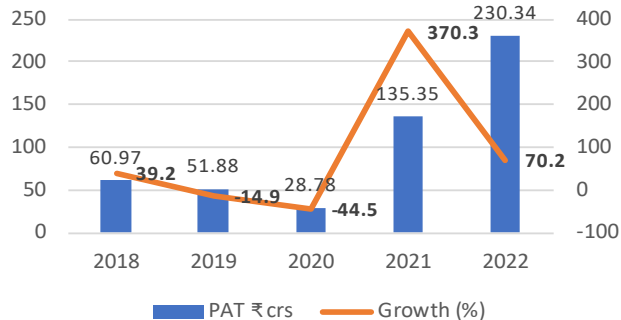
### Sales & Growth



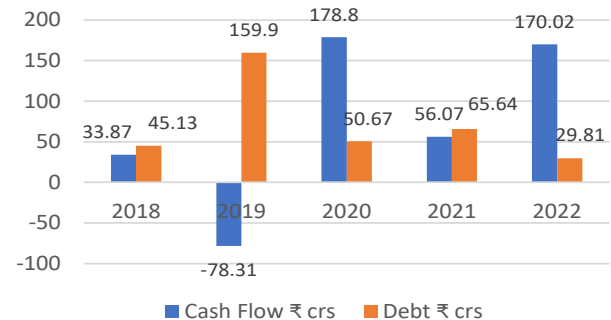
### Operating Profit & Margins



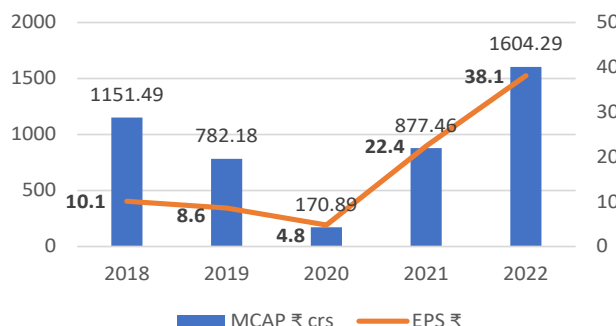
### Net Profit & Growth



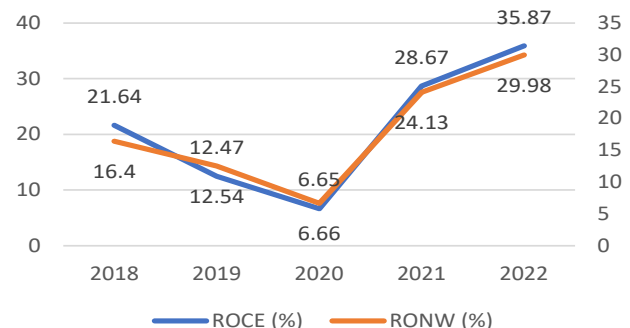
### Op. Cash Flow & Debt



### Mkt. Cap & EPS



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# ***Financial Highlights***

## ***2021-22***

### **Annual Sales:**

**₹ 2,13,235.40 Lakhs**

### **PAT:**

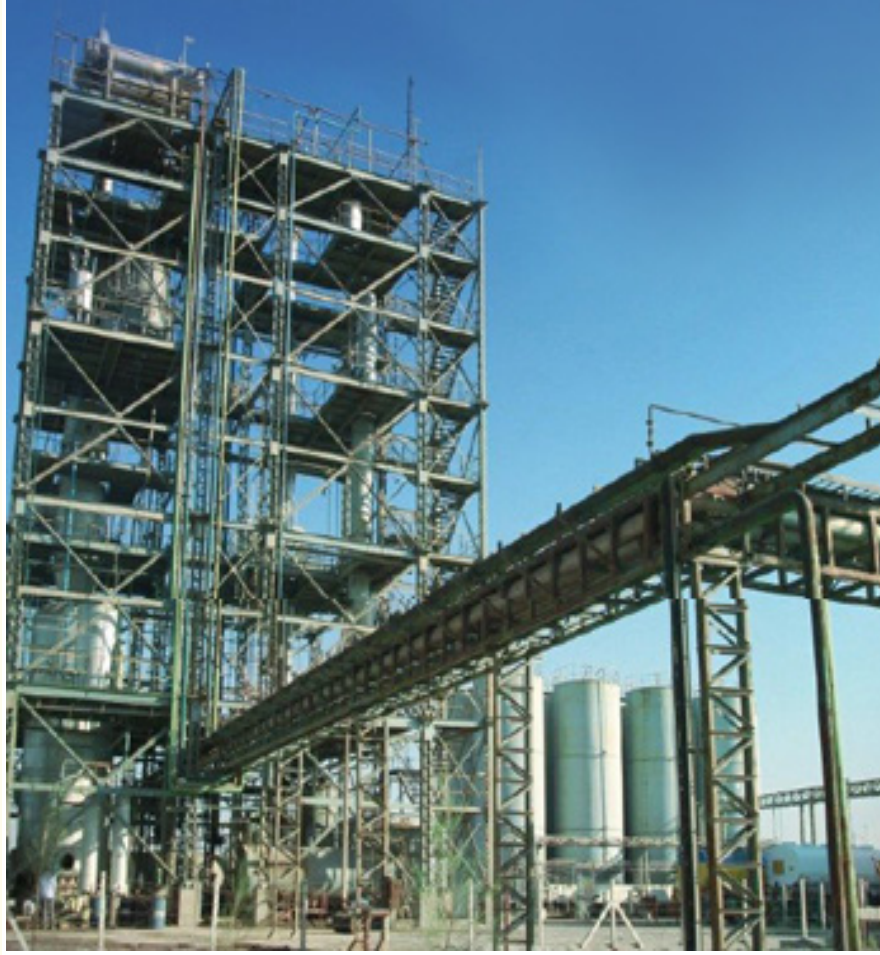
**₹ 23,034.08 Lakhs**

### **EPS:**

**₹ 38.08**

### **EBIDTA:**

**₹ 30,172.18 Lakhs**



**Board of Directors**

Mr. Amirali E. Rayani  
Mr. Amin A. Rayani  
Mr. Hussein V. Rayani  
Mr. Samir A. Rayani  
Mr. Madan Mohan Jain  
Mr. Mukesh Mehta  
Ms. Nargis Mirza Kabani  
Mr. Kumar Raju Nandimandalam

Chairman (Executive)  
Managing Director & CEO  
Joint Managing Director  
Executive Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

**Chief Financial Officer**

Mr. Pramod Maheshwari

**Statutory Auditor**

JMR & Associates LLP,  
Chartered Accountants, Mumbai, India

**Company Secretary &  
Compliance Officer**

Ms. Gayatri Sharma

**Listed at**

BSE Limited  
National Stock Exchange of India Limited  
Luxembourg Stock Exchange (GDRs)

**Bankers**

HDFC Bank Limited  
IDFC First Bank Limited  
Citibank N.A.  
Axis Bank Limited  
Kotak Mahindra Bank Limited  
Standard Chartered Bank Limited  
RBL Bank Limited  
Yes Bank Limited  
IDBI Bank Limited  
DCB Bank Limited

**Registrar & Share Transfer Agents**

Bigshare Services Private Limited  
Office No S6-2, 6th Floor, Pinnacle Business  
Park, Next to Ahura Centre, Mahakali Caves  
Road, Andheri (East) Mumbai – 400093.  
Maharashtra  
Tel: 91-22- 62638200  
Fax: 91-22- 62638299  
E-mail: [info@bigshareonline.com](mailto:info@bigshareonline.com)

**Corporate Office**

401, Aza House, 24, Turner Road  
Bandra (W), Mumbai 400 050, India  
Tel: 91-22-42177777  
Fax: 91-22-42177788  
Website: [www.panamapetro.com](http://www.panamapetro.com)  
Email: [ho@panamapetro.com](mailto:ho@panamapetro.com)

**Registered Office**

Plot No: 3303, G.I.D.C. Estate,  
Ankleshwar 393 002, Gujarat, India  
Fax: 91-2646-250281 Tel: 91-2646-221 068  
Corporate Identification Number  
(CIN): L23209GJ1982PLC005062  
Email: [ankl@panamapetro.com](mailto:ankl@panamapetro.com)

**Plants**

Ankleshwar, Daman, Taloja, and Dahej

**NOTICE****CIN: L23209GJ1982PLC005062**

**Notice** is hereby given that the **FORTIETH ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on **Monday, September 5, 2022 at 11:30 A.M. IST** through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2022 together with the Reports of the Board of Directors & Auditors thereon.
2. To confirm the payment of Interim Dividend and declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Samir A. Rayani (DIN: 00002674), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

**Special Business:**

4. To re-appoint Mr. Kumar Raju Nandimandalam (DIN:00829724), as an Independent Director and in this regard, to consider and if thought fit, pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, Mr. Kumar Raju Nandimandalam (DIN:00829724), who was appointed as an Independent Director and who holds office up to August 10, 2023, in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years, i.e. up to August 9, 2028.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the said resolution."

5. To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2023 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 2.20 lakhs (Rupees two lakhs & twenty thousand only) per annum plus out-of-pocket expenses payable to GMVP & Associates LLP, who are appointed as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**Notes:**

1. In view of the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021 and Circular No. 02/2022 dated 05.05.2022 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility/Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, the AGM of the Company is being held through VC/OAVM.



2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and cast vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through e-voting facility. The said Resolution/Authorization shall be sent to the Company by email through its registered email address to [cs@panamapetro.com](mailto:cs@panamapetro.com).
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto. The relevant details, pursuant to 36(3) of the Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of a Director seeking re-appointment at this AGM are also annexed herewith.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 30, 2022 to Thursday, September 1, 2022 (both days inclusive).

Payment of final dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be payable to those Shareholders holding shares in electronic form as per the beneficiary position downloaded from the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as at the close of business hours on Monday, August 29, 2022 and to those Members holding shares in physical form, after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company as at close of business hours, i.e. Monday, August 29, 2022. Dividend will be paid within two weeks from the date of declaration of dividend.

6. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.:
  - a. **For shares held in electronic form:** to their Depository Participants (DPs)
  - b. **For shares held in physical form:** to the Company/Registrar and Transfer Agent in the prescribed **Form ISR-1** and other forms pursuant to SEBI Circular No. SEBI/HO/ MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021. The Company has also sent letters for furnishing the required details.
7. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed **Form ISR – 4**, the format of which is available on the Company's website at [www.panamapetro.com](http://www.panamapetro.com) and on the website of the Company's Registrar and Transfer Agents, Bigshare Services Pvt. Ltd. <https://www.bigshareonline.com>. **It may be noted that any service request can be processed only after the folio is KYC Compliant.**

In view of the same and to eliminate all risks associated with physical shares and to avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form.

8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company at least one week before the meeting through email on [cs@panamapetro.com](mailto:cs@panamapetro.com).
9. In compliance with the aforesaid MCA Circulars and SEBI Circular SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, Notice of the AGM along with the Annual Report for F.Y. 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report for F.Y. 2021-22 will also be available on the Company's website [www.panamapetro.com](http://www.panamapetro.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).





10. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to register their PAN with the RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in **Form No. 15G/15H**, to avail the benefit of non-deduction of tax at source. The shareholders are requested to upload the required forms on the RTA portal at <https://www.bigshareonline.com//dividendTDS.aspx> by August 29, 2022.

Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

**Non-resident shareholders** can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by uploading documents at <https://www.bigshareonline.com//dividendTDS.aspx>. The aforesaid declarations and documents need to be submitted by the shareholders by August 29, 2022.

11. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company provides the facility to the Members for remittance of dividend directly in their bank accounts through electronic means. The facility is available at all bank branches which have registered themselves as participating banks with National Payment Corporation of India and have joined the Core Banking System. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFS Code), along with their Folio Number, to the Company's Share Registrar and Transfer Agents (M/s Bigshare Services Pvt. Ltd). Members holding shares in electronic form are requested to provide the details to their respective Depository Participants.
12. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
13. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting **Form No. SH-13**. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in **Form ISR-3 or SH-14** as the case may be. The said forms can be downloaded from the Company's website: [www.panamapetro.com](http://www.panamapetro.com). Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to Bigshare Services Pvt. Ltd. in case the shares are held in physical form.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Share Registrar and Transfer Agents (M/s Bigshare Services Pvt. Ltd).
16. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, without any delay. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web **Form No. IEPF-5** available on [www.iepf.gov.in](http://www.iepf.gov.in)
17. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
18. To support "**Green Initiative**", Members are requested to register their e-mail addresses with their concerned DPs, in respect of electronic holding and with Bigshare Services Pvt. Ltd., at <https://www.bigshareonline.com//InvestorRegistration>.



[aspx](#) in respect of physical holding. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/RTA to enable servicing of notices/documents/Annual Reports and other communications electronically to their e-mail address in future.

19. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
20. The remote e-voting facility shall be opened from, Friday, September 2, 2022 at 9.00 A.M. to Sunday, September 4, 2022 till 5.00 P.M., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 P.M., on September 4, 2022. During the period when facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/entitlement date, may opt for remote e-voting. Provided that once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
21. The Company has fixed, Monday, August 29, 2022, as the cut-off date for identifying the Shareholders for determining the eligibility to vote by electronic means. Instructions for exercising voting rights by e-voting are attached herewith and form part of this Notice. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off/entitlement date only shall be entitled to avail the facility of Remote e-voting as well as e-voting at the Annual General Meeting.
22. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of shareholders on Monday, August 29, 2022, the cut-off date/entitlement date for identifying the Shareholders for determining the eligibility to vote by remote e-voting or e-voting at the AGM.
23. Mr. Milind Nirkhe, Company Secretary in Whole Time Practice, (CP No.2312) has been appointed as a Scrutinizer to scrutinize the e-voting during the AGM and remote e-voting process in a fair and transparent manner.
24. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.panamapetro.com](http://www.panamapetro.com) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com), immediately after the results are declared by the Chairman.
25. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
26. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned hereunder in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on a first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
27. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

#### **THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:**

- (i) The voting period is opened from, Friday, September 2, 2022 at 9.00 A.M. to Sunday, September 4, 2022 till 5.00 P.M., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 P.M., on September 4, 2022. During the period when the facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 29, 2022 (cut-off) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the time of the meeting.
- (iii) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- (iv) In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Pursuant to the above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing User Id and Password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest is <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi./Registration/EasiRegistration">https://web.cdslindia.com/myeasi./Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and will also be able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on the Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>



	3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on the Company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800225533
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 18001020990 and 1800224430

(v) Login method for e-Voting and joining virtual meeting for **physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID:
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- 6) If you are a first time user follow the steps given below:





For Physical shareholders and other than individual shareholders holding shares in Demat.	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) **Shareholders holding shares in physical form** will then directly reach the Company selection screen. However, **shareholders holding shares in demat form** will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN of Panama Petrochem Ltd. to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians-For Remote Voting Only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
  - It is mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



Alternatively Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@panamapetro.com](mailto:cs@panamapetro.com), if they have voted from individual tab & not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote again at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [cs@panamapetro.com](mailto:cs@panamapetro.com) from August 29, 2022 (9:00 a.m. IST) to August 31, 2022 (5:00 p.m. IST).
8. The shareholders who do not wish to speak during the AGM but have queries may send their queries 7 days prior to the meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@panamapetro.com](mailto:cs@panamapetro.com). These queries will be replied to by the Company suitably via email.
9. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
10. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM and upto the expiry of 15 minutes from the conclusion of the AGM.
11. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to those shareholders attending the meeting.
12. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice of the AGM and is holding shares as on the cut-off date i.e. August 29, 2022 should follow the same procedure as mentioned above for e-Voting and for attending the AGM.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES:**

1. For Physical shareholders- Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/ RTA email id.
2. For Demat shareholders- Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.



If you have any queries or issues regarding attending of AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800225533

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800225533.

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**  
**Place : Mumbai**

**Gayatri Sharma**  
**Company Secretary & Compliance Officer**

**Registered Office:**  
Plot No. 3303, G.I.D.C. Estate  
Ankleshwar - 393 002, Gujarat

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item No. 4**

The appointment of Mr. Kumar Raju Nandimandalam (DIN:00829724) as Independent Director of the Company was approved at the 37<sup>th</sup> AGM of the Company held on September 17, 2019, to hold office commencing from August 10, 2018 upto August 09, 2023. The Nomination & Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Kumar Raju Nandimandalam (DIN:00829724) as Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Nomination & Remuneration Committee, considers that, given his background, experience and contributions made by him during his tenure, the continued association of Mr. Kumar Raju Nandimandalam (DIN:00829724) would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director.

Accordingly, the Board in its meeting held on August 01, 2022, subject to the approval of members has re-appointed Mr. Kumar Raju Nandimandalam (DIN:00829724) as Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company. And has recommended his re-appointment for approval of the shareholders.

Mr. Kumar Raju Nandimandalam (DIN:00829724) is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has also received declarations from Mr. Kumar Raju Nandimandalam that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Kumar Raju Nandimandalam fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Mr. Kumar Raju Nandimandalam is independent of the management.

The Company has also received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Kumar Raju Nandimandalam for the office of Director of the Company.

Mr. Kumar Raju Nandimandalam has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. Mr. Kumar Raju Nandimandalam has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated June 20, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Director by the listed companies.

Relevant details relating to re-appointment of Mr. Kumar Raju Nandimandalam including his profile, as required by the Act, Listing Regulations and Secretarial Standards issued by ICSI are provided in the Notice.

Copy of draft letter of appointment of Mr. Kumar Raju Nandimandalam setting out the terms and conditions are available for inspection by the members. Mr. Kumar Raju Nandimandalam is interested in the resolution set out at Item No. 4 of the Notice with regard to his re-appointment.

The relatives of Mr. Kumar Raju Nandimandalam may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Special Resolution set out at Item No.4 of the Notice for approval by the members.





**Item No. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment of GMVP & Associates LLP, Cost Accountants, as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023 on remuneration of ₹ 2.20 Lakhs (Rupees two lakhs and twenty thousand only) per annum plus out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**  
**Place : Mumbai**

**Gayatri Sharma**  
**Company Secretary & Compliance Officer**


**Details of Directors seeking appointment/re-appointment at the AGM**

[Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards - 2 on General Meetings]

<b>Name of Director</b>	<b>Mr. Kumar Raju Nandimandalam</b>	<b>Mr. Samir A. Rayani</b>
DIN	00829724	00002674
Date of Birth	25.06.1967	19.12.1975
Date of Appointment	17.09.2019	01.12.2000
Expertise in specific functional area/skills and capabilities required for the role	<p>Mr. Kumar Raju Nandimandalam has a rich and wide experience in the field of Science and Technology.</p> <p>Mr. Kumar Raju possesses different set of skills including financial skills, leadership skills, sales and marketing skills etc. Mr. Kumar Raju Nandimandalam has an extensive experience of more than 32 years in the field of Petroleum and Lubricants.</p> <p>He is a founding Member and Managing Director of LSR Speciality Oils Private Limited and LSR Lubricants Private Limited.</p> <p>He oversees the entire operations of the Companies.</p>	<p>Mr. Samir Rayani has a wide experience in the field of business development, strategy, finance, governance, manufacturing of Petroleum Products and general management.</p>
Qualification	B.Tech (Chemical) & M.S.	B.E. (Chemical)
Disclosure of relationship between Directors/ KMP	Mr. Kumar Raju Nandimandalam is not related to any Director or KMP of the Company.	Mr. Samir A. Rayani is not directly related to any Director or KMP of the Company.
Directorship held in other Companies (excluding foreign companies)	1. LSR Speciality Oils Pvt. Ltd 2. LSR Lubricants Pvt. Ltd.	Panama Builders & Developers Pvt. Ltd.
Directorship/Membership of the Committee Board of other Listed Companies (including Listed Companies from which the Director has resigned in the past 3 years)	Nil	Nil
No. of shares held in the Company	Nil	18,44,478
No. of Board Meetings attended during the year	4 out of 4	4 out of 4
Details of remuneration last drawn	₹ 1.10 Lakhs	₹ 283 Lakhs
Terms and conditions of re-appointment	As mentioned in Resolution No.4	As per the resolution passed by the Shareholders of the Company on 37 <sup>th</sup> Annual General Meeting held on September 17, 2019

**DIRECTORS' REPORT****Dear Members**

Your Directors have pleasure in presenting the **FORTIETH** Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2022.

**FINANCIAL HIGHLIGHTS**

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	Financial Year 2021-22	Financial Year 2020-21	Financial Year 2021-22	Financial Year 2020-21
Revenue from operations	1,53,955.61	1,20,226.85	2,13,235.40	1,44,696.21
Other income	555.19	671.58	572.60	631.90
<b>Total income</b>	<b>1,54,510.80</b>	<b>1,20,898.43</b>	<b>2,13,808.00</b>	<b>1,45,328.11</b>
<b>Expenses</b>				
Operating expenditure	1,30,810.98	1,03,063.84	1,83,635.82	1,25,721.03
Depreciation and amortisation expense	543.82	495.59	840.00	761.24
<b>Total expenses</b>	<b>1,31,354.80</b>	<b>1,03,559.43</b>	<b>1,84,475.82</b>	<b>1,26,482.27</b>
Profit before finance costs, exceptional item and tax	23,156.00	17,339.00	29,332.18	18,845.84
Finance costs	423.75	579.75	705.76	894.64
<b>Profit before exceptional item and tax</b>	<b>22,732.25</b>	<b>16,759.25</b>	<b>28,626.42</b>	<b>17,951.20</b>
<b>Exceptional item</b>	-	-	-	-
Provision towards legal claim	-	-	-	-
<b>Profit before tax</b>	<b>22,732.25</b>	<b>16,759.25</b>	<b>28,626.42</b>	<b>17,951.20</b>
Tax expense	5,592.34	4,415.88	5,592.34	4,415.88
<b>Profit for the year</b>	<b>17,139.91</b>	<b>12,343.37</b>	<b>23,034.08</b>	<b>13,535.32</b>
<b>Opening balance of retained earnings</b>	<b>38,477.18</b>	<b>26,859.73</b>	<b>44,248.30</b>	<b>31,438.90</b>
<b>Closing balance of retained earnings</b>	<b>53,197.35</b>	<b>38,477.18</b>	<b>64,862.64</b>	<b>44,248.30</b>

**OPERATIONAL PERFORMANCE**

- Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) on a standalone basis for FY 2021-22 was ₹ 23,699.82 lakhs, which has resulted in an increase of 32.89 % in comparison with the previous year's EBIDTA.
- The Net profit after tax for F.Y. 2021-22 was ₹ 17,139.91 lakhs, as against ₹ 12,343.37 in the previous year, resulting in 38.86 % increase.
- The Company's standalone revenue from operations for FY 2021-22 was ₹ 1,53,955.61 lakhs which is an increase of 28% over the previous year's revenue.
- Additionally, the consolidated revenue from operations of the Company for the year ended March 31, 2022 was ₹ 2,13,235.40 lakhs which has increased by 47.37% on a Year on Year basis.
- Net Profit of the Company on a consolidated basis was ₹ 23,034.08 Lakhs which has increased by 70.18% as that of the previous year.
- EPS on standalone basis improved to ₹ 28.33 as against ₹ 20.40 in the previous year.
- Furthermore, EPS on consolidated basis has increased to ₹ 38.08 from ₹ 22.37

Due to higher price realization alongwith substantial increase in the sales of Company's products, your Company has witnessed a significant improvement in the operating performance during the financial year ended March 31, 2022. Standalone profit of the Company increased by 38.86%.



Through its operational excellence, higher efficiency and well executed strategies the Company was able to capitalize on the market conditions which has led to an increase in consolidated profit of the Company by 70.18% amounting to ₹ 23,034.08 lakhs.

### **COVID-19 AND ITS IMPACT**

The COVID-19 pandemic, continued to be a global challenge, creating disruption across the world. The first 2 months of this financial year had been amongst one of the most challenging times with the COVID-19 pandemic. Second wave of the pandemic caused a scale of suffering and resulted in severe disruptions across the world making mere survival and well-being the foremost priority for all. Your Company managed to navigate well through the difficult situation with support of its employees and the Management. There was no disruption to the Operations of the Company and its wholly owned Subsidiary.

### **DIVIDEND**

The Board of Directors at its meeting held on May 30, 2022, has recommended payment of ₹ 6 (300%) per equity share of the face value of ₹ 2 each as final dividend for the financial year ended March 31, 2022. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company.

During the year under review, the Board of Directors of the Company at its meeting held on November 12, 2021, declared an Interim dividend of ₹ 2 per equity share of ₹ 2 each. The total dividend amount for the financial year 2021-22, including the proposed final dividend, amounts to ₹ 8 (400%) per equity share of the face value of ₹ 2 each.

The dividend recommended is in accordance with the Dividend Distribution Policy of the Company. The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is available on the Company's website: <http://panamapetro.com/wp-content/uploads/2021/08/ddp-web.pdf>

The dividend payout ratio of the Company for the year under review is 21%. The total outflow towards dividend on Equity Shares for the year would be ₹ 4,839.48 lakhs.

The dividend will be paid to the members holding shares in electronic form as per the beneficiary position downloaded from the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as at the close of business hours on August 29, 2022 and to those Members holding shares in physical form, after giving effect to valid transmission and transposition in respect of valid requests lodged with the Company as at close of business hours, August 29, 2022. Dividend will be paid within two weeks from the date of declaration of dividend.

### **TRANSFER TO RESERVES**

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriations.

### **CREDIT RATING**

We are glad to inform you that based on the financial and operational performance of the Company for the year under review, CARE Ratings Limited has upgraded the rating on long term bank facilities to 'CARE A+; Stable' from CARE A; Stable and reaffirmed the rating on Short Term Bank Facilities to "CARE A1".

ICRA Ratings Limited has also reaffirmed the rating on long term bank facilities /fund based limits to ICRA=A(Stable) and on short term bank facilities/non-fund based limits to ICRA=A1.

### **SHARE CAPITAL**

The paid up Equity Share Capital as on March 31, 2022 was ₹ 1,209.87 lakhs. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.



**MATERIAL CHANGES AFFECTING THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report. There has been no change in the nature of business of the Company.

**SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

As on March 31, 2022 your Company has only one subsidiary, Panol Industries RMC FZE, UAE which is registered outside India.

The Consolidated Financial Statements of the Company and its subsidiary are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS').

The Consolidated Financial Statements of the Company and its subsidiary, form part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company.

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16 (1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The Policy, as approved by the Board, is uploaded on the Company's website:

<http://panamapetro.com/wp-content/uploads/2015/12/msp.pdf>

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the accompanying Financial Statements.

**PERFORMANCE AND FINANCIAL POSITION OF PANOL INDUSTRIES RMC FZE**

Net sales of Panol Industries RMC FZE have increased from ₹ 24,469.36 lakhs in the previous year to ₹ 59,279.79 Lakhs during the FY 2021-22. Net profit during the period is higher by 394.50 % to ₹ 5,894.17 lakhs, as compared to a net profit of ₹ 1,191.95 lakhs in the previous year.

Panol Industries RMC FZE, UAE, is a wholly owned subsidiary of the Company. The Company has a manufacturing facility in Ras Al Khaimah (UAE) with the objective of manufacturing petroleum specialty products to cater to the GCC & MENA regions.

The plant enjoys logistic advantage since it is situated on the port and has direct dedicated pipelines to receive and discharge raw material and finished products directly to bulk vessels.

During the year under review, no Company has become or ceased to be a subsidiary of the Company. The Company does not have any associate or joint venture companies. A statement containing the salient features of the financial position of the subsidiary companies is detailed in Form AOC.1, annexed as Annexure A.

**RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Regulations.

No material Related Party Transactions were entered during the financial year by the Company. Accordingly, the disclosure of Related Party Transactions, as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company and hence not provided.

No person or entity belonging to the promoter/promoter group, holds 10% or more shareholding in the Company, hence disclosure of transactions entered into with any such persons/entities is not applicable to the Company.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are planned/repetitive in nature. Related Party Transactions entered into pursuant to omnibus approval so granted are placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2022/04/Related-Party-Transaction-Policy.pdf>

Details of the transactions with Related Parties are provided in the accompanying financial statements.

## **RISK MANAGEMENT**

Risks being uncertain events that materially impact the organizational objectives. They are inherent in all business activities and must be balanced while assessing returns. Successfully managing risks is therefore the key to achieve Company objectives and ensure long-term sustainable growth of the Business. With this in mind and in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations your Company has constituted a Risk Management Committee which has been entrusted with the responsibility to assist the Board in (a) approving the Company's Risk Management Framework and (b) Overseeing all the risks that the organization faces such as strategic, financial, liquidity, security, regulatory, legal, and other risks that have been identified and assessed to ensure that there is a sound Risk Management Policy in place to address such concerns / risks. The Risk Management process covers risk identification, assessment, analysis and mitigation. The Audit Committee has additional oversight in the area of financial risks and controls.

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Regulation 21 of the Listing Regulations.

## **DIRECTORS**

Your Company's Board comprises of 8 Directors with considerable experience in their respective fields. Of these, 4 are Executive Directors and 4 Non-Executive (Independent) Directors. The Chairman of the Board is an Executive Director.

## **APPOINTMENT & CESSATION OF DIRECTORS**

In accordance with the provisions of Section 152 of the Act and the Company's Articles of Association, Mr. Samir Rayani (DIN: 00002674), Director retires by rotation and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting.

The Board of Directors, based on the performance evaluation report and recommendation of the Nomination & Remuneration Committee, has proposed the re-appointment of Mr. Kumar Raju Nandimandalam (DIN: 00829724) being an Independent Director, for a second term of 5 (five) consecutive years on the Board of the Company at the forthcoming Annual General Meeting by way of special resolution.

Brief profiles of both the directors seeking appointment/ reappointment have been given in the Notice convening the Annual General Meeting.

None of the directors have resigned from the Board during the year under review.

The Company has received disclosures from all the Directors of the Company as mandated under Section 164(2) and Section 184(1) of the Companies Act, 2013. Additionally, the Independent Directors of the Company have submitted declarations confirming that they meet with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfil the conditions of independence specified in the Listing Regulations and the Act and are independent of the Management of the Company.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite qualifications, experience and expertise in the fields of science and technology, human resources, strategy, auditing, corporate governance, etc.

The Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.



In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Details of Familiarisation Programme for the Independent Directors are provided separately in the Corporate Governance Report.

#### **APPOINTMENTS/RESIGNATIONS OF THE KEY MANAGERIAL PERSONNEL**

No Key Managerial Personnel has resigned or has been appointed during the year under review.

#### **BOARD AND COMMITTEE MEETINGS**

Your Company's Board of Directors met four times during the financial year under review. A calendar of Meetings is prepared and circulated in advance to your Directors.

Audit Committee of the Company as constituted by the Board is headed by Mr. Madan Mohan Jain with Mr. Samir Rayani and Mr. Mukesh Mehta as Members. There have not been any instances during the year when recommendations of the Audit Committee were not accepted by the Board. All the recommendations made by the Audit Committee were accepted by the Board.

Details of the composition of the Board, its Committees and the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Act and the Listing Regulations.

#### **PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS**

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The Nomination and Remuneration Committee conducts a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The Committee is also responsible for reviewing and vetting the resume of potential candidates vis-à-vis the required competencies and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

#### **CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR**

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations.

**Independence:** In accordance with the above criteria, a Director will be considered as an 'Independent Director' if he/ she meets with the criteria for 'Independent Director' as laid down in the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations.

**Qualifications:** A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the Nomination and Remuneration Committee considers the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

**Positive Attributes:** In addition to the duties as prescribed under the Companies Act, 2013, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal skills and soundness of judgment. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

**GOVERNANCE GUIDELINES**

The Company has adopted Governance Guidelines on Board Effectiveness. The Governance Guidelines encompasses aspects relating to composition and role of the Board, Chairman and Directors, Board Diversity, Definition of Independence, Term of Directors, and Committees of the Board. It also covers aspects relating to Nomination, Appointment, Induction and Development of Directors, Director's Remuneration, Subsidiary oversight, Code of Conduct, Board Effectiveness Review and Mandates of Board Committees.

**ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND OF DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including inter alia structure of the Board, qualifications, experience and competency of Directors, diversity in Board and process of appointment; Meetings of the Board, including regularity and frequency, agenda, discussion and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal for investors, stakeholder value and responsibility, conflict of interest, review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board, access of Board and management to each other, succession plan and professional development; degree of fulfillment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and management.

Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting of the strategic agenda of the Board, encouraging active engagement by all Board members, motivating and providing guidance to the Managing Director & CEO.

Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed the performance of the Board, its Committees and of the Directors. The Chairman of the Board provided feedback to the Directors on an individual basis, as appropriate. Significant highlights, learning and action points with respect to the evaluation were presented to the Board on regular intervals.

**REMUNERATION POLICY**

Your Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management, pursuant to the provisions of the Act and Listing Regulations.

The philosophy for remuneration of Directors, Key Managerial Personnel of the Company is based on the commitment of fostering a culture of leadership with trust. The Remuneration Policy of the Company is aligned to this philosophy.

**The Nomination and Remuneration Committee has considered the following factors while formulating the Policy:**

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to perform in a manner of the quality required to run the Company successfully;
- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Details of the Remuneration Policy are given in the Corporate Governance Report.

**LISTING OF SHARES**

Your Company's shares are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the Financial year 2021–2022. The GDRs of the Company are listed on Luxembourg Stock Exchange.

**CORPORATE GOVERNANCE**

Your Company has implemented all the mandatory requirements pursuant to Listing Regulations. A separate report on Corporate Governance is given as a part of the Annual Report along with the certificate received from the Practicing Company Secretary, M/s. Milind Nirkhe & Associates, Company Secretaries, confirming the compliance.

**PUBLIC DEPOSITS**

During the year under review, your Company did not accept any deposits from the public.

**INSURANCE**

Your Company has taken adequate insurance cover for all its assets.

**INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with reference to financial statements. Your Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

The Audit Committee has satisfied itself on the adequacy and effectiveness of the internal financial control systems laid down by the management. The Statutory Auditors have confirmed the adequacy of the internal financial control systems over financial reporting.

**CORPORATE SOCIAL RESPONSIBILITY**

As an integral part of our commitment to good corporate citizenship, your Company strongly believes in adopting steps to improve the quality of life of the people in the communities around us.

Founded on the philosophy that society is not just another stakeholder in its business, but the prime purpose of it, the Company, across its various operations is committed to making a positive contribution towards achieving long-term stakeholder value creation.

As the operations have expanded, your Company has retained a collective focus on the various areas of corporate sustainability that impact people, environment and the society at large.

The Board has constituted a Corporate Social Responsibility Committee headed by Mr. Mukesh Mehta as Chairman, with Mr. Amin A. Rayani and Ms. Nargis Kabani as Members. The Company has adopted a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013. As part of its CSR initiatives, the Company has undertaken projects in the areas of protecting the environment, promoting health care and education. The above projects are in accordance with Schedule VII of the Act. The Company has spent ₹ 167.25 lakhs (after setting-off the excess amount spent during F.Y. 2020-21) towards the CSR projects during the current Financial Year 2021-22.

The Annual Report on CSR activities is annexed as Annexure B.

**POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made there under. The Policy aims to provide protection to all its employees at the workplace and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee, to deal with the complaints of sexual harassment and recommend appropriate action there upon.

The Company has not received any complaint of sexual harassment during the financial year 2021-22.

#### **TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the applicable provisions of the Companies Act, 2013, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Consequently, no claim shall lie against the Company in respect of any such amounts.

The amount of unpaid / unclaimed dividend up to the financial year 2013-2014 has been transferred to IEPF. Members who have not yet encashed their dividend warrant(s) for the financial year ended March 31, 2015 and for any subsequent financial year, are requested to make their claims to the Company without any delay, to avoid transfer of their dividend/ shares to the Fund/ IEPF Demat Account.

Members are also requested to note that, pursuant to the provisions of Section 124 of the Act and the IEPF Rules, the Company is obliged to transfer all shares on which dividend has not been paid or claimed for seven consecutive years or more to an IEPF Demat Account.

Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in **Form IEPF- 5** (available on [iepf.gov.in](http://iepf.gov.in)) along with requisite fee as decided by the IEPF Authority from time to time.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

#### **AUDITORS**

##### ● **STATUTORY AUDITORS**

Pursuant to Sections 139 & 142 of the Companies Act, 2013, and the Rules made thereunder, JMR & Associates LLP, Chartered Accountants, (Registration No. 106912W/W100300) Mumbai, was appointed as Statutory Auditors of the Company to hold office for the period of 5 (Five) years from the conclusion of Annual General Meeting (AGM) held in 2020 until the conclusion of the Annual General Meeting to be held in the year 2025.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Auditors' Report for the financial year ended March 31, 2022, on the financial statements of the Company is a part of this Annual Report.

##### ● **COST AUDITORS**

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, and accordingly such accounts and records are made and maintained in the prescribed manner.

Based on the Audit Committee recommendation at its meeting held on May 30, 2022, GMVP & Associates LLP (LLPIN:- AAG-7360) has been appointed by the Board as the Cost Auditors of the Company for conducting an audit of the cost accounting records of the Company for financial year commencing from April 1, 2022 to March 31, 2023.





A Certificate from GMVP & Associates LLP, has been received, confirming that they are free from all the disqualifications as specified in the provisions of Section 141 of the Act and Rules framed thereunder.

Pursuant to the provisions of Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014, Members are requested to consider the ratification of the remuneration payable to GMVP & Associates LLP.

#### ● **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed CS. Milind Nirkhe, Practicing Company Secretary (Proprietor), practicing under the name & style M/S Milind Nirkhe & Associates, CP No: 2312 to undertake the Secretarial Audit of the Company for the year ended March 31, 2022. The Secretarial Audit Report for the year under review is annexed as Annexure C.

The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2022 do not contain any qualification, reservation, adverse remark or disclaimer.

#### **SECRETARIAL STANDARDS OF ICSI**

The Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by The Institute of Company Secretaries of India and approved by the Central Government.

#### **REPORTING OF FRAUDS BY AUDITORS**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported to the Audit Committee, any instances of frauds committed in the Company, by any of its Officers or Employees, under Section 143(12) of the Companies Act, 2013.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

##### **A. Conservation of Energy:**

The Company is aware of energy consumption and environmental issues related to it and is continuously making sincere efforts towards conservation of energy. The Company is in fact engaged in the continuous process of further energy conservation through improved operational and maintenance practices.

The Company has taken adequate actions to conserve the energy by introducing technically improved blending system resulting in reduction of Process time.

##### **(i) Steps Taken or Impact on Conservation of Energy:**

In line with the Company's commitment towards conservation of energy, all plants continue with their efforts aimed at improving energy efficiency through innovative measures, to reduce wastage and optimize consumption. Some of the measures taken by the Company in this direction are as under:

1. The Company has upgraded its regular mixing technology which has resulted in a good amount of energy conservation.
2. Company has upgraded its process technology to maximum automation, consequently saving a lot of energy that was initially utilized.
3. Solar power system have been installed resulting in huge reduction of energy consumption.
4. At its Plants, the Company has carried out various actions to optimize energy consumption and reduce losses.
5. Energy efficient motors and solar plants are being installed in order to optimize use of power.

##### **(ii) Steps taken by the Company for utilizing alternate sources of Energy:**

In addition to various initiatives around energy efficiencies, the Company has also focused on renewable sources of energy. Various steps have been taken for utilizing alternate sources of energy.

**(iii) Capital Investment on Energy Conservation Equipment:**

During the year, the Company has invested in various energy conservation equipment. The equipment in which investment was made included, various energy efficient electric motors. The Company has also installed power efficient material handling and flowing system which has played a major role in energy saving.

The Company has technically improved its thermo packs to get better fuel efficiency and lower emission stack.

**B. Technology Absorption:****(i) Efforts made towards Technology Absorption:**

Technology is a key enabler, core facilitator and is one of the strategic pillars of the Company. Since inception your Company has been at the forefront of leveraging technology to provide better products and services to its customers.

The Company has an updated R & D Centre at its Ankleshwar Plant. It is the technical centre of the Company and has been the backbone for most of our major product breakthroughs. This Centre at Ankleshwar is fully equipped with modern testing & analytical equipment's. The Centre is operated by the team of well qualified technocrats, as a result, the in – house R & D unit of your Company has been recognized by the **Ministry of Science & Technology & the Department of Scientific and Industrial Research (DSIR)**. With the help of this recognition and the in-house R & D facility the Company has been able to develop new products with higher quality.

Additionally, the Company shall continue to spend on R & D activities which will also assist in research for import substitution, energy conservation and control of pollution.

Our technical centre has developed various innovative products with international quality standards and techniques to ensure zero environmental impact. These products are de-aromatized low & high viscosity oils with low PAH & PCA content as per European norms as a result of which it is not only well accepted and appreciated in domestic & international markets but is also used by all large rubber industries, Ink & Textile industries.

Consequently, these products have reduced the amount of imports with minimum environmental impact and carbon footprint.

Your Company is also in the process of developing ecofriendly pesticides with minimum residual impact which is suitable for organic farming as well. Your Company is planning to collaborate with leading agricultural universities for further research in this regard.

**(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:**

Technology has responded by being true strategic partner with business. The Company has derived many benefits from R & D and technology absorption which includes product development, product improvement & effective cost management. Technology has also played a major role in ensuring high level of service delivery.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- (a) the details of technology imported: The Company has not imported any technology during the last three financial years.
- (b) the year of import: Not Applicable
- (c) whether the technology has been fully absorbed: Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable



**Expenditure on research & development: -**

The expenditure on R&D activities incurred during the year is given hereunder:

Particulars	(₹ in lakhs)
Capital	0.00
Revenue	48.95
Total R&D Expenditure	48.95
Total Turnover	1,53,955.61
Total R&D Expenditure as a Percentage of total turnover	0.03%

**C. Foreign exchange earnings and outgo:**

- Export Activities:** During the year under review the Company has made Import/Export as given in (ii) below.
- Foreign Exchange Earnings and Outgo:**

	(₹ in lakhs)
Total Foreign Exchange Inflow	56,790.95
Total Foreign Exchange Outflow	1,02,623.71

**PARTICULARS OF EMPLOYEES**

The information required under Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and the information required under Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure D forming part of the Report.

**ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022 is available on the Company's website at <http://panamapetro.com/wp-content/uploads/2022/07/Annual-Return-2021-22.pdf>

**AUDITORS' REPORT**

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

**MANAGEMENT DISCUSSION & ANALYSIS, BUSINESS RESPONSIBILITY AND CORPORATE GOVERNANCE REPORT**

The Management Discussion and Analysis Report, the Business Responsibility Report and the Report on Corporate Governance, as required under the Listing Regulations, forms part of this Annual Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of Section 134 (3) (c) and 134 (5) of the Companies Act, 2013, and to the best of their knowledge and belief and according to the information and explanations obtained by them and same as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- they have selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**ACKNOWLEDGEMENT**

We thank our Clients, Investors, Dealers, Suppliers and Bankers for their continued support during the year. We place on record our appreciation for the contributions made by employees at all levels. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**

**Place : Mumbai**

**Amirali E. Rayani**

**Chairman**

**DIN: 00002616**



## ANNEXURE A TO THE DIRECTORS' REPORT

## FORM AOC.1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures [Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

## Part "A": Subsidiaries

(₹ in lakhs)

Sr. No.	Particulars	1
1	Name of subsidiary	Panol Industries RMC FZE, UAE
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	No
3	Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	AED=20.5542
4	Share Capital	5,185.62
5	Reserves & Surplus	12,224.92
6	Total Assets	21,221.82
7	Total liabilities	3,811.28
8	Investments	0.00
9	Turnover	59,297.20
10	Profit before taxation	5,894.17
11	Provision for taxation	0.00
12	Profit after taxation	5,894.17
13	Proposed Dividend	0
14	% of shareholding	100%

Part B of the Annexure is not applicable as there are no associate companies/joint ventures of the Company as on March 31, 2022.

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

Date : **August 01, 2022**  
Place : **Mumbai**

**Amirali E. Rayani**  
Chairman  
DIN: 00002616

**ANNEXURE B TO THE DIRECTORS' REPORT****Annual Report on CSR Activities**

1. A brief outline on Corporate Social Responsibility (CSR) Policy of the Company: The focus areas of the CSR Policy of the Company are as follows:

The CSR policy of the Company encompasses its philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013. By applying its resources towards communities that need it the most, the Company ensures equitable access. The Company's CSR strategy incorporates an inclusive approach into the design of every program.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Mukesh Mehta (Chairperson)	Independent Non - Executive Director	2	2
2	Ms. Nargis Kabani	Independent Non - Executive Director	2	2
3	Mr. Amin Rayani	Managing Director & CEO	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:
  - Composition of CSR committee:  
[http://panamapetro.com/wp-content/uploads/2021/06/Board\\_of\\_Directors\\_Its\\_Committees.pdf](http://panamapetro.com/wp-content/uploads/2021/06/Board_of_Directors_Its_Committees.pdf)
  - CSR Policy: [http://panamapetro.com/wp-content/uploads/2021/06/CSR\\_Policy\\_amended.pdf](http://panamapetro.com/wp-content/uploads/2021/06/CSR_Policy_amended.pdf)
  - CSR projects approved by the board:  
[http://panamapetro.com/wp-content/uploads/2022/05/Approved-CSR-Projects\\_22-23.pdf](http://panamapetro.com/wp-content/uploads/2022/05/Approved-CSR-Projects_22-23.pdf)
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Lakhs)	Amount required to be setoff for the financial year, if any (₹ in Lakhs)
1.	2020-21	5.24	5.24

6. Average net profit of the Company as per Section 135(5): ₹ **8,225.79 Lakhs**
7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ **164.52 Lakhs**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**  
 (c) Amount required to be set off for the financial year, if any: ₹ **5.24 Lakhs**  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ **159.28 Lakhs**



**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (₹ in lakhs)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
167.25 (after setting-off the excess amount of ₹ 5.24 Lakhs from F.Y.2020-21)	NIL	-	-	NIL	-

- (b) Details of CSR amount spent against ongoing projects for the financial year: **Nil**
- (c) Details of CSR amount spent against other than ongoing projects for the financial year: **Annexure B-1**
- (d) Amount spent in Administrative Overheads: **Nil**
- (e) Amount spent on Impact Assessment, if applicable: **Not Applicable**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **167.25 Lakhs**  
(after setting-off the excess amount of ₹ 5.24 Lakhs from F.Y.2020-21)
- (g) Excess amount for set off, if any: ₹ **7.97 Lakhs**

Sr. No.	Particulars	Amount (₹ in lakhs )
(i)	Two percent of average net profit of the Company as per Section 135(5)	<b>164.52</b>
(ii)	Total amount spent for the Financial Year (including excess amount of ₹ 5.24 Lakhs spent in F.Y. 2020-21)	<b>172.49</b>
(iii)	Excess amount spent for the financial year [(ii)-(i)]	<b>7.97</b>
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	<b>7.97</b>

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (₹ crore)	Amount spent in the reporting Financial Year (₹ crore)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
	-	NIL	-	-	NIL	-	-

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NIL**



10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)
- (a) Date of creation or acquisition of the capital asset(s): **None**
  - (b) Amount of CSR spent for creation or acquisition of capital asset: **NIL**
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : **Not Applicable**
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**
11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) : **Not Applicable**

**Date : August 01,2022**  
**Place : Mumbai**

**Amin A. Rayani**  
**Managing Director & CEO**  
**DIN: 00002652**

**Mukesh Mehta**  
**Chairman - CSR Committee**  
**DIN: 00002702**



Annexure B-1 to CSR Report (point 5 (c) of the CSR Report) (₹ in lakhs)

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local Area Yes/No	(5) Location of the Project		(6) Amount spent for the project (₹ in Lakhs)	(7) Mode of implementation -Direct(Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	51.00	DIRECT	NIL	-
2	Disaster Management	Clause (xii), Disaster Management	YES	Maharashtra	Mumbai	5.00	INDIRECT	Vardhman Sanskar Dham	CSR00000484
3	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	1.50	DIRECT	NIL	-
4	Education	Clause (ii), Promoting Education	NO	Delhi	New Delhi	26.00	INDIRECT	Focus Humanitarian Assistance India	CSR00015098
5	Education	Clause (ii), Promoting Education	YES	Maharashtra	Mumbai	6.00	INDIRECT	Vidya Prasarak Mandal	CSR000004805
6	Healthcare	Clause (i), Promoting Healthcare	YES	PAN-India	PAN-India	30.00	INDIRECT	Sansthanam Abhay Daanama	CSR00001492
7	Animal Welfare	Clause (iv), Animal Welfare	YES	Noida; Maharashtra	Sunpura; Tirthankar Leni	25.00	INDIRECT	Sansthanam Abhay Daanama	CSR00001492
8	PM Care Fund	Clause (viii), PM Care Fund	YES	PAN-India	PAN-India	5.00	INDIRECT	NIL	-
9	Education	Clause (ii), Promoting education	YES	Maharashtra	Mumbai	11.00	DIRECT	NIL	-
10	Health Care	Clause (viii), Government Fund	YES	Gujarat	Gujarat	6.75	INDIRECT	Gujarat CSR Authority Project Funds	CSR00002979
	<b>Total</b>					<b>167.25</b>			



ANNEXURE C TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2022.

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
**PANAMA PETROCHEM LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PANAMA PETROCHEM LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the PANAMA PETROCHEM LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2022 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **PANAMA PETROCHEM LIMITED** ("the Company") for the financial year ended March 31, 2022 ('Audit Period'), according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009: Not applicable to the Company for the audit period;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: Not applicable to the Company for the audit period;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008: Not applicable to the Company for the audit period;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not applicable to the Company for the audit period;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not applicable to the Company for the audit period.



**vi. Other laws specifically applicable to the Company namely:**

- The Petroleum Act, 1934
- Lubricating Oils & Greases (Processing, Supply, & distribution Regulation) Orders, 1987
- Drugs & Cosmetics Act, 1940
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Industries (Development & Regulations) Act, 1951
- Hazardous Waste (Management, Handling & Trans-boundary Movement) Rule-2008

**I have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligation & Disclosure Requirements), Regulation 2015 entered into by the Company with Stock Exchanges

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**I further report that** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period of the Company there are no events having a major bearing on the Companies Affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Date : August 01, 2022**  
**Place : Mumbai**

**CS. MILIND NIRKHE**  
**FCS No: 4156**  
**C P No.: 2312**  
**UDIN NO: F004156D000717000**



**'Annexure A'**

To,  
The Members  
**PANAMA PETROCHEM LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Date : August 01, 2022**  
**Place : Mumbai**

**CS. MILIND NIRKHE**  
**FCS No: 4156**  
**C P No.: 2312**  
**UDIN NO: F004156D000717000**



**ANNEXURE D TO THE DIRECTORS' REPORT****[Pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

1. The ratio of the remuneration of each Director to the median remuneration of the Employees of the Company for the financial year:

**(Explanation:** (i) the expression "**median**" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one; (ii) if there is an even number of observations, the median shall be the average of the two middle values)

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year:

The ratio of remuneration of each Director to the Median Remuneration of all employees who were on the payroll of the Company and the percentage increase/decrease in remuneration of the Directors during the financial year 2021-22 are given below:

Directors	Ratio to Median	Percentage Increase/Decrease in Remuneration
Mr. Amirali Rayani	97.82	-34.40%
Mr. Samir Rayani	96.80	-34.64%
Mr. Hussein Rayani	96.80	-34.64%

Managing Directors & CEO	Ratio to Median	Percentage Increase/Decrease in Remuneration
Mr. Amin Rayani	97.21	-34.55%

The percentage increase in remuneration of the Chief Financial Officer is 10% and of the Company Secretary is 10%

3. The percentage increase in the median remuneration of employees in the financial year: 10%
4. The number of permanent employees on the rolls of Company: 156
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year 2021-22 was 10%.
6. Affirmation that the remuneration is as per the Remuneration Policy of the Company: It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management, adopted by the Company.

**Disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016**

The following details are given in respect of top ten employees in terms of remuneration Name & age (years), designation, remuneration (₹ in lakhs), qualification & experience (Years), date of commencement of employment, last employment held (Name of employer, post held)

1. Mr. Amirali Rayani (78), Chairman, ₹ 286.00 lakhs, SSC. (50), 09.03.1982, None.
2. Mr. Amin Rayani (50), Managing Director & CEO, ₹ 284.2 lakhs, B.Com.(26), 01.12.2000, None
3. Mr. Samir Rayani (47), Whole-time Director, ₹ 283 lakhs, B.E-Chemical. (25) 01.12.2000, None.
4. Mr. Hussein Rayani (44), Joint Managing Director, ₹ 283 lakhs, Masters Degree in Chemical Engineering (23), 01.04.2004, None



5. Mr. Pramod Maheshwari (45), Chief Financial Officer, ₹ 46.83 lakhs, B.Com., CA, (22), 19.04.2010, Unimark Remedies Limited- General Manager.
6. Ms. Gayatri Sharma (37), Company Secretary & Compliance Officer ₹ 34.85 lakhs, B.Com, CS, L.L.B. (14), 08.12.2010, Pinkcity Build home Pvt. Ltd. - Company Secretary.
7. Mr. Santosh Kamath (48), National Sales Manager, ₹ 32.84 lakhs, B.E (Chemical), (27), 01.11.2012, M/s ITW Chemin- OEM Sales.
8. Mr. Pradip kumar Nikam (60), Vice President, ₹ 25.53 lakhs, BE Electrical, (38), 20.01.1982, Kankariya Chemicals.
9. Mr. P.K Johari (65), Area Sales Manager, ₹ 24.76 lakhs, MSC (43), 01.04.2016, GP Petroleum Ltd.-Senior Vice President-RPO.
10. Mr. Mayur Jagdish Parikh (43) Area Sales Manager ₹ 22.3 lakhs, B.SC.(chemistry), DBM (21.5), 01.08.2013, GP Petroleum Ltd.- Senior Marketing Manager.

**Notes:**

1. The nature of employment is contractual for all the above employees.
2. None of the employees of the Company are related to any Directors of the Company except Mr. Amirali Rayani - Chairman of the Company and Mr. Amin Rayani-Managing Director & CEO of the Company.
3. Name of the employees employed throughout the year were in receipt of remuneration of not less than ₹ 1 crore and 2 lakhs for the year: Mr. Amirali Rayani, Mr. Amin Rayani, Mr. Samir Rayani and Mr. Hussein Rayani. (The required details of these employees are provided in the above mentioned disclosure)
4. Name of the employees employed for the part of the year were in receipt of remuneration of not less than ₹ 8.50 lakhs per month: Nil
5. The percentage of equity shares held by the employee in the Company within the meaning of Clause (iii) of sub rule (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 - Not Applicable

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**  
**Place : Mumbai**

**Amirali E. Rayani**  
**Chairman**  
**DIN:00002616**



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Panama Petrochem Ltd. presents the analysis of the Company for the year ended March 31, 2022 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments both in India and abroad.

This Management Discussion and Analysis ("MD&A") Report of Panama Petrochem Ltd. for the year ended March 31, 2022 contains financial highlights but does not contain the complete financial statements of the Company. It should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2022.

### **GLOBAL ECONOMY**

The geopolitical crisis unfolded while the global economy was on a recovery path from the Covid-19 pandemic, with a significant divergence between the economic recoveries of advanced economies, emerging market and developing ones. Recent International Monetary Fund (IMF) Report projects global growth at 3.6% in 2022 and 2023.

The Russia-Ukraine war has not only triggered a costly humanitarian crisis but at the same time, economic damage from the conflict will contribute to a significant slowdown in the global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries the hardest. Surging commodity prices and international sanctions levied against Russia are expected to depress global economic growth. In addition to the war, frequent and wider-ranging lockdowns in China including in other key manufacturing hubs have also slowed the activities.

### **INDIAN ECONOMY**

Indian Economy has shown remarkable resilience in the midst of COVID-19 re-emergence and the geo political fallout. Coverage of vaccination across the Country, reduced hospitalization and fatality have enabled to focus on the revival of the economy. According to a UN Report, India is projected to grow by 6.4% in 2022, slower than the last year's 8.8% but is still one of the fastest-growing major economy, despite inflationary pressures and uneven recovery of the labour market.

### **INDUSTRY OVERVIEW**

The war in Ukraine has resulted in a major shock to commodity markets, altering global patterns of trade, production, and consumption in ways that will keep prices at historically high levels.

According to World Bank Report, Energy prices are expected to rise more than 50% in 2022 before easing in 2023 and 2024. Because of war-related trade and production disruptions, the price of Brent crude oil is expected to average \$100 a barrel in 2022, its highest level since 2013 and an increase of more than 40% compared to 2021. Prices are expected to moderate to \$92 in 2023—well above the five-year average of \$60 a barrel.

### **BUSINESS OVERVIEW**

Established in 1982, Panama Petrochem Ltd. is one of the leading manufacturers & exporters of nearly 80 variants of petroleum specialty products.

The products are vital for various industries like inks and resins, textiles, rubber, pharmaceuticals, cosmetics, power, cables and other industrial purposes. With an object to continue its expansion, the Company has established a manufacturing subsidiary in UAE i.e. **Panol Industries**, in order to cater the markets of middle east and African Continent. Your Company exports to more than 70 countries with overseas revenue contribution of around 40% in F.Y.2021-22.

### **MANUFACTURING FACILITIES**

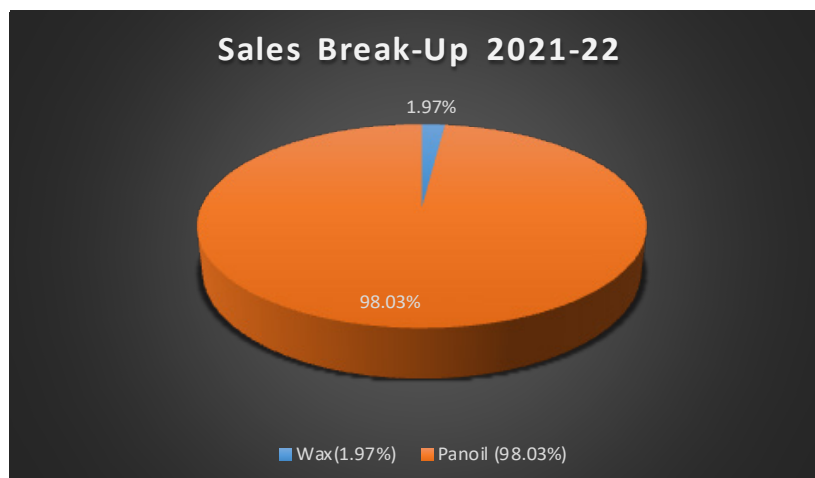
The Company has adequate manufacturing capacity to cater the domestic as well as International requirements. It has four manufacturing units, all located in western India, namely in Ankleshwar (Gujarat), Daman (Union Territory), Taloja (Raigadh, Maharashtra) and Dahej (Bharuch, Gujarat). The Company's products are exported to more than 70 countries globally. The Company has the certification of being a Star Export House. The Company has a fully equipped state-of-the-art Research and Development Center at its Ankleshwar unit where it formulates new and value-added products. The Company manufactures nearly 80 product variants used across 6-7 broad industry segments. The Company is accredited as ISO 9001:2008 certification by Benchmark.

The Company develops customized products as per client specifications in the field of petroleum and feeds to various industries like Printing Ink, Resin, Cosmetics, Rubber products, Pharmaceuticals, Engineering, and Chemicals including Petro Chemicals.



Over the years, the Company has formed strong relations with its clientele, comprising of leading names across sectors. Its ability to offer customized products complying with global quality standards has enabled to generate business not only from existing clients, but has also added new clients through business referral.

**PRODUCT WISE SALES BREAK UP FOR THE FINANCIAL YEAR 2021-22**



Panoil is the key product of the Company, it has various variants depending upon its end use application.

**FUTURE OUTLOOK**

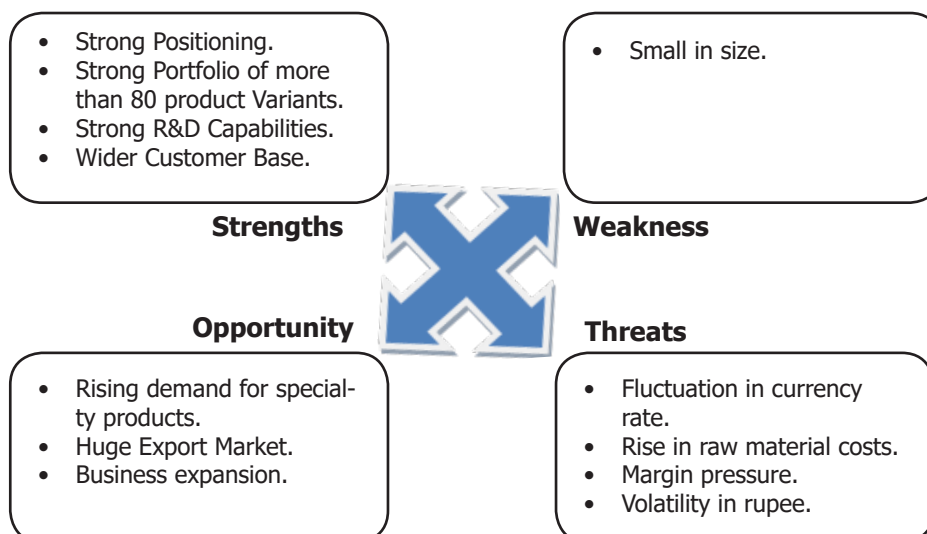
The Company is undergoing an expansion plan to increase its installed capacity. The expansion will be entirely financed through internal accruals. The expanded capacity will go on-stream in batches annually from the second half of F.Y. 2022-23.

We expect to fully utilize the incremental capacity within 2 years of complete implementation.

The Company is hopeful to override the adverse effects of the price fluctuations in the petroleum industry by resorting to bulk purchases and cost control measures.

In management's view, the Company will continue to strengthen its financial position with stable production volumes and positive improvements in raw material prices.

**SWOT PROFILE**



**OPPORTUNITIES**

The recent positive signs emerging from the western world, augur well for our international business particularly for some of the specialized products strategically earmarked for export markets.

With increasing industrialization, focus on infrastructural development and outsourcing boom, the demand for the petroleum products manufactured by the Company is likely to further improve in the coming years. Demand for intermediates, specialty chemicals etc. will increase the demand for petroleum specialty products. This will result in a significant growth in this industry. Growing demand from the rubber industry, personal care industry, and power sector will lead to a strong demand of petroleum products. The relationship established by the Company with the clientele would help in further growth of the business. Moreover, the Company has been increasing its presence in the export markets like USA, Africa, Europe and Asia.

**THREATS**

Changes in Government policies, especially regarding import of Base Oil will have an adverse impact on the performance of the Company. However, considering the multifarious purposes for which it is used, the domestic supplies are not adequate to meet such domestic demands, hence, the possibilities for any extreme changes in Government policies appear to be remote.

**RISKS AND CONCERNS**

- **Strategic and Commercial Risks**

Company's financial performance is subject to the fluctuating prices of crude oil and downstream petroleum products. Prices of products are affected by supply and demand, both globally and regionally. Factors that influence fluctuations in crude prices and crude availability include operational issues, natural disasters, political instability, economic conditions and Government pricing policy of petroleum products among others.

- **Environmental Risks**

All phases of the oil business present environmental risks and hazards. As a result, they are subject to environmental regulation pursuant to a complex blend of federal, provincial, and municipal laws and regulations. The Company is in compliance with current applicable environmental rules and regulations.

- **Financial Risks**

Financial risks associated with the petroleum industry include fluctuation in commodity prices, interest rates, and currency exchange rates and profitability of the Company depends on the prices and availability of the base oils. Foreign exchange risk is tracked and managed within the risk management framework. The interest rate risk is managed by the Company through various financial instruments available to convert floating rate liabilities into fixed rate liabilities or vice-versa.

- **Operational Risks**

Operational risks include competitive environmental factors, reservoir performance uncertainties, dependence upon third parties for commodity transportation & processing and a complex regulatory environment. The Company closely follows the applicable Government regulations. The Company carries insurance coverage to protect itself against those potential losses that could be economically insured.

- **Cyber Security Risks**

The use of information and telecommunication technologies is increasing, resulting in greater security threats to its digital infrastructure. A breach of the digital security or disruptions to the digital infrastructure, of the Company, due to intentional actions, such as cyber-attacks or human error could lead to serious impacts to its businesses. These impacts may include injury to staff, loss of control, impact on continuity or damage to assets and services, harm to the environment, the loss of sensitive data or information, legal and regulatory breaches and reputational damage. But the Company continues to strengthen its responses to cyber security threats through proactive and reactive risk mitigations.

- **Safety Risks**

Safety is an ever-evolving journey. The Company's manufacturing facilities have adopted Safety Management System. Regular audits are conducted to assess the on-ground implementation of various processes prescribed by Safety Management System. Critical safety incidents are studied by the senior leadership.


**PERFORMANCE**

- Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) on a standalone basis for F.Y. 2021-22 was ₹ 23,699.82 lakhs, an increase of 32.89% over the previous year's EBIDTA.
- The Company earned a net profit after tax of ₹ 17,139.91 lakhs, higher by 38.86%, as against a net profit after tax of ₹ 12,343.37 lakhs in the previous year.
- The Company's standalone revenue from operations for F.Y. 2021-22 was ₹ 1,53,955.61 lakhs which is an increase of 28% over the previous year's revenue.
- The consolidated revenue from operations of the Company for the year ended March 31, 2022 was ₹ 2,13,235.40 lakhs higher by 47.37% on a Year on Year basis.
- Net Profit on a consolidated basis was at ₹ 23,034.08 lakhs higher by 70.18% over the previous year's profit.
- EPS on standalone basis has improved to ₹ 28.33 as against ₹ 20.40 in the previous year.
- EPS on consolidated basis is higher from ₹ 22.37 to ₹ 38.08.

In spite of frequent pandemic waves and uncertain geopolitical environment, a significant improvement in the operating performance of your Company was witnessed during the financial year 2021-22. Standalone profit of the Company increased by 38.86% due to higher price realizations with substantial increase in demand of the Company's products.

The Company was able to capitalize on the market conditions through its operational excellence, higher efficiency and well executed strategies which led to an increase in consolidated profit of the Company by 70.18% to ₹ 23,034.08 lakhs.

The consolidated revenue from operations of the Company for year ended March 31, 2022 has increased by 47.37% to ₹ 2,13,235.40 lakhs.

With a combination of an enhanced product mix helped by specialty products and continual improvement in the efficiency of operations, the Company has managed to keep its operating margins healthy during the year and has achieved a substantial improvement in the EBIDTA levels.

**KEY FINANCIAL RATIOS**

Ratio Analysis	Units	Standalone		Consolidated	
		F.Y. 2022	F.Y. 2021	F.Y. 2022	F.Y. 2021
Trade Receivable/Debtors Turnover Ratio	Times	5.52	4.97	6.66	5.04
Inventory Turnover Ratio	Times	4.41	5.32	4.98	4.68
Current Ratio	Times	1.96	2.02	2.13	1.86
Debt Equity Ratio	Times	-	0.02	0.04	0.12
Operating Profit Margin	%	15.04	14.42	13.76	13.02
Net Profit Ratio	%	11.13	10.27	0.11	0.09
Return on Networth	%	29.95	28.01	34.66	27.23
Debt Service/Interest Coverage Ratio	Times	55.93	30.76	42.75	21.92
Return On Equity Ratio	%	29.95	28.01	0.35	0.27
Trade Payables Turnover Ratio	Times	3.88	3.95	4.72	4.21
Net Capital Turnover Ratio	Times	3.66	3.88	3.98	3.99
Return on Capital Employed	%	35.85	34.76	0.38	0.34

The Company continues to have a high interest coverage ratio indicating stronger financial health and capability of meeting interest obligations.



**HUMAN RESOURCE / INDUSTRIAL RELATIONS**

The Company recognizes the importance and contribution of human resources in its growth & development and values their talent, integrity and dedication. The Company offers a highly entrepreneurial culture with a team based approach that we believe encourages growth and motivates its employees. The Company has been successful in attracting and retaining key professionals and intends to continue seeking fresh talent to further enhance and grow its business.

It is the people that make an organization. With human resources department being the custodian of all people related processes, it becomes a critical factor in organisational success. The HR works with an objective of aligning the aspirational needs of the people with the organizational objectives of sustained growth, market leadership and cost competitiveness. Its sole aim is to build the Company as an exemplary organisation that inspires excellence every day. People development has been a constant focus of HR.

**SUSTAINABILITY**

It has been a constant endeavour of the Company to formulate, adopt and improve its business model, embracing both sustainability and growth agenda. This model helps us build efficiencies to achieve sustainable business performance. As part of our sustainability agenda, we focus on conservation of environment, natural resources and energy efficiency. Our operational strategy is built on a long term commitment to experiment and implement new ideas for improving efficiencies and minimizing the use of input resources. Our continued endeavours towards improving productivity and efficiency of all processes, equipments and systems as well as optimization measures have made the Company as one of the most efficient players in terms of energy consumption and resource utilization.

Focus on renewable energy continues to remain a thrust area in our sustainability agenda. This has helped the Company in conserving precious natural resources.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has in place, adequate internal control systems and procedures covering all the financial and operating functions. These have been designed to provide adequate assurance to the management regarding compliance with the accounting standards by maintenance of appropriate accounting records, monitoring the economy and efficiency of operations, protecting the assets of the Company from losses and ensuring the reliability of financial and operational information through proper compliance with the statutory enactments and its rules and regulations.

The Company has an effective and adequate internal audit and control system. The Internal audits are conducted by a firm of Chartered Accountants, ably supported by an internal team staffed with qualified and experienced people. All operational activities are subject to internal audits at frequent intervals. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

The Audit Committee of the Board of Directors, regularly reviews the findings of the internal auditors, adequacy of internal controls, financial controls, compliance with the accounting standards, as well as recommends to the Board, the adoption of the quarterly and annual results of the Company and appointment of auditors. The Audit Committee also reviews the related party transactions, entered into by the Company during each quarter.

**CAUTIONARY STATEMENT**

Readers are cautioned that this Management Discussion and Analysis Report may contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. The Company's actual performance may differ materially from those expressed or implied in the statement as important factors could influence Company's operations such as effect of political conditions in India and abroad, economic development, new regulations, Government policies and such other factors which are beyond the control of the Company and may impact the businesses as well as its ability to implement the strategies.

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**  
**Place : Mumbai**

**Amirali E. Rayani**  
**Chairman**  
**DIN:00002616**



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**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The fundamental principle of Corporate Governance is achieving sustained growth legally, ethically and in the best interest of all stakeholders. It is not a mere compliance of laws, rules and regulations, but a commitment to values, best management practices and adherence to the ethical principles in all its dealings, to achieve the objectives of the Company, enhance stakeholder value and discharge its social responsibility.

Your Company's Corporate Governance philosophy is based on transparency, accountability, values and ethics, which forms an integral part of the Management's initiative in its ongoing pursuit towards achieving excellence, growth and value creation. Your Company is committed to highest standards of Corporate Governance and disclosure practices to ensure that its affairs are managed in the best interest of all stakeholders.

Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as disclosures related to the leadership and governance of the Company.

The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism, and accountability.

Your Company is in compliance with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**2. BOARD OF DIRECTORS****(a) Composition**

The Board of Directors, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing stakeholder value. Your Company has an engaged and well informed Board with qualifications and experiences in diverse areas. The Board composition is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act').

The Company recognizes and embraces the importance of a diverse Board in its success and it believes that a truly diverse Board would leverage differences in thought, perspective, knowledge, skill and industry experience, which will enrich Board discussions and enable effective decision making. The Board has an optimal mix of Executive and Non-Executive Directors who have considerable expertise in their respective fields including competencies required in context of Company's businesses. The Board effectively separates the functions of governance and management and balances deliverables.

As on March 31, 2022 your Company's Board comprises of 8 Directors with considerable experience in their respective fields. Of these, 4 are Executive Directors and 4 Non-Executive (Independent) Directors. The Chairman of the Board is an Executive Director.

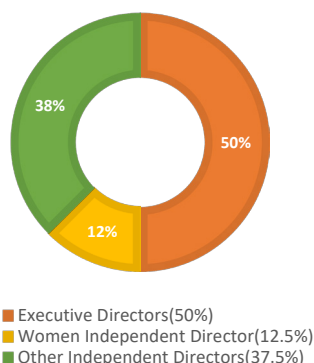
All Directors possess relevant qualifications and experience which enables them to effectively contribute to the Company in their capacity as Directors.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee), across all the Companies in which he/she is a Director.

None of the Director holds office in more than 20 Companies and in more than 10 public Companies. All Directors are also in compliance of the limit on Independent Directorships of listed Companies as prescribed in Regulation 25 (1) of the Listing Regulations.



**Board Composition as on March 31, 2022**



**(b) Meetings and attendance during the year**

Four Board Meetings were held during the financial year April 1, 2021 to March 31, 2022. The maximum gap between any two Board meetings was within the stipulated time.

The agenda was circulated well in advance to the Board members, along with comprehensive background information on the items in the agenda to enable the Board to arrive at appropriate decisions. The information as required under Part A of Schedule II to the Listing Regulations is made available to the Board. The Company Secretary, in consultation with the Chairman & Managing Director, drafts the agenda of the meetings.

At Board Meetings, the Chairman apprises the Board on the overall performance of the Company. The Board also, inter alia, reviews the quarterly, half-yearly and annual financial results, compliance reports on all laws applicable to the Company, minutes of Board Meetings of subsidiaries and minutes of meetings of Committees of the Board. In addition, the Board is kept informed of all major events. Based on the agenda, members of the senior leadership are invited to attend the Board Meetings, which brings in requisite accountability and provides developmental inputs.

Details of attendance of Directors in the Board Meetings during the financial year April 1, 2021 to March 31, 2022 are as under:

Sr. no.	Name of the Director	Category of Directorship	Attendance details		
			Board Meetings Attended	% of total meetings attended during the tenure as a Director	Last AGM (06.09.2021)
1	Mr. Amirali E. Rayani	Executive Director	4	100	Yes
2	Mr. Amin A. Rayani	Executive Director	4	100	Yes
3	Mr. Hussein V. Rayani	Executive Director	4	100	Yes
4	Mr. Samir A. Rayani	Executive Director	4	100	Yes
5	Mr. Mukesh Mehta	Independent Non-Executive	4	100	Yes
6	Mr. Madan Mohan Jain	Independent Non-Executive	4	100	Yes
7	Ms. Nargis Mirza Kabani	Independent Non-Executive	4	100	Yes
8	Mr. Kumar Raju Nandimandalam	Independent Non-Executive	4	100	Yes

**Number of Board Meetings held and the dates of the Board Meeting**

During the Financial Year April 1, 2021 to March 31, 2022, 4 (Four) meetings were held on the following dates: May 31, 2021, August 05, 2021, November 12, 2021, and February 11, 2022



**(c) Number of Other Companies or Committees the Director is a Director / Member / Chairman:**

Name of the Director & Designation	Category	Directorship held in other listed entities	No. of positions held in other Public Companies		
			Board	Committee	
				Membership	Chairmanship
Mr. Amirali E. Rayani	Executive Director (Chairman)	Nil	Nil	Nil	Nil
Mr. Amin A. Rayani	Executive Director (Managing Director & CEO)	Nil	Nil	Nil	Nil
Mr. Hussein V. Rayani	Executive Director (Joint Managing Director)	Nil	Nil	Nil	Nil
Mr. Samir A. Rayani	Executive Director	Nil	Nil	Nil	Nil
Mr. Madan Mohan Jain	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Mr. Mukesh Mehta	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Ms. Nargis Mirza Kabani	Independent & Non Executive Director	Nil	Nil	Nil	Nil
Mr. Kumar Raju Nandimandalam	Independent & Non Executive Director	Nil	Nil	Nil	Nil

1. Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013.
2. Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for committee positions.
3. Mr. Amirali E. Rayani & Mr. Amin A. Rayani are directly related to each other; Mr. Samir A. Rayani & Mr. Hussein V. Rayani are members of the extended family.

**(d) Independent Directors**

The Independent Directors have submitted declaration(s) that they meet the criteria of Independence laid down under the Companies Act, 2013 and the Listing Regulations. The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

The Company has also issued formal appointment letters to all the Independent Directors in the manner provided under the Companies Act, 2013 read with the Rules issued thereunder. A sample letter of appointment/re-appointment containing the terms and conditions, issued to the Independent Directors, is posted on the Company's website.

Based on the intimations/disclosures received from the Directors periodically, none of the Directors of the Company hold memberships/Chairmanships more than the prescribed limits.

The Company has also undertaken Directors and Officers Insurance (D and O Insurance) for all its Independent Directors.

**(e) Selection of Independent Directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee,



inter alia, considers qualifications, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

**(f) Familiarization Programme for Independent Directors**

The Company has an orientation programme upon induction of new Directors, as well as other initiatives to update all the Directors of the Company on a continuous basis. The Company also has an ongoing familiarization programme for its Independent Directors, with the objective of familiarizing them with the Company, its operations and business model, nature of the industry, Corporate Overview, Statutory Reports, Financial Statements and environment in which it operates, the regulatory environment applicable to it, the CSR projects undertaken by the Company and also the roles, rights and responsibilities of Independent Directors. During the year, the Company organized several familiarization programmes for Directors.

The familiarization programme for Independent Directors is disclosed on the Company's website at the following web link: <http://panamapetro.com/wp-content/uploads/2022/04/Familiarisation-Program-for-Independent-Directors.pdf>

**(g) Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on November 12, 2021, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations.

**At the Meeting, the Independent Directors:**

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors of the Company attended the Meeting of Independent Directors. Mr. Madan Mohan Jain chaired the Meeting.

**(h) Skills, Expertise and Competencies of the Board**

The Board of Directors have, identified the following core skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning:

- Leadership experience in managing companies and associations including general management
- Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.
- Experience in human resources and communication
- Relevant experience and knowledge in the matters of Safety and Corporate Social Responsibility including environment, sustainability, community and values.
- Sales & Marketing: Experience in sales and marketing management based on understanding of the industry
- General management/Governance: Strategic thinking, decision making and protect interest of all stakeholders
- Expertise in the field of science and knowledge relating to the petroleum industry



On the basis of the above-mentioned skill matrix, the skills which are currently available with the Board are as under:

Directors	Leadership experience	Financial skills	Experience in human resources and communication	Safety and Corporate Social Responsibility	Sales & Marketing	General management/ Governance	Expertise in the field of science and knowledge
Mr. Amirali E. Rayani	✓	✓		✓	✓	✓	
Mr. Amin A. Rayani	✓	✓		✓	✓	✓	
Mr. Hussein V. Rayani	✓				✓	✓	✓
Mr. Samir A. Rayani	✓			✓	✓	✓	✓
Mr. Madan Mohan Jain		✓				✓	✓
Mr. Mukesh Mehta	✓	✓		✓	✓		
Ms. Nargis Mirza Kabani			✓	✓		✓	
Mr. Kumar Raju Nandimandalam	✓	✓				✓	✓

### 3. AUDIT COMMITTEE

#### (a) Terms of Reference of Audit Committee

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

Role of Audit Committee inter alia, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment.
- Approving payment to statutory auditors for any other services rendered by them.
- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.



- Reviewing and monitoring the auditors independence, performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of the CFO after assessing qualifications, experience and background of the candidate.
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
- Reviewing the utilization of loans and/or advances from/investment by the Company in its subsidiary Company.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and on its shareholders.
- Reviewing the following information:
  - The Management Discussion and Analysis of financial condition and results of operations;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses;
  - The appointment, removal and terms of remuneration of internal auditors / chief internal auditor.
  - Statement of Deviations:
    - Quarterly Statement of deviations including report of monitoring agency, submitted to exchanges in terms of Regulation 32(1).
    - Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

**(b) Composition, name of Members, Chairman and their attendance at meetings during the year**

The Audit Committee of the Company is constituted in accordance with the provisions of Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Companies Act, 2013. All members of the Committee are financially literate.





During the Financial Year April 1, 2021 to March 31, 2022, 4 (Four) meetings were held on the following dates: May 31, 2021, August 05, 2021, November 12, 2021, and February 11, 2022

**The attendance of each member of the committee is given below:**

Name of the Member	Attendance at the Audit Committee Meeting	% of total meetings attended during the tenure as a Director / Secretary
Mr. Madan Mohan Jain ( Chairman)	4	100
Mr. Mukesh Mehta(Member)	4	100
Mr. Samir A. Rayani (Member)	4	100
<b>Company Secretary</b>		
Ms. Gayatri Sharma	4	100

During the year, the Audit Committee reviewed key audit findings covering operational, financial and compliance areas. Risk mitigation plans covering key risks affecting the Company were presented to the Committee.

The meetings of the Audit Committee are usually attended by the Chairman, the Chief Financial Officer, Internal Auditor, the Company Secretary and a representative of the Statutory Auditors. The Business and Operation Heads are invited to the Meetings, when required. The Company Secretary acts as the secretary to the Committee.

The Chairman of the Audit Committee, Mr. Madan Mohan Jain was present at the Annual General Meeting of the Company held on September 06, 2021.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Committee's constitution and terms of reference are in compliance with Provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

**(a) Terms of Reference of Nomination and Remuneration Committee, inter alia, includes the following:**

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- In terms of appointment of every Independent Director, the committee shall evaluate the balance of skills, knowledge and experience on the Board, the committee shall prepare a description of the role and capabilities required of an Independent Director. The person appointed as an Independent Director shall have the capabilities as identified in such description.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board. And whether to extend or continue to the term of appointment of the Independent Director, on the basis of the evaluation of the Independent Director.
- To devise a policy on Board diversity.
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.



**(b) Board and Director Evaluation and criteria for evaluation**

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors (including independent directors), as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter alia, degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director & CEO.

**(c) Composition, name of Members, chairman and their attendance at meetings during the year**

During the Financial Year April 1, 2021 to March 31, 2022, 2 (two) meetings were held on May 31, 2021 and November 12, 2021.

Name of the Member	Attendance at the Nomination & Remuneration Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman)	2	100
Mr. Madan Mohan Jain (Member)	2	100
Ms. Nargis Kabani (Member)	2	100
<b>Company Secretary</b>		
Ms. Gayatri Sharma	2	100

The Chairman of the Nomination and Remuneration Committee, Mr. Mukesh Mehta was present at the Annual General Meeting of the Company held on September 06, 2021.

**(d) Remuneration Policy of the Company**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and Senior Management is based on the commitment of fostering a culture of leadership with trust.

The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (ii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

**Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

• **Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees



etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

#### **Remuneration to Non- Executive / Independent Director:**

- **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

- **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

No remuneration is paid to any Non-Executive Directors during the financial year April 1, 2021 to March 31, 2022 except sitting fee for attending Board meetings and committee meetings.

#### **(e) Details of the Executive Directors Remuneration for the financial year ended March 31, 2022**

(₹ in lakhs)

REMUNERATION		DIRECTORS				
		Executive Directors				
		Mr. Amirali E. Rayani	Mr. Amin A. Rayani	Mr. Samir A. Rayani	Mr. Hussein V. Rayani	Non-Executive Directors
(a)	Salary & Allowances (fixed)	36.00	34.20	33.00	33.00	0.00
(b)	Benefits & Perquisites	0.00	0.00	0.00	0.00	0.00
(c)	Bonus / Commission Additional Salary	250.00	250.00	250.00	250.00	0.00
(d)	Pension, Contribution to Provident fund & Superannuation Fund	Nil	Nil	Nil	Nil	Nil
(e)	Stock Option Details(if any)	The Company has not offered any Stock Options to its employees.				



REMUNERATION		DIRECTORS				
		Executive Directors				
		Mr. Amirali E. Rayani	Mr. Amin A. Rayani	Mr. Samir A. Rayani	Mr. Hussein V. Rayani	Non-Executive Directors
(f)	Notice period	The Agreement may be terminated by either party giving the other party six months' notice.				Reasonable (to be decided by the Board) written notice, to be served
(g)	Severance fess	Nil				Nil

**Note:** The agreement with each Executive Director is for a period of 5 years.

**(f) Details of the Sitting Fees paid to Non-Executive Directors for the financial year ended March 31, 2022**

(₹ in lakhs)

Name of the Non-Executive Director	Amount of Sitting Fees Paid
Mr. Madan Mohan Jain	2.10
Mr. Mukesh Mehta	2.30
Ms. Nargis Mirza Kabani	1.50
Mr. Kumar Raju Nandimandalam	1.10

**(g) Shareholdings of Non-Executive Directors**

None of the Non-Executive Directors held shares in the Company as on March 31, 2022.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted Stakeholders Relationship Committee in accordance with the Provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

**Terms of Reference of Stakeholders Relationship Committee:**

- To look into redressing shareholders and investors' complaints and to expedite the process of redressal of complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividends etc. and carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.



**(a) Composition, name of Members, chairman and their attendance at meetings during the year**

Name of the Member	Attendance at the Stakeholders Relationship Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta ( Chairman )	1	100
Mr. Madan Mohan Jain( Member)	1	100
Mr. Amin A. Rayani (Member)	1	100
Mr. Amirali E. Rayani (Member)	1	100
<b>Company Secretary</b>		
Ms. Gayatri Sharma	1	100

**(b) Meetings of the Committee**

During the Financial Year April 1, 2021 to March 31, 2022, 1 (One) meeting was held on August 05, 2021

**(c) Name & Designation of the Compliance Officer**

Ms. Gayatri Sharma, Company Secretary is the Compliance Officer of the Company.

**(d) Redressal of Complaints**

Shareholders may send their complaint for redressal to the email ID: [cs@panamapetro.com](mailto:cs@panamapetro.com)

**(e) No. of Complaints received, resolved/pending/ not resolved to the satisfaction of the shareholder during the financial year:**

During the financial year, the Company has received only one complaint from the shareholders, which has been successfully resolved.

**6. RISK MANAGEMENT COMMITTEE:**

Regulation 21 of the SEBI Listing Regulations mandates top 1000 listed entities, determined on the basis of market capitalisation as at the end of the immediate preceding financial year, to constitute a Risk Management Committee ('RMC'), in view of the same your Company has constituted a Risk Management Committee with a primary objective of assisting the Board of Directors in overseeing the Company's risk management processes and controls and enhance stakeholder value. The Committee attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

**The terms of reference of the Risk Management Committee are as follows:**

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks faced by the Company, including financial, operational, sectoral, sustainability (ESG related matters) information, cyber security risks or any other risk as deemed necessary by the committee.
  - Risk Mitigation measures including systems and processes for the internal control of identified risks.
  - Business Continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the Company;
- To monitor and oversee implementation of the risk management policy including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy by considering the changing industry dynamics and evolving complexity;



- To keep the Board of Directors informed about the nature and contents of its discussions, recommendations and actions to be taken;
- To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any

The Board has adopted a Risk Management Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company at <http://panamapetro.com/wp-content/uploads/2022/07/Risk-Management-Policy.pdf>

**(a) Composition, name of Members, chairman and their attendance at meetings during the year:**

Name of the Member	Attendance at the Risk Management Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman )	3	100
Mr. Amin A. Rayani (Member)	3	100
Ms. Madan Mohan Jain (Member)	3	100
<b>Company Secretary</b>		
Ms. Gayatri Sharma	3	100

**(b) Meetings of the Committee**

During the Financial Year April 1, 2021 to March 31, 2022, 3 (Three) meetings were held on the following dates: August 05, 2021, November 12, 2021 and February 11, 2022.

**7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social responsibility policy and observe practices of Corporate Governance at all levels.

The Committee's constitution and terms of reference meet with the requirements of the Companies Act, 2013.

**Terms of Reference of the Committee, inter alia, includes the following:**

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the implementation of the framework of the CSR Policy.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company: [http://panamapetro.com/wp-content/uploads/2021/06/CSR\\_Policy\\_amended.pdf](http://panamapetro.com/wp-content/uploads/2021/06/CSR_Policy_amended.pdf)

The Annual Report on CSR activities for the year 2021-22 forms a part of the Directors' Report.

**(a) Composition, name of Members, chairman and their attendance at meetings during the year**

Name of the Member	Attendance at the Corporate Social Responsibility Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman )	2	100
Mr. Amin A. Rayani (Member)	2	100
Ms. Nargis Kabani (Member)	2	100



Name of the Member	Attendance at the Corporate Social Responsibility Committee Meeting	% of total attended during the tenure as a Director / Secretary
<b>Company Secretary</b>		
Ms. Gayatri Sharma	2	100

**(c) Meetings of the Committee**

During the Financial Year April 1, 2021 to March 31, 2022, 2 (Two) meetings were held on the following dates: May 31, 2021 and February 11, 2022.

**8. GENERAL BODY MEETINGS****(a) Particulars of past three Annual General Meetings of the Company:**

Year	Date	Venue	Time	No. of Special Resolution(s) passed
2019	September 17, 2019	Conference hall of Hotel Lords Plaza at C 4/6, GIDC, Old National Highway No. 8, Ankleshwar, Gujarat 393 002	11:30 A.M	5
2020	September 08, 2020	Through Video Conference	11:30 A.M	2
2021	September 06, 2021	Through Video Conference	11:30 A.M	0

**(b) Postal Ballot:**

The Company had not conducted any postal ballot during the year.

**(c) Disclosure Regarding appointment / re-appointment of Director in the ensuing AGM:**

As required under 36(3) of the Listing Regulations and Secretarial Standard - 2, particulars of the Directors seeking appointment/ re-appointment are provided in the notice convening this meeting.

**9. CODE OF CONDUCT**

The Company has adopted a Code of Conduct for all Board members and senior management which incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code is posted on the Company's website. All Board members and senior management personnel (as per Regulation 26 (3) of the Listing Regulations) have affirmed compliance with the applicable Code of Conduct.

A declaration to this effect, signed by the Managing Director & CEO forms part of this Report.

Apart from receiving sitting fees that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates. None of the Non- Executive Directors are inter-se related to each other.

The Directors and senior management of the Company have made disclosures to the Board confirming that there are no material financial and/ or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

**10. SUBSIDIARIES**

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing Regulations as amended. The said policy has been uploaded on the website of the Company. **Panol Industries RMC FZE** is a material subsidiary in the current accounting year as per the thresholds laid down under the Listing Regulations, and accordingly requirements relating to composition of Board of Directors of Unlisted Material subsidiary is complied with.





The Company's Audit Committee reviews the consolidated financial statements of the Company as well as the financial statements of the subsidiaries, including the investments made by the subsidiaries. The minutes of the Board Meetings, along with a report of the significant transactions and arrangements of the unlisted subsidiary of the Company are periodically placed before the Board of Directors of the Company.

## **11. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

As per the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), the Company has formulated and implemented a Code of Conduct for Regulating, Monitoring and Reporting of trading by the Designated Persons and their immediate relatives.

All the Designated Persons as defined in the Code are governed by this Code. The Company has also formulated and uploaded on its website the Code of Practices and Procedure for Fair Disclosure of Unpublished Price Sensitive Information as envisaged under Regulation 8(1) of above regulations.

As required under Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulation, 2015 (as amended), Audit Committee of the Board of Directors of the Company has reviewed the Compliances with the provisions of these regulations and has also verified the internal control systems in this respect and the same are adequate and operating effectively.

## **12. DISCLOSURES**

### **(a) Related Party Transactions:**

There are no materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large. The other related party transactions are given in Notes to Accounts annexed to and forming the part of Balance Sheet and Profit and Loss Account of the Company. The Company has formulated a Related Party Transactions Policy and the same is displayed on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2022/04/Related-Party-Transaction-Policy.pdf>

### **(b) Non-compliance by the Company, Penalties, Strictures:**

There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

### **(c) Disclosure of Risk management:**

The Company has a robust and comprehensive framework for identification and mitigation of risks. The Risk Management Committee is responsible for reviewing the risk management processes and ensuring its effectiveness. The Audit Committee has an additional oversight on financial risks and controls. Further details on risk management are given in the Management Discussion & Analysis Report which forms part of this Annual Report.

### **(d) Whistle Blower Policy:**

The Company has formulated a policy for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The policy also lays down the mechanism to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matter of public concern involving violation of law, mismanagement, misappropriation of public funds etc.

The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**(e) Material Subsidiary:**

The Company has formulated a policy for determining material subsidiaries and the Policy is disclosed on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2015/12/msp.pdf>

**(f) Disclosure of Accounting Treatment:**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 and other relevant provisions of the Act.

**(g) Details of compliance with mandatory requirements:**

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance. A certificate from the practicing Company Secretary to this effect has been included in this report.

**(h) Managing Director & CEO and the Chief Financial Officer certification:**

The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to CEO/ CFO certification for the Financial Year ended March 31, 2022.

**(i) Discretionary Requirements:**

The status of compliance with the non- mandatory requirements listed in Part E of Schedule II of the Listing Regulations, is as under:

- **Reporting of Internal Auditor**  
The Internal Auditor reports to the Audit Committee.
- **Modified Opinion(s) in the Audit Report**  
The financial statements of the Company are with unmodified audit opinion.

**(j) Prevention, prohibition and redressal of sexual harassment at workplace:**

Status of complaints in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 for the FY 2021-2022 is as follows:

Number of complaints filed during the financial year	: 0
Number of complaints disposed of during the financial year	: 0
Number of complaints pending as on end of the financial year	: 0

**(k) Details of utilization of funds:**

The Company has not raised any funds through preferential allotment or qualified institutions placement.

**(l) Confirmation by the Board of Directors regarding acceptance of recommendation of all Committees:**

In terms of the amendments made to the Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from all its Committees.

**(m) Total Fees paid by the Company and its subsidiary, on a consolidated basis to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

A total fee of ₹ 21.70 lakhs was paid by the Company and its subsidiaries, on a consolidated basis, for all services rendered by JMR & Associates LLP, Statutory Auditors.



**(n) Loans and Advances:**

The Company has not advanced any loan to Firms/Companies where Directors are interested.

**(o) Dividend Distribution Policy:**

The Company has formulated a Dividend Distribution Policy and has disclosed the same on the Company's website at the web link: <http://panamapetro.com/wp-content/uploads/2021/08/ddp-web.pdf>

**13. MEANS OF COMMUNICATION**

**(a) Quarterly Results / Annual Results:**

The quarterly and the annual results, published in the format prescribed by the Listing Regulations read with the Circular issued thereunder, are approved and taken on record by the Board of Directors of the Company. The approved results are forthwith uploaded on the designated portals of the Stock Exchanges where the Company's shares are listed viz., NSE Electronic Application Processing System (NEAPS) of the National Stock Exchange of India Ltd. (NSE) and BSE Online Portal of BSE Ltd. (BSE). The results are also published within 48 hours in Economic Times and Lokmitra (English & Gujarati editions) and are also displayed on the Company's website: [www.panamapetro.com](http://www.panamapetro.com)

**(b) Posting of Information on the website of the Company:**

The Annual / Quarterly results of the Company, Share Holding Pattern, and other official news are regularly posted on its website: [www.panamapetro.com](http://www.panamapetro.com)

**(c) The Management Discussion and Analysis Report forms a part of the Annual Report.**

**(d) Presentations made to institutional investors/to the analysts:**

The presentations made to the institutional investors/analysts are made available on the website of the Company: <http://panamapetro.com/analyst-institutional-investors-meetings/>

**14. GENERAL SHAREHOLDERS INFORMATION**

**(a) Annual General Meeting:**

**Day, Date and Venue** : Monday, September 05, 2022 through Video Conference only.  
**Time** : 11.30 A.M.

**(b) Financial Year : April 2022 to March 2023**

**Financial Calendar**

Events	Tentative time frame
Financial Reporting for the second quarter ending September 30, 2022	2nd week of November, 2022
Financial Reporting for the third quarter ending December 31, 2022	2nd week of February, 2023
Financial Reporting for the fourth quarter ending March 31, 2023	Last Week of May, 2023

**(c) Dates of Book Closure:**

August 30, 2022 to September 1, 2022 (Both days inclusive)

**(d) Dividend Payment Date:**

Interim - 07.12.2021  
Final - Within two weeks from the declaration of the dividend



**(e) Listing on Stock Exchanges:**

**Equity Shares**

The Shares of the Company are listed on:

- **BSE Limited:** Mumbai Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-01.
- &
- **National Stock Exchange of India Ltd.:** Exchange Plaza, 5th Floor, Plot No.C/1,G Block. Bandra Kurla Complex, Bandra (E), Mumbai-51.

**Stock Code:**

BSE Limited: 524820

National Stock Exchange of India Limited: PANAMAPET

Demat ISIN Number for NSDL & CDSL: INE305C01029

The Company has paid the listing fees to these Stock Exchanges for the Financial Year 2021-22.

**Global Depository Receipts(GDRs):**

The GDRs of the Company are listed on Luxembourg Stock Exchange.

**Security codes of GDRs:**

COMMON CODE : 065195372  
ISIN : US6982941055  
CUSIP : 698294105

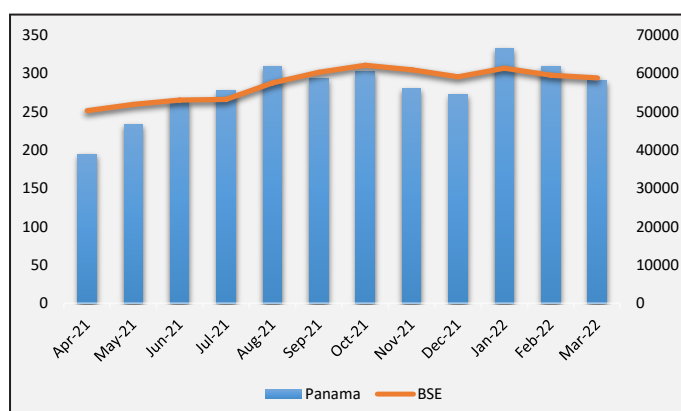
**(f) Market Price Data:**

High/ low of market price of the Company's equity shares traded on BSE during the last financial year April 1, 2021 to March 31, 2022 were as follows:

Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE	Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE
April	194.75	199.4	140	135	October	303.05	303	244.8	245.1
May	234	234	174.1	175.35	November	281	281	227.05	227
June	263.9	264.3	206.1	206.05	December	272.45	275.1	238.5	238.8
July	278.7	278.9	235.25	236	January	332.55	333	250	249.7
August	309.65	309.8	241	240.3	February	308.95	309	212.5	214.45
September	294	295	258.6	258.5	March	291.55	291.7	217.1	216.3

Source: www.bseindia.com & www.nseindia.com

**(g) Performance in comparison to BSE SENSEX:**





**(h) Registrar and Share Transfer Agent & Share Transfer System:**

Members may correspond with the Company's Registrars and Share Transfer Agents, **M/s Bigshare Services Pvt. Ltd.**, quoting their folio numbers/ DP ID and Client ID at the following addresses:

<b>Name</b>	<b>Bigshare Services Pvt. Ltd.</b>
<b>Address</b>	Office No S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400093.
<b>Telephone No.</b>	91-22-62638200
<b>E mail</b>	info@bigshareonline.com

**(i) Share Transfer System**

The Company's shares are traded in the BSE Ltd. & National Stock Exchange of India Limited, compulsorily in Demat mode.

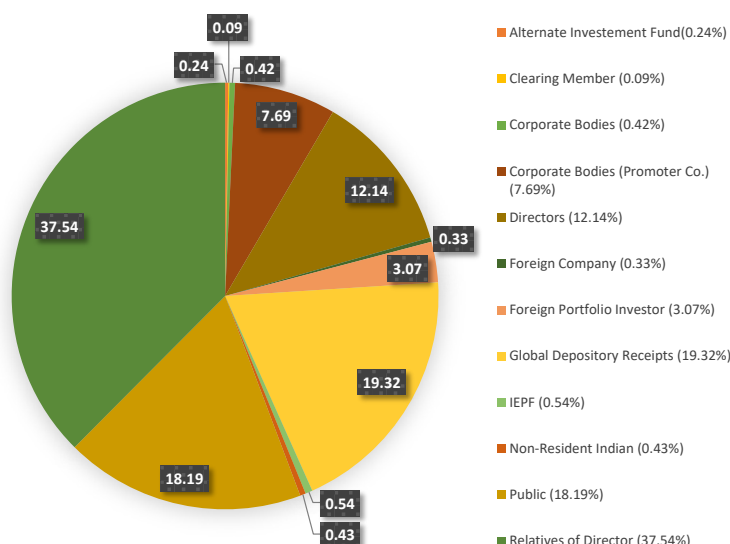
Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in demat form.

**(j) Distribution of Shareholding as on March 31, 2022:**

<b>Shareholding of Nominal Value of</b>		<b>Shareholders</b>		<b>Share Amount</b>	
₹	₹	<b>Number</b>	<b>% to Total</b>	<b>In ₹</b>	<b>% to Total</b>
<b>(1)</b>		<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
Up to 5,000		29,988	98.0641	99,76,052	8.2455
5,001	10000	291	0.9516	21,87,964	1.8084
10,001	20000	140	0.4578	20,77,644	1.7172
20,001	30000	53	0.1733	13,23,316	1.0938
30,001	40000	20	0.0654	7,03,460	0.5814
40,001	50000	16	0.0523	7,22,954	0.5975
50,001	100000	30	0.0981	19,97,902	1.6513
100,001 and Above		42	0.1373	10,19,97,904	84.3047
<b>Total</b>		<b>30,580</b>	<b>100</b>	<b>12,09,87,196</b>	<b>100</b>

**(k) Shareholding Pattern as on March 31, 2022:**

<b>Category</b>	<b>Total Shares</b>	<b>Percentage</b>
ALTERNATE INVESTMENT FUND	1,44,462	0.24
CLEARING MEMBER	55,224	0.09
CORPORATE BODIES	2,56,045	0.42
CORPORATE BODIES (PROMOTER CO)	46,50,943	7.69
DIRECTORS	73,45,251	12.14
FOREIGN COMPANY	1,96,620	0.33
FOREIGN PORTFOLIO INVESTOR	18,55,398	3.07
GLOBAL DEPOSITORY RECEIPTS	1,16,85,937	19.32
IEPF	3,29,137	0.54
NON-RESIDENT INDIAN	2,61,884	0.43
PUBLIC	1,10,01,522	18.19
RELATIVES OF DIRECTOR	2,27,11,175	37.54
<b>Total</b>	<b>6,04,93,598</b>	<b>100.00</b>



#### (I) Secretarial Audit:

- M/s Milind Nirkhe & Associates, Practicing Company Secretaries have conducted the Secretarial Audit of the Company for the financial year 2021-22. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.
- Pursuant to Regulation 40 (9) of the Listing Regulations with the Stock Exchanges, certificates have been issued on a half-yearly basis, by the Company Secretary in practice.
- The Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).
- The Company has obtained an Annual Secretarial Compliance Report from M/s Milind Nirkhe & Associates, Practicing Company Secretaries confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended March 31, 2022.
- M/s Milind Nirkhe & Associates, Practicing Company Secretaries have issued a certificate confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The Certificate of Company Secretary in practice is annexed herewith as a part of the Report.

#### (m) Dematerialization of shares and liquidity:

As on March 31, 2022 about 99.08% of the Company's equity paid-up capital had been dematerialized. Trading in equity shares of the Company at the Stock Exchange is permitted compulsorily in demat mode.

#### (n) Commodity price risk or foreign exchange risk and hedging activities:

During the year, the Company has managed foreign exchange risk and hedged to the extent considered necessary. Net open exposures are reviewed regularly and covered through forward contracts.

**(o) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Outstanding GDRs as on March 31, 2022 are 3,11,625 representing 1,16,85,937 Equity shares constituting 19.32 % of the paid up share capital of the Company.

**(p) Credit Rating:**

We are glad to inform you that based on the financial and operational performance of the Company for the year under review, CARE Ratings Limited has upgraded the rating on long term bank facilities to 'CARE A+; Stable' from CARE A; Stable and reaffirmed the rating on Short Term Bank Facilities to "CARE A1".

ICRA Ratings Limited has also reaffirmed the rating on long term bank facilities /fund based limits to ICRA=A(Stable) and on short term bank facilities/ non-fund based limits to ICRA=A1.

**(q) Plant Locations:**

The Company has the following units located at:

1. Plot No: 3303, GIDC Industrial Estate, Ankleshwar-393 002, Gujarat.  
Tel: 91-2646-221 068 / 250 281  
Email: [ankl@panamapetro.com](mailto:ankl@panamapetro.com)
2. Survey No: 78/2, Daman Industrial Estate, Unit III, Poly Cab Road, Village Kadaiya, Dist. Daman, Daman (UT)-396 210.  
Tel: 91-260-329 1311  
Email: [daman@panamapetro.com](mailto:daman@panamapetro.com)
3. Plot No. H-10-11-12 and H-15 M.I.D.C., Taloja, Navi Mumbai - 410208.  
Tel: 91-22-27411456  
Email: [taloja@panamapetro.com](mailto:taloja@panamapetro.com)
4. Plot No. 23 & 24 SEZ ,Dahej, Bharuch District, Gujarat-392110.  
Tel:91-2641-320980  
Email: [dahej@panamapetro.com](mailto:dahej@panamapetro.com)

**(r) Address for Correspondence:**

The shareholders may send their communication grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:

**Corporate Office:****Panama Petrochem Ltd.**

401, Aza House, 24, Turner Road,  
Bandra (W), Mumbai 400 050  
Phone: 022- 42177777 Fax: 022- 42177788  
e-mail: [cs@panamapetro.com](mailto:cs@panamapetro.com)

By Order of the Board of Directors  
For **Panama Petrochem Ltd.**

**Date : August 01, 2022**  
**Place : Mumbai**

**Amirali E. Rayani**  
**Chairman**  
**DIN:00002616**



**CEO Certificate On Corporate Governance**

To,  
The Members of  
**PANAMA PETROCHEM LIMITED**

I, Amin A. Rayani, Managing Director & CEO of Panama Petrochem Limited hereby declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended March 31, 2022.

For **Panama Petrochem Ltd.**

**Date : May 30, 2022**  
**Place: Mumbai**

**Amin A. Rayani**  
**Managing Director & CEO**  
**DIN: 00002652**

**Registered Office :**  
Plot No.3303, GIDC Estate,  
Ankleshwar - 393 002, Gujarat

**CEO & CFO Certification**

To,  
The Board of Directors,  
**PANAMA PETROCHEM LIMITED**

**We hereby certify that:**

- (a) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Panama Petrochem Ltd.**

**Date : May 30, 2022**  
**Place: Mumbai**

**Amin A. Rayani**  
**Managing Director & CEO**  
**DIN: 00002652**

**Pramod Maheshwari**  
**CFO**

**Certificate Of Non-Disqualification Of Directors**

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by Panama Petrochem Limited, having its Registered office at Plot No.3303, GIDC Estate, Ankleshwar, Gujarat-393002 and also the information provided by the Company, its officers, agents and authorized representatives, we hereby report that during the Financial Year ended March 31, 2022, in our opinion, none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

**For MILIND NIRKHE & ASSOCIATES**  
**Company Secretaries**

**MILIND NIRKHE**  
**Membership No: 4156**  
**CP NO: 2312**  
**UDIN NO: F004156D000423531**

**Date : May 30, 2022**  
**Place : Mumbai**

**Practicing Company Secretary's Certificate on Corporate Governance**

To,

**The Members of Panama Petrochem Limited**

We have examined the compliance of the conditions of Corporate Governance by Panama Petrochem Limited ('the Company') for the year ended 31st March, 2022 as stipulated under Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C,D,& E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")

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 Corporate Governance. It is neither 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, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

**For MILIND NIRKHE & ASSOCIATES**  
**Company Secretaries**

**MILIND NIRKHE**  
**Membership No: 4156**  
**CP NO: 2312**  
**UDIN NO: F004156D000717143**

**Date : August 01, 2022**  
**Place : Mumbai**



## **Business Responsibility Report**

Panama Petrochem Limited is committed to fulfilling its economical, environmental and social responsibilities while conducting its business. The Company is conscious of its impact on the society within which it operates. The Company works towards resource conservation, improving social relations within the communities where it operates and works towards generating value for all stakeholders.

During the year under review, the Company continued to fulfil its obligation as a responsible corporate citizen thereby contributing to the society in the form of inclusive growth of the stakeholders associated with the Company. Panama Petrochem Limited also endeavors to undertake initiatives under the principles prescribed in the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business.

### **Section A: General Information about the Company:**

1.	Corporate Identity Number (CIN)	:	L23209GJ1982PLC005062
2.	Name of the Company	:	Panama Petrochem Limited
3.	Registered Address	:	Plot No. 3303, GIDC Estate, Ankleshwar – 393002, Gujarat
4.	Website	:	www.panamapetro.com
5.	E-mail id	:	ho@panamapetro.com
6.	Financial Year reported	:	2021-2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	192 (Manufacturer of refined petroleum products)
8.	List three product / services that the Company is engaged (industrial activity code wise)	:	Mineral oils, Ink oils, and Petroleum Jelly
9.	Total Number of locations where business activity is undertaken by the Company	:	5 - Both International and National
i.	Number of international locations	:	1 Location through Subsidiary
ii.	Number of national locations	:	4 Locations
10.	Market served by the Company Local / State / National / International	:	The markets for the Company's products are across India. Globally, it serves more than 70 countries

### **Section B: Financial Details of the Company:**

1.	Paid up capital (INR)	:	1,209.87 Lakhs
2.	Total Turnover (INR)	:	1,53,955.61 Lakhs
3.	Total Profit after taxes (INR)	:	17,139.91 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	0.98%
5.	List of activities in which expenditure in 4 above has been incurred:	:	1. Healthcare 2. Education 3. Environment Sustainability

### **Section C: Other details:**

1.	Does the Company have any Subsidiary Company / Companies?	:	Yes, the Company has 1 subsidiary.
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	:	The subsidiary of the Company is a separate entity and follows BR initiatives as per rules and regulations as may be applicable to it.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	:	The Company has not mandated any supplier, distributor etc. to participate in the BR initiatives of the Company. However, they are encouraged to adopt BR Initiatives and follow the concept expected from responsible businesses.



**Section D: BR Information:**

<b>1.</b>	<b>Details of Director / Directors responsible for BR:</b>	
<b>a.</b>	<b>Details of the Director / Director responsible for implementation of the BR policy / policies:</b>	
	DIN	: 00002616
	Name	: Amirali Rayani
	Designation	: Chairman
<b>b.</b>	<b>Details of the BR head</b>	:
	1. DIN (if applicable)	: 00172165
	2. Name	: Hussein Rayani
	3. Designation	: Joint Managing Director
	4. Telephone Number	: 022-42177777
	5. Email id	: hussein@panamapetrochem.com

**2. Principle-wise (as per NVGs) BR Policy/policies**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are described briefly as under:

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability,
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle,
- P3 - Businesses should promote the well-being of all employees,
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized,
- P5 - Businesses should respect and promote human rights,
- P6 - Businesses should respect, protect, and make efforts to restore the environment,
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner,
- P8 - Businesses should support inclusive growth and equitable development,
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**a. Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the Policy being formulated in consultation with the relevant stakeholders?	Relevant internal and external stakeholders were consulted, as deemed appropriate, during the formulation of the policies								
3.	Does the policy conform to any national / international standards? (If yes, specify (50 words))	Y. The Policies conform to the principle of National Voluntary Guidelines on Social Environmental and Economic Responsibilities of Business (NVGs) notified by Ministry of Corporate Affairs.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board of Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y



Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
5.	Does the Company have a specified committee of the Board / Directors / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<a href="http://panamapetro.com/policies/">http://panamapetro.com/policies/</a> Some are internal policies and views are restricted to the respective stakeholders.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in- house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company is continuously working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated internally from time to time and updated whenever required.								

**b. If answer to the question at Sr. No. 1 against any principle is 'No', please explain why: (Tick upto 2 options)**

Not applicable, as the Company has policies in place for all the 9 Principles.

**3. Governance related to BR**

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Management assess the Business responsibility performance annually.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time), the Company publishes a Business Responsibility Report as an Annexure to the Board's Report on an annual basis. Business Responsibility Report of the Company is available at the website of the Company viz; [www.panamapetro.com](http://www.panamapetro.com).

**Section E: Principle-wise Performance:**

**Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability:**

**1. Does the policy relating to ethics, bribery and corruptions cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company believes in promoting growth without compromising on the ethical values of the organization. This belief of the Company is echoed in its Policy on Ethics, Transparency and Accountability and avoiding any acts and practices that are abusive, corrupt, or anti-competitive. The **three pillars** supporting the governance structure of the Company are as under:

- Ethics:** In consonance with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time-to-time), the Company has adopted a "Code of Business Conduct and Ethics" which mandates the Directors, Senior Management and Employees of the Company to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner.
- Transparency:** The Governance structure of the Company is further supported by a Vigil Mechanism Policy which serves as a tool for its directors and employees to report any genuine concerns about unethical behavior, actual or suspected without fear of reprisal. The mechanism provides an avenue to stakeholders to raise concerns or violations pertaining to the activities of the Company.



- c. **Accountability:** In order to instil accountability amongst its employees, the Company has in place an Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons. The Code serves a threefold objective of:
- monitoring the trades of designated employees of the Company;
  - obligating the employees to handle price sensitive information of the Company on a need-to-know basis thereby avoiding leakage of information;
  - mandating the employees to restrict unauthorized access to any individual other than the intended recipient of the information.
2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has in place a mechanism for dealing with complaints received from various stakeholders. The details of shareholder complaints received and resolved are provided in the Corporate Governance Report.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle:**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Your Company is associated in R&D since 1996 and has been committed to efficient use of energy, water, chemicals and waste reduction. The Company understands its obligations towards social and environmental concerns, risks and opportunities, and simultaneously ensures fulfilment of compliance obligations that relate to its products, environmental aspects and occupational health and safety.

In view of the same, the Company is involved in development of environment friendly products with the objective to reduce the environmental impact, this development has resulted in indigenous manufacturing which subsequently has saved huge amount of foreign revenue.

Additionally, your Company has **developed various products for Rubber & Ink Industries** which have dramatically reduced the impact on carbon footprint and the carcinogenic ingredients from the products and have replaced the conventional toxic products. These goods are branded as **Panoil 2500, (TDAE Oils), Panoil 2900 (Low PCA Oil for Rubber segment), Panoil 500 D & Panoil 4000.**

These products are well accepted and appreciated by world leading Rubber & Ink manufacturers and are a 100% Import substitute.

#### **Ink & Coating:**

We are a pioneer in this segment since last several years with a range of innovative products and 100% import substitutes. We are approved suppliers to top 20 Ink industries in domestic and international market. Our products have provided best eco standards in operations and in application with minimum aromatics and VOCs.

#### **Drilling :**

We are on the verge of a massive development of Drilling fluids and additive for water based and oil based drilling Muds. We have developed low toxic synthetic oil to be used as a base oil in formulating oil based mud. The Base oil is non- toxic and has been approved by NIO, Goa, India to be used in drilling fluids. One of our product **Sulphonated Asphalt** which is used as a filtration control agent has been approved for drilling applications.

Presently we are working on development of shale stabilizer, primary emulsifier, filtration control agent, and rheology modifier.

Our newly developed product- **biocides** are free from Amine, Aldehyde, with nil formaldehyde, and is one of the best outcome of our research, its performance is well appreciated at international level as well.



**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).**

- a. Reduction during sourcing / production/ distribution achieved since the previous year throughout the value chain?

The Company is committed to environment sustainability. The Company works towards reduction and optimal utilization of energy, water, raw material, logistics etc. by incorporating new techniques and innovative ideas. As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at each product level.

- b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company on a continuous basis takes several measures to conserve the consumption of energy and water. The Company is committed to reduction of waste, conservation of raw material and pursuing zero pollution through various initiatives, technological upgradation and improvement in projects.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company has been working to enhance the degree of sustainability associated with its sourcing practices, through process of risk analysis and risk control.

The Company endeavors to focus on protection of environment, stakeholders interest and cost effectiveness while procuring any raw material or goods. The main raw materials are procured from manufacturers / producers who are well reputed keeping in mind the need for quality and consistency. Adequate steps are taken for safety during transportation and optimization of logistics, which in turn, helps to mitigate the impact on climate.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company encourages local procurement of goods and services around its plants proximity and region. Several community development and training initiatives are regularly conducted by the Company in order to educate the local vendors, improve their capability, enhance their skills, raise their scope for employment and their standard of living.

Further, the Company procures goods and services like security, housekeeping, gardening, and such other services from the suppliers located near the factories of the Company. Major workforce of the Company is employed from the surroundings of the manufacturing unit across all locations.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company endeavors to manage the environmental impacts of organizational activities, products and services. We have strong processes and systems in place which ensure that we minimize generation of waste.

Our entire process and process technology is based on zero discharge. We do not use any water in process or have any emission from the process.

**Principle 3: Businesses should promote the wellbeing of all employees:**

The Company's divisions have a zero accident rate during the year under review

1. Please indicate the Total number of employees- 163 Employees
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis- 65 Employees
3. Please indicate the Number of permanent women employees- 21 Employees
4. Please indicate the Number of permanent employees with disabilities.- NIL
5. Do you have an employee association that is recognized by management? NO





6. What percentage of your permanent employees are members of this recognized employee association? NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of Complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1.	Child labour / forced labour / involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?  
100% employees were covered for various safety trainings.

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized:**

- 1. Has the Company mapped its internal and external stakeholders? Yes / No.**

Yes, to the extent possible.

- 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.**

The Company is committed to the welfare of marginalized and vulnerable sections of the society. The Company engages with its stakeholders on an on-going basis. The Company has also identified specific areas like educating and training underprivileged/vulnerable stakeholders which helps them to improve their standard of living.

The Company gives significant importance to the interests of those stakeholders who are disadvantaged, vulnerable and marginalized through various initiatives including generation of employment for the local communities wherever the plants of the Company are situated, giving priority to employment to local people. The Company employs Contract labour at the manufacturing plants and other non-core activities like housekeeping, warehouse operations etc. and closely monitors whether the Contractors meets their obligations towards the Contract Labour employed by them.

Wherever new Manufacturing Plant is being erected, Company sources local labour for construction, maintenance etc.

- 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company believes that as a corporate citizen, it is the responsibility of the Company to engage with the marginalized stakeholders and contribute in the upliftment of their standard of living.

While developing our CSR strategy, the Company has ensured that all communities benefit from its CSR activities, with special focus on groups that are socially and economically marginalized.

**Principle 5: Businesses should respect and promote human rights:**

- 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company supports and respects the protection of internationally proclaimed human rights, labour standards and environmental protection measures. The Company does not hire child labour, forced labour or involuntary labour. The Suppliers / Contractors / NGOs dealing with the Company are always encouraged to maintain ethical standards in all their practices.



**2. How many stakeholder Complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints relating to human rights were received.

**Principle 6: Business should respect, protect, and make efforts to restore the environment:**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

The Company's Policy focuses on preventing/ minimising adverse environmental impacts, so far as is reasonably practicable, through continual improvements in environment management systems, processes, practices and effective mitigation strategies, responding sensitively to the environmental concerns of the communities and taking necessary measures for implementing product stewardship practices. While the Policy is applicable to the Company and its employees, the Company is committed to enhance awareness on environment sustainability amongst its employees, associates and supply chain partners through effective engagement, communication, consultation and training.

**2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company has come up with various strategies/ initiatives to address global environmental issues. The Company has worked extensively to address such issues by striking a balance between economic growth and preservation of the environment. In line with the Company's commitment towards conservation of energy, all its units continue directing their efforts to reduce wastage, optimise consumption and also to improve energy efficiency through innovative measures. Company has also invested largely in solar power generation for its captive consumption. Entire process and process technology is based on zero discharge system. Mass tree plantation is also being carried out at all of our units.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company has a mechanism to identify and assess potential environmental risks in its various plants / units. The Company has taken care while designing its process technology to overcome such issues. Presently, risk factor is almost nil.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has not carried out any particular project related to Clean Development Mechanism, as such. Hence, there is no environment compliance report filed.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, under its long-term Sustainability plans, the Company has initiated a number of green initiatives, including energy efficient motors being installed in order to optimize use of power. Company has also invested in solar power generation.

The Company has invested in various energy conservation equipment's. The Company has also installed power efficient material handling and flowing system which has played a vital role in energy saving. For more details please refer to report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in the Directors' Report.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions / waste generated by the Company are well within the permissible limits given by CPCB / SPCB for the financial year under review.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None.



**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of:

- Manufacturers of Petroleum Specialties Association (MPSA)
- Ankleshwar Industries Association
- All India Printing Ink Manufacturing Association
- Chamber of Commerce

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

No.

**Principle 8: Businesses should support inclusive growth and equitable development:**

**1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Inclusive growth means every stakeholder involved gets an opportunity to enjoy and share benefits accrued by the organisation. One of the focus areas as decided in the Corporate Social Responsibility Policy of the Company is "ensuring environmental sustainability, healthcare and education of the poor sections of the society."

A detailed report on CSR initiatives undertaken by the Company is annexed to the Director's Report.

**2. Are the programmes /projects undertaken through in-house team / own foundation / external NGO / government structures/any other organization?**

CSR activities in the Company are implemented by the in-house CSR team, through participatory approach. Volunteering by the employees is focused on and this is engrained into the team of the Company.

**3. Have you done any impact assessment of your initiative?**

The management closely monitors the spending of its contributions towards the above social causes and the Company's Directors are paying regular visits at the projects where the Company has made such contributions.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

The details of Company's contribution and also the names of the Institutions to whom the contribution is given along with the details of their projects are detailed in the Annual Report on CSR activities (Please refer Annexure B to the Directors' Report), which forms part of this Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company closely monitors the spending of its contributions towards the above social causes and the Company's Directors are paying regular visits at the projects where the Company has given contribution. The Company also seeks reports from the institutions regarding the details of their spending from time to time.



**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner:**

**1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year.**

A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. All complaints are appropriately addressed and all efforts are taken to resolve the same.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No / N.A. / Remarks (additional information).**

Yes, the Company displays product information on the product label as per applicable rules and guidelines.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If so, provide details thereof, in about 50 words or so.**

No such case has been filed against the Company during the last five years or pending as on the end of the financial year under review.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer trends.



## Independent Auditor's Report

### To the Members of Panama Petrochem Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Panama Petrochem Limited** ("the Company"), which comprises of the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements gives a true and fair view in conformity, with the aforesaid Ind AS and other accounting principles generally accepted in India prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key Audit Matters

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Inventory Existence:</b></p> <p>The Company recognized inventory of ₹ 43,856.71 Lakhs as at 31 March 2022. Inventory is held at various locations across India.</p> <p>Within each Location, inventory is stored in warehouses, tanks, containers and tanks attached to the Bonded Custom Warehouse.</p> <p>This is a key audit matter because of the</p> <ul style="list-style-type: none"> <li>Significance of the inventory balance to the statement of financial position and</li> </ul>	<p>We attended inventory counts at locations, which we selected based on financial significance and risk.</p> <p>For locations attended, we performed the following procedures at each site:</p> <ul style="list-style-type: none"> <li>Selected a sample of inventory items and compared the quantities we counted with the book balance.</li> <li>Observed a sample of managements inventory count procedures to assess compliance with Company Policy and</li> <li>Made enquiries regarding obsolete inventory items and inspected the condition of items counted.</li> <li>Tested whether necessary adjustments are recorded in the financial statements for all material differences arising from physical stock counts.</li> </ul>



Sr. No.	Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> <li>Complexity involved in determining inventory quantities on hand due to the number, conversion from Ltr. to Kgs., location and diversity of inventory storage locations, inventories lying with third parties etc.</li> </ul>	<ul style="list-style-type: none"> <li>Evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year.</li> <li>For stocks at third party warehouses, obtained confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at the year end, on a sample basis.</li> <li>Verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.</li> </ul>
2	<p><b>Trade Receivables:</b></p> <p>Trade receivables comprise a significant portion of the current assets of the Company and serve as security for a majority of the Company short-term debt. As indicated in Note 6.2 to the Standalone financial statements. The receivables provision has made based on Expected Credit Loss method. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future. Accordingly, the estimation of the allowance for trade receivables is a significant judgments area and is therefore considered a key audit matter.</p>	<p>We have considered payments received subsequent to year-end, insurance held for overseas trade receivables, past payment history and unusual patterns to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Company including:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness and reasonableness of the assumptions applied in the managements' assessment of the receivables allowance;</li> <li>Consideration of the creditworthiness of significant trade receivables over 90 days;</li> <li>Consideration and concurrence of the agreed payment terms;</li> <li>Verification of receipts from trade receivables subsequent to year-end;</li> <li>Inspection of credit insurance policies; and</li> <li>Considered the completeness and accuracy of the disclosures. To address the risk of management bias, we evaluated the results of audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Company's trade receivables are fairly valued and adequately provided. We further considered whether the provisions were misstated and concluded that they were appropriate in all material respects, and disclosures related to trade receivable in the standalone financial statements are appropriate.</li> </ul>

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process of the Company.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 9 (f) to the standalone financial statements:
  - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
  - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
  - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No. 114003

Place: Mumbai

UDIN: 22114003AJVQEL4723

Date: 30 May, 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Panama Petrochem Limited of even date)

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Panama Petrochem Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No. 114003

UDIN: 22114003AJVQEL4723

Place : Mumbai

Date : 30 May, 2022

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Panama Petrochem Limited** of even date.)

**i. In respect of property, plant and equipment and intangible assets:**

- a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) As informed to us, the property, plant and equipment's have been physically verified by the management during the period according to a phased program. In our opinion, such program is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification by the management.
- c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company
- d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder

**ii. In respect of its inventories:**

- (a) As informed to us, the physical verification of the inventories was done by the management at reasonable intervals at the end of each month and for year end. We have received confirmation with respect to inventories lying with third parties. In our opinion, the frequency of verification is reasonable. Further, on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
  - (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly Information statements filed by the company with financial institutions or banks are in agreement with the books of account of the Company.
- iii. a) During the year, the Company has not provided loans or provided advances in the nature of loans or provided security to any other entity, however provided guarantee, to bank for wholly owned subsidiary in respect of which Bank Guarantee outstanding balance at the end of the year is ₹ 5,685.53 lakhs (\$ 75 Lakhs) and Corporate Guarantee outstanding balance at the end of the year is ₹3,790.36 lakhs (\$ 50 Lakhs).
- b) In our opinion, the investments made during the year in the shares of listed companies and guarantee provided are, prima facie, not prejudicial to the Company's interest.
  - c) The Company has not provided loans or provided advance in nature of loans and therefore reporting under clause 3(iii)(c) to 3(iii)(f) of the Order is not applicable to the Company.
- iv. The Company has not granted any loan under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act, with respect to the investment and guarantees. The Company has neither given any security nor given any loans during the year.



- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of section 73 to 76 of the Act and rules framed thereunder, and accordingly, the provisions of Clause (v) of Para 3 of the Order are not applicable to the Company.
- vi. We have broadly reviewed accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section (1) of Section 148 of the Act, related to manufacture of specialty petroleum products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate.
- vii. In respect of statutory dues:
- According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, cess or/and any other material statutory dues wherever applicable.
  - According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2022 for a period of more than six months from the date they became payable.
  - According to the information and explanation given to us, there are no dues outstanding in respect of Income-tax, VAT, Excise duty, Service tax, Custom duty, Goods and Service tax, Cess or/and any other material statutory dues wherever applicable, which have not been deposited on account of any dispute, except the following;

<b>Name of the Statute</b>	<b>Nature of the Dues</b>	<b>Amount (INR in lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise Act, 1944	Central Excise Duty	40.47	FY 2016-17	The Commissioner Appeals CGST & Central Excise Commissioner ate, Surat.
Central Excise Act, 1944	Central Excise Duty	27.97	FY 2017-18	The Commissioner Appeals CGST & Central Excise Commissioner ate, Surat.
Income Tax Act, 1961	Income Tax	1333.18	FY 2017-18	Commissioner of Income Tax (Appeals)

- viii. In our opinion, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company do not have any borrowings from financial institutions, government or dues to debenture holders.
- b) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- d) on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries



- f) based on our audit procedures and on the basis of information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiary.
- x. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- xi. (a) Based upon the audit procedures performed and the information and explanations given by the management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations given to us, the Company not received any whistle blower complaints during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of Clause (xii) of Para 3 of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with the directors, requiring compliance with Section 192 of the Companies Act.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.





- xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For **JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No. 114003

UDIN: 22114003AJVQEL4723

Place : Mumbai

Date : 30 May, 2022



## Standalone Balance Sheet as at 31 March 2022

Particulars	Notes	As at 31 March 2022 ₹ In lakhs	As at 31 March 2021 ₹ In lakhs
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	3	13,148.86	9,022.72
(b) Capital work-in-progress	3.1	496.60	2,239.62
(c) Investment property	4	1,603.99	990.52
(d) Right -of-use assets	3, 5.1	2,361.62	2,418.09
(e) Intangible Assets	5.2	1.23	-
(f) Financial Assets			
(i) Investments	6.1	5,678.03	5,193.16
(ii) Others	6.6	36.52	37.43
(g) Other non-current assets	8	121.72	50.34
<b>Total Non Current Assets</b>		<b>23,448.57</b>	<b>19,951.88</b>
<b>2. Current assets</b>			
(a) Inventories	7	43,856.65	25,979.91
(b) Financial Assets			
(i) Trade Receivables	6.2	26,500.71	29,282.99
(ii) Cash and cash equivalents	6.4	4,596.19	4,150.42
(iii) Bank Balances other than (ii) above	6.5	7,361.80	66.50
(iv) Loans	6.3	81.07	57.73
(v) Others	6.6	293.65	215.58
(c) Current Tax Assets (Net)	15	210.22	12.75
(d) Other Current Assets	8	2,934.08	1,436.67
<b>Total Current Assets</b>		<b>85,834.37</b>	<b>61,202.55</b>
<b>Total Assets</b>		<b>1,09,282.94</b>	<b>81,154.43</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	9	1,209.87	1,209.87
(b) Other Equity	10	63,386.12	48,667.33
<b>Total Equity</b>		<b>64,595.99</b>	<b>49,877.20</b>
<b>Liabilities</b>			
<b>1. Non-current Liabilities</b>			
<b>Financial liabilities</b>			
(a) Borrowings		-	-
(b) Lease liabilities	11.1	3.26	15.00
(c) Other Non-current Liabilities/Trade Payable		-	-
Provisions	12	87.62	71.59
Deferred Tax Liabilities (Net)	13	803.02	951.90
<b>Total Non -current Liabilities</b>		<b>893.90</b>	<b>1,038.49</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	11.1	23.12	32.58
(ii) Borrowings			
(a) Borrowings (Short term)	11.2	-	779.10
(b) Borrowings (Current maturities to long term borrowing)	11.3	-	-
(iii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		41,977.58	27,932.25
(iv) Other Financial Liabilities	11.4	261.76	233.77
(b) Provisions	12	22.12	22.85
(c) Current Tax Liabilities (Net)	15	-	-
(d) Other Current Liabilities	14	1,508.47	1,238.19
<b>Total Current Liabilities</b>		<b>43,793.05</b>	<b>30,238.74</b>
<b>Total Equity and Liabilities</b>		<b>1,09,282.94</b>	<b>81,154.43</b>
<b>Significant Accounting Policies</b>	2		
<b>The accompanying notes are an integral part of the financial statements</b>			

As per our report of even date attached

For JMR &amp; Associates LLP

Chartered Accountants

Firm Registration No. 106912W / W100300

CA. Nikesh Jain

Partner

Membership No : 114003

For and on behalf of the board of directors of

Panama Petrochem Limited

Amirali E. Rayani

Chairman

DIN:00002616

Pramod Maheshwari

CFO

Amin A. Rayani

Managing Director &amp; CEO

DIN:00002652

Gayatri Sharma

Company Secretary &amp; Compliance Officer

Place: Mumbai

Date : 30 May 2022

Place: Mumbai

Date : 30 May 2022



## Statement of Profit and Loss for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 ₹ In lakhs	Year ended 31 March 2021 ₹ In lakhs
<b>Income</b>			
Revenue from operations	16	1,53,955.61	1,20,226.85
Other income	17	555.19	671.58
<b>Total Income</b>		<b>1,54,510.80</b>	<b>1,20,898.43</b>
<b>Expenditure</b>			
Cost of material consumed	18	1,13,653.44	89,563.61
Purchase of traded goods	19	2,225.33	4,953.97
Change in inventories of traded goods and finished goods	20	1,739.05	(2,548.09)
Employee benefits expense	21	2,018.91	2,512.63
Finance costs	22	423.75	579.75
Depreciation and amortization expense	23	543.82	495.59
Other expenses	24	11,174.25	8,581.72
<b>Total Expenses</b>		<b>1,31,778.55</b>	<b>1,04,139.18</b>
<b>Profit for the year before tax</b>		<b>22,732.25</b>	<b>16,759.25</b>
<b>Tax expenses</b>			
Current tax	38	5,720.00	4,200.00
Deferred tax	38	(148.41)	204.18
Short/(excess) provision of tax relating to earlier years		20.75	11.70
<b>Total tax expenses</b>		<b>5,592.34</b>	<b>4,415.88</b>
<b>Profit for the year from continuing operations</b>		<b>17,139.91</b>	<b>12,343.37</b>
<b>Other Comprehensive Income</b>			
A) <u>Items that will not be reclassified subsequently to profit or loss</u>			
(i) Re-measurement gains/(losses) on defined benefit plans		(1.15)	14.72
(ii) Income tax related to above		0.29	(3.71)
B) <u>Items that will be reclassified to profit or loss</u>			
(i) Equity instruments through other comprehensive income		(0.70)	0.48
(ii) Income tax related to above		0.18	(0.12)
<b>Other Comprehensive Income</b>		<b>(1.38)</b>	<b>11.37</b>
<b>Total Comprehensive Income</b>		<b>17,138.53</b>	<b>12,354.74</b>
Basic and Diluted earnings per share in ₹ (face value of ₹ 2 each) (Refer Note 34)		28.33	20.40
<b>Significant Accounting Policies</b>			
<b>The accompanying notes are an integral part of the financial statements.</b>			

As per our report of even date attached

**For JMR & Associates LLP**  
Chartered Accountants  
Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**  
Partner  
Membership No : 114003

**Place: Mumbai**  
**Date : 30 May 2022**

**For and on behalf of the board of directors of**  
**Panama Petrochem Limited**

**Amirali E. Rayani**  
Chairman  
DIN:00002616

**Pramod Maheshwari**  
CFO

**Place: Mumbai**  
**Date : 30 May 2022**

**Amin A. Rayani**  
Managing Director & CEO  
DIN:00002652

**Gayatri Sharma**  
Company Secretary & Compliance Officer

**Cash flow statement for the year ended 31 March 2022**

	<b>31 March 2022</b> ₹ In lakhs	<b>31 March 2021</b> ₹ In lakhs
<b>A. Cash Flows from operating activities</b>		
Profit before tax	22,732.25	16,759.25
<u>Adjustments for -</u>		
Depreciation on property, plant and equipment and investment property, ROU and intangible assets	543.82	495.59
Finance costs	423.75	579.75
(Profit)/loss on sale of property, plant and equipment (net)	(1.76)	(0.06)
(Gain)/Loss on Lease Modification	3.19	-
Unrealized foreign exchange loss/(gain)	342.54	37.73
Unrealized foreign exchange loss/(gain) on derivative contract	(144.55)	5.68
Interest income	(125.50)	(81.82)
Dividend income	(0.04)	(0.04)
Lease rental received	(264.85)	(344.12)
Bad debts, provision for doubtful debts	67.26	(26.46)
<b>Operating profit before working capital changes</b>	<b>23,576.11</b>	<b>17,425.50</b>
(Increase)/decrease in trade Receivables	2,663.44	(10,345.03)
(Increase)/decrease in inventories	(17,876.74)	(6,732.18)
(Increase)/decrease in loans and advances	43.90	197.29
(Increase)/decrease in other current assets	(1,426.61)	(379.22)
Increase/(decrease) in trade Payables	13,767.39	6,080.91
Increase/(decrease) in other financial liabilities and provisions	301.53	760.42
Increase/(decrease) in other liabilities	-	-
Cash generated from operations	21,049.02	7,007.69
Income tax paid	(5,938.22)	(3,917.67)
<b>Net cash flow from operating activity (A)</b>	<b>15,110.80</b>	<b>3,090.02</b>
<b>B. Cash flows from investing activities</b>		
Additions to property, plant and equipment and investment property	(2,895.97)	(1,943.56)
Additions to Investment Property	(636.03)	-
Additions to Investment	(485.57)	-
Additions to Intangible assets	(1.25)	-
Sales of property, plant and equipment	3.93	0.39
Redemption/maturity of bank deposits (having original maturity of more than three months)	(7,295.15)	293.49
Interest received	77.05	81.83
Lease Rental received	264.85	344.12
Dividend received	0.04	0.04
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(10,968.10)</b>	<b>(1,223.69)</b>



	31 March 2022 ₹ In lakhs	31 March 2021 ₹ In lakhs
<b>C. Cash flows from financing activities</b>		
Payment of Lease Liabilities	(50.00)	(56.91)
Proceeds/ (Repayment) from/of short-term borrowing (net)	(779.10)	707.09
Interest paid	(447.01)	(615.02)
Dividend paid	(2,408.38)	(725.92)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(3,684.49)</b>	<b>(690.76)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	458.21	1,175.57
Effect of exchange differences on cash & cash equivalents held in foreign currency	(12.44)	(34.39)
Cash and cash equivalents at the beginning of the year	4,150.42	3,009.24
<b>Cash and cash equivalents at the end of the year</b>	<b>4,596.19</b>	<b>4,150.42</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	1.94	1.24
With banks		
- on current accounts	4,594.25	4,149.18
<b>Total Cash and Cash Equivalents (refer note 6.4 and 6.5)</b>	<b>4,596.19</b>	<b>4,150.42</b>

\* The company can utilize these balances only towards the settlement of the respective unpaid dividend.

**Note :**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013.

Previous year's figures have been regrouped/rearranged wherever necessary to make them comparable with those of current year.

**As per our report of even date attached**

**For JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No : 114003

**For and on behalf of the board of directors of  
Panama Petrochem Limited**

**Amirali E. Rayani**

Chairman

DIN:00002616

**Pramod Maheshwari**

CFO

**Amin A. Rayani**

Managing Director & CEO

DIN:00002652

**Gayatri Sharma**

Company Secretary & Compliance Officer

**Place: Mumbai**

**Date : 30 May 2022**

**Place: Mumbai**

**Date : 30 May 2022**

**Statement of changes in equity for the year ended 31 March 2022****Equity Share Capital****Statement of changes in equity for the year ended 31 March 2022**

Particulars	As at 31.03.2022 ₹ In lakhs	As at 31.03.2021 ₹ In lakhs
Balance at the beginning of the current reporting period	1,209.87	1,209.87
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,209.87	1,209.87
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	1,209.87	1,209.87

Particulars	Reserves and Surplus as at 31.03.2022					Total
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	
Balance at the beginning of the current period	0.24	9,018.48	1,157.99	38,477.18	13.44	48,667.33
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	0.24	9,018.48	1,157.99	38,477.18	13.44	48,667.33
Total comprehensive income for the current year	-	-	-	17,139.91	(1.38)	17,138.53
Dividends	-	-	-	(2,419.74)	-	(2,419.74)
Transfer to retained earnings/ General reserve	(0.24)	-	0.24	-	-	-
<b>Balance at the end of the current reporting period</b>	<b>-</b>	<b>9,018.48</b>	<b>1,158.23</b>	<b>53,197.35</b>	<b>12.06</b>	<b>63,386.12</b>

Particulars	Reserves and Surplus as at 31.03.2021					Total
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	
Balance at the beginning of the current period	0.24	9018.48	1157.99	26859.73	2.07	37038.51
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	0.24	9,018.48	1,157.99	26,859.73	2.07	37,038.51
Total comprehensive income for the current year	-	-	-	12,343.37	11.37	12,354.74
Dividends	-	-	-	(725.92)	-	(725.92)
Transfer to retained earnings	-	-	-	-	-	-
<b>Balance at the end of the current reporting period</b>	<b>0.24</b>	<b>9,018.48</b>	<b>1,157.99</b>	<b>38,477.18</b>	<b>13.44</b>	<b>48,667.33</b>



\* Details of Other Comprehensive Income

Particulars	2021-2022			2020-2021		
	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Total	Re-measurement of Employees defined benefits	Equity Instruments through Other Comprehensive Income	Total
Balance at the beginning of the current period	3.91	9.54	13.44	(7.11)	9.18	2.07
Other comprehensive Income during the year	(0.86)	(0.53)	(1.39)	11.02	0.36	11.37
Balance at the end of the current reporting period	3.05	9.01	12.05	3.91	9.54	13.44

Notes :

- Investment Allowance Reserve : This reserve represents Govt grants received against investments.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

As per our report of even date attached

**For JMR & Associates LLP**

Chartered Accountants  
Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner  
Membership No : 114003

**Place: Mumbai**

**Date : 30 May 2022**

**For and on behalf of the board of directors of  
Panama Petrochem Limited**

**Amirali E. Rayani**

Chairman  
DIN:00002616

**Pramod Maheshwari**

CFO

**Place: Mumbai**

**Date : 30 May 2022**

**Amin A. Rayani**

Managing Director & CEO  
DIN:00002652

**Gayatri Sharma**

Company Secretary & Compliance Officer





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 1. Company Information

Panama petrochem Limited ("the Company") is a public limited Company domiciled in India. The registered office of the Company is at Plot No. 3303, GIDC Estate, Ankleshwar 393002, Gujarat, India and corporate office at 401, Aza House, Turner Road, Bandra West, Mumbai 400050. The Company was incorporated on 9 March 1982.

The Company is engaged in the manufacture of specialty petroleum products for diverse user industries like printing, textiles, rubber, pharmaceuticals, cosmetics, power and other industrial oil.

The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Global Depository Receipts (GDRs) of the Company are listed on the Luxembourg stock exchange.

#### Authorization of financial statements

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 30th May 2022.

### 2. Significant Accounting Policies:

#### (A) Basis of Preparation of Financial Statements

- (i) **Compliance with Ind AS:** The standalone financial statements have been prepared to comply, in all material aspects, with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

- (ii) **Classification of assets and liabilities :** All assets and liabilities have been classified as current or non-current based on the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

- (iii) **Historical cost convention :** The financial statements have been prepared on going concern basis under the historical cost convention except:

- (a) certain financial instruments (including derivative instruments) and
- (b) defined benefit plans

Which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

- (iv) **Functional and presentation currency :** The Company's functional and presentation currency is Indian Rupee (₹). All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs (₹ lakhs), except otherwise indicated.

- (v) **Fair value measurement :** The Company measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either

- (a) in the principal market for the asset or liability or
- (b) in the absence or a principal market, in the most advantageous market for the asset or liability.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(B) Property, Plant and Equipment**

- (i) Freehold land is carried at historical cost and all other property, plant and equipment are shown at cost (net of adjustable taxes) less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises of its purchase price, non refundable / adjustable purchase taxes and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management, the initial estimate of any decommissioning obligation, if any and for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost and other operating expenses such as freight, installation charges etc. The projects under construction are carried at costs comprising of costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and attributable borrowing costs.
- (ii) Stores and spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.
- (iv) An Item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset or significant part) is included in the Statement of Profit and Loss when the asset is derecognized.
- (v) In line with the provisions of Schedule II to the Companies Act, 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components of property, plant and equipment has been assessed based on the historical experience and internal technical inputs.
- (vi) Depreciation on property, plant and equipment is provided as per straight line method based on useful life prescribed under Schedule II to the Companies Act, 2013. The Company has assessed the estimated useful lives of its property, plant and equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

The property, plant and equipment acquired under finance lease are depreciated over the period of lease. Depreciation on stores and spares specific to an item or property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the stores and spares are depreciated over their estimated useful life based on the technical assessment.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

- (vii) The residual values and useful lives of property, plant and equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.
- (viii) Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. These are stated at cost to date relating to items or project in progress, incurred during construction / preoperative period. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

**(C) Investment Property**

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the Statement of Profit and Loss in the period in which the property is derecognized.

Depreciation on investment property is provided as per straight line method based on estimated useful life which is considered at 60 years based on internal assessment.

**(D) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets namely computer software is amortized at the rate of 33.33 % on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Statement when the asset is derecognized.

**(E) Borrowing Costs**

Borrowing costs are charged to Statement of Profit and Loss except to the extent attributable to acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**(F) Impairment of Non-financial Assets**

At each balance sheet date, an assessment is made of whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

### (G) Non-current Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### (H) Inventories

Inventories are valued as follows:

Raw materials, Packing Materials and Traded Goods	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Input GST credit . Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress and Finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a First In First Out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### (I) Revenue from contracts with customer:

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

#### (i) Sale of Goods:

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(ii) Interest income:**

Under Ind AS 109, Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instruments in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

**(iii) Net Gain on fair value changes :**

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Company on the balance sheet date is recognized as an unrealized gain / loss. In cases there is a net gain in the aggregate, the same is recognized in "Net gains on fair value changes" under "Other Income" and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at Fair value through Other Comprehensive Income ("FVTOCI") is recognized in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortized is presented separately under the respective head in the Statement of Profit and Loss.

**(iv) Dividend income:**

Dividend income is recognized :

- a. When the right to receive the payment is established.
- b. It is probable that the economic benefits associated with the dividend will flow to the entity and
- c. The amount of the dividend can be measured reliably.

**(v) Rental Income:**

Revenue is recognized on the basis of income arising from operating lease of investment properties is accounted for on a straight-line basis over the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in the head "other income" in the Statement of Profit and Loss.

**(vi) Others:**

Revenue is recognized in respect of export incentives, insurance / other claims etc., when it is reasonably certain that the ultimate collection will be made.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(J) Expenditure on Research and Development**

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss under the appropriate heads of expenses. Expenditure relating to property, plant and equipment are capitalized under respective heads.

**(K) Foreign Currency Transactions****(i) Initial Recognition**

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.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in financial statements, are recognized as income or as expenses in the year in which they arise.

**(iv) Forward Contracts**

The premium or discount arising at the inception of forward exchange contracts is booked as expense or income immediately. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(L) Employee Benefits**

All employee benefits payable wholly within 12 months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

**Post Retirement Benefits**

The Company operates the following post-employment schemes:

- (a) defined benefit plan - gratuity
- (b) defined contribution plan - provident fund

Defined benefit plan - Gratuity obligation

Post-employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.

The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Defined contribution plan**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective fund.

**(M) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts. Refer note no 11.1

**(a) As Company is the lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(b) Company is the lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**(N) Taxation**

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year.

- (a) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.
- (b) Deferred Tax: Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are off set if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(O) Segment Reporting**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of nature of product/services.

The board of directors of the Company has appointed the Managing Director as the chief operating decision maker (CODM) who is assessing the financial performance and position of the Company, and makes strategic decisions.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(P) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, if any, such as bonus issue, bonus elements in a rights issue to existing shareholders, shares split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(Q) Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required 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

**Financial Guarantee Contracts**

The Company on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts. The Company has regarded all its financial guarantee contracts as insurance contracts. At the end of each reporting period the Company performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognized in profit or loss.

Contingent liabilities are disclosed in the case of:

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible;
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**(R) Financial Instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

**I. Financial Assets****A. Initial recognition and measurement :**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset [other than financial assets at fair value through profit or loss (FVTPL)] are added to the fair value of

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

the financial assets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit and Loss.

**B. Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in the following categories:

(i) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

(ii) Debt instruments included within the Fair Value Through Profit or Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

(iii) Equity instruments: All equity instruments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the Company decides to measure the same either at Fair Value Through Other Comprehensive Income (FVTOCI) or FVTPL. The Company makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such instruments.

iv) Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**C. De-recognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
  - (i) the Company has transferred substantially all the risks and rewards of the asset, or
  - (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****D. Impairment of financial assets:**

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The Company follows 'simplified approach' for recognition of impairment loss on these financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Allowance for credit losses on receivables and unbilled revenue

The company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

**II. Financial Liabilities****A. Initial recognition and measurement:**

**Financial liabilities are classified at initial recognition as :**

- (i) financial liabilities at fair value through profit or loss,
- (ii) loans and borrowings, payables, net of directly attributable transaction costs or
- (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

**B. Subsequent measurement :**

The measurement of financial liabilities depends on their classification, as described below:

- (i) Borrowings:** Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognized in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

- (ii) Trade and other payables:** These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

- (iii) Derivative financial instruments:** The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Hedge accounting :**

The Company designates certain hedging instruments which include derivatives, embedded derivatives and non derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. At the inception of the hedge relationship, the Company documents the relationship between the hedging instruments and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**C. De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**D. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**(S) Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- (a) Operating lease commitments – Company as lessor;
- (b) Assessment of functional currency;
- (c) Evaluation of recoverability of deferred tax assets

**Estimates and assumptions**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

- a) Useful lives of property, plant and equipment, investment property and intangible assets;
- b) Fair value measurements of financial instruments ;
- c) Impairment of non-financial assets;
- d) Taxes;
- e) Defined benefit plans (gratuity benefits);
- f) Provisions;
- g) Valuation of inventories;
- h) Contingencies

**(T) Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time on 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022 as below.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 37 – Onerous Contracts**

Costs of Fulfilling a Contract The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.



₹ In lakhs

03.	Property, plant and equipment										Right-of-use assets		
	Freehold land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of use assets	
<b>Cost or valuation</b>													
At 1 April 2020	6.19	1,849.02	3,073.04	4,295.70	145.49	98.58	533.68	656.86	10,658.56	2,883.73	145.05	3,028.78	
Additions	-	84.19	1,076.70	177.99	3.22	4.29	7.23	107.55	1,461.17	-	-	-	
Other adjustments	-	-	-	-	-	-	-	(6.63)	-6.63	-	(2.53)	(2.53)	
Deletion	-	-	-	-	-	-	-	-	-	-	(8.13)	(8.13)	
<b>At 31 March 2021</b>	<b>6.19</b>	<b>1,933.21</b>	<b>4,149.74</b>	<b>4,473.69</b>	<b>148.71</b>	<b>102.87</b>	<b>540.91</b>	<b>757.78</b>	<b>12,113.10</b>	<b>2,883.73</b>	<b>134.39</b>	<b>3,018.12</b>	
Additions	-	22.59	4,232.09	156.84	46.63	2.66	88.07	17.77	4,566.65	-	52.94	52.94	
Other adjustments	-	-	-	-	-	-	-	-	-	-	4.60	4.60	
Deletion	-	-	-	-	-	-	-	(43.39)	(43.39)	-	(72.54)	(72.54)	
<b>At 31 March 2022</b>	<b>6.19</b>	<b>1,955.80</b>	<b>8,381.83</b>	<b>4,630.53</b>	<b>195.34</b>	<b>105.53</b>	<b>628.98</b>	<b>732.16</b>	<b>16,636.36</b>	<b>2,883.73</b>	<b>119.39</b>	<b>3,003.12</b>	
<b>Depreciation</b>													
At 1 April 2020	-	496.71	253.13	1,133.91	115.60	90.76	270.15	343.23	2,703.49	471.54	52.56	524.10	
Charge for the year	-	57.72	49.39	164.57	9.06	4.94	43.72	63.79	393.19	36.59	47.70	84.29	
Other adjustments	-	-	-	-	-	-	-	(6.30)	(6.30)	-	(0.23)	(0.23)	
Deletion	-	-	-	-	-	-	-	-	-	-	(8.13)	(8.13)	
<b>At 31 March 2021</b>	<b>-</b>	<b>554.43</b>	<b>302.52</b>	<b>1,298.48</b>	<b>124.66</b>	<b>95.70</b>	<b>313.87</b>	<b>400.72</b>	<b>3,090.38</b>	<b>508.13</b>	<b>91.90</b>	<b>600.03</b>	
Charge for the year	-	60.43	84.71	168.01	8.74	4.35	44.55	67.55	438.34	36.59	46.29	82.88	
Deletion	-	-	-	-	-	-	-	(41.22)	(41.22)	-	(41.41)	(41.41)	
<b>At 31 March 2022</b>	<b>-</b>	<b>614.86</b>	<b>387.23</b>	<b>1,466.49</b>	<b>133.40</b>	<b>100.05</b>	<b>358.42</b>	<b>427.05</b>	<b>3,487.50</b>	<b>544.72</b>	<b>96.78</b>	<b>641.50</b>	
<b>Net Block</b>													
At 31 March 2021	6.19	1,378.78	3,847.22	3,175.21	24.05	7.17	227.04	357.06	9,022.72	2,375.60	42.49	2,418.09	
At 31 March 2022	6.19	1,340.94	7,994.60	3,164.04	61.94	5.48	270.56	305.11	13,148.86	2,339.01	22.61	2,361.62	
Capital work-in-progress													
At 31 March 2021	-	-	2,239.62	-	-	-	-	-	2,239.62	-	-	-	
At 31 March 2022	-	-	254.50	209.32	-	-	32.78	-	496.60	-	-	-	

**Notes:-**

**3.1 Capital Work in Progress**

CWIP	2021-2022					2020-2021				
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	485.71	7.98	-	2.91	496.60	515.86	676.30	123.05	924.40	2,239.62
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

**3.2** The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 4. Investment Property

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>I. Gross Carrying Amount</b>		
Balance at the beginning of the year	1,145.30	1,145.30
Additions / reclassification	636.03	-
Deletions / reclassification	-	-
<b>Balance as at the end of the year</b>	<b>1,781.33</b>	<b>1,145.30</b>
<b>II. Accumulated Depreciation and Impairment</b>		
Balance at the beginning of the year	154.78	136.67
Depreciation for the year	22.56	18.11
Accumulated depreciation on Addition/deletions	-	-
<b>Balance as at the end of the year</b>	<b>177.34</b>	<b>154.78</b>
<b>III. Net Carrying Amount at end of the year</b>	<b>1,603.99</b>	<b>990.52</b>
<b>IV. Fair value of investment property at the end of the year</b>	<b>2,938.03</b>	<b>2,302.00</b>

## 4.1 Information regarding income and expenditure of Investment Property

	2021-22 ₹ in lakhs	2021 ₹ in lakhs
Rental income derived from investment properties	229.21	177.10
Less: Direct operating expenses (including repairs and maintenance) generating rental income	23.34	20.67
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	205.87	156.42
Less: Depreciation	22.56	18.11
Profit arising from investment properties before indirect expenses	<b>183.31</b>	<b>138.31</b>

## 4.2 Fair value of the Company's investment properties

The fair value of the Company's investment properties as at 31 March 2022 was arrived at on the basis of a valuation carried out by independent registered values not related to the Company. The Company has adopted policy of revaluing investment property generally every year. (Level 3)

## 4.3 a) Details of the Company's Investment properties and information about their Fair value hierarchy

	Fair value measurement 31.03.2022 ₹ in lakhs	31.03.2021 ₹ in lakhs
Valuation at the end of the year	2,938.03	2,302.00

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****b) Reconciliation of fair value**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Opening balance	2,302.00	1,920.46
Fair value difference	-	-
Reclassification/Additions	636.03	381.54
<b>Closing balance</b>	<b>2,938.03</b>	<b>2,302.00</b>

**c) Description of valuation techniques used and key inputs to valuation on investment properties**

The investment properties have been valued at Fair Market Value. It is the value of the property at which it can be sold in open market at a particular time free from forced value or sentimental value. Prevailing market value is a result of demand/ supply /merits /demerits of properties and various locational, social, economical, political factors and circumstances. Prevailing market value can be estimated through market survey, through dependable data/ sale instances, local estate developers/ brokers, real estate portal enquiries and verbal enquiries in neighborhood area.

**5.1 Leases**

The Company has entered into agreements for taking lease certain offices and warehouses on lease and license basis. The lease term is a period ranging from 12 to 45 months. The Company has contracts which have fixed rentals. The Company has also taken leasehold factory lands on one time payment basis. The lease term is a period ranging from 30 years to 99 years.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

**Disclosure as per the requirement of Ind AS 116****Amounts recognized in balance sheet**

The balance sheet shows the following amounts relating to leases

**Following are the changes in the carrying value of right of use assets :**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Balance as at beginning of the year</b>	2,418.09	2,504.68
Additions	52.94	-
Deletions/Modification	(26.53)	(2.30)
Depreciation	(82.88)	(84.29)
<b>Balance as at the end of the year</b>	<b>2,361.62</b>	<b>2,418.09</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Following are the changes in the carrying value of lease liabilities:

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
Balance as at beginning of the year	47.58	97.59
Additions	52.94	-
Finance cost accrued during the period	7.93	6.28
Deletions/Modification	(24.14)	6.90
Payment of lease liabilities	(57.93)	(63.19)
Balance at the end	26.38	47.58
Lease liabilities		
Current	23.12	32.58
Non-current	3.26	15.00

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

Less than one year	24.69	35.71
One to five years	3.37	15.75
More than five years	-	-
<b>Total</b>	<b>28.06</b>	<b>51.46</b>

The cash outflow of lease payments with respect to the above lease recognized in the statement of profit and loss for the financial year 2021-2022 is ₹ 57.93 lakhs (Previous Year ₹ 63.19 lakhs).

**B) Where the Company is lessor**

The future minimum lease payments receivable as per the lease agreements on undiscounted basis are as follows:

Less than one year	156.01	197.82
One to five years	24.79	132.62
More than five years	-	-

The amount of minimum lease income with respect to operating lease recognized in the statement of profit and loss for the year is ₹ 229.21 Lacs (previous year ₹ 177.10 Lacs).

**5.2 Other Intangible Assets****I. Gross Carrying Amount**

Balance as at the beginning of the year	7.11	7.11
Additions	1.25	-
Deletions	-	-
Balance at the end of the year	8.36	7.11

**II. Accumulated Depreciation and Impairment**

Balance as at the beginning of the year	7.11	7.11
Depreciation for the year	0.02	-
Accumulated depreciation on deletions	-	-
Balance at the end of the year	7.13	7.11

**III. Net Carrying Amount at end of the year**

	1.23	-
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The Company does not have any intangible assets under development.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 6 Financial Assets

## 6.1 Non-current Investments (fully paid up)

Investments in equity instruments	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Unquoted - Others</b>		
1,795 (31 March 2021 : 1,795) fully paid equity shares of ₹ 10 each of Bharuch Enviro Infrastructure Limited #	0.19	0.19
975 (31 March 2021 : 975) Fully paid equity shares of ₹ 100 each of The Marol Co operative Industrial Estate Limited #	0.98	0.98
<b>In Subsidiary Company</b>		
33,018 (31 March 2021 : 33,018) Fully Paid Equity Shares of AED 1,000 each of Panol Industries RMC FZE, UAE #	5,185.62	5,185.62
	<b>5,186.79</b>	<b>5,186.79</b>
# It is carried at cost.		
<b>Aggregate amount of Unquoted Investments - gross</b>	5,186.79	5,186.79
<b>Aggregate amount of impairment in value of investments</b>	-	-
<b>Aggregate amount of Unquoted Investments - net</b>	<b>5,186.79</b>	<b>5,186.79</b>

## Disclosure pursuant to Ind AS 27 - "Separate Financial Statements"

Subsidiary Company	Principal place of business	Effective Proportion of ownership [%]		Effective Proportion of voting power (%)	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
Panol Industries RMC FZE	UAE	100%	100%	100%	100%

## Quoted

<b>Designated at Fair value through Other Comprehensive Income</b>		
6,200 (31 March 2021 : 6,200) fully paid equity shares of DCB Bank Limited	4.30	6.37
25,700 (31 March 2021 : Nil) Fully paid equity shares of Godrej Properties Limited	421.37	-
8,244 (31 March 2021 : Nil) Fully paid equity share of Savita Oil Technologies Limited	65.57	-
	<b>491.24</b>	<b>6.37</b>
<b>Aggregate amount of Quoted Investments - gross (at market value)</b>	491.24	6.37
<b>Aggregate amount of impairment in value of investments</b>	-	-
<b>Aggregate amount of Quoted Investments - net</b>	<b>491.24</b>	<b>6.37</b>
<b>Total</b>	<b>5,678.03</b>	<b>5,193.16</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## 6.2 Trade Receivables

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Current</b>		
Unsecured, Considered good	26,500.71	29,282.99
Unsecured, Considered doubtful	91.67	24.41
Unsecured, credit impaired	13.89	13.89
	26,606.27	29,321.29
Less: Impairment under expected credit loss	105.56	38.30
	<b>26,500.71</b>	<b>29,282.99</b>

Note:- Impairment under expected credit loss includes ₹ 13.89 Lakhs P.Y. (₹ 13.89 Lakhs) for doubtful debts.

The entity has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follow. The management provided specific provisions for credit impaired parties.

	As at 31.3.2022			
Age of receivables	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ in lakhs	%	₹ in lakhs	₹ in lakhs
0-180 days past due	254.78	7.81%	19.90	234.88
180-365 days past due	21.74	15.84%	3.44	18.30
More than 365 days past due	278.40	24.55%	68.33	210.07
Credit impaired	13.89	100.00%	13.89	-
<b>Total</b>	<b>568.81</b>	<b>18.56%</b>	<b>105.56</b>	<b>463.25</b>

	As at 31.3.2021			
Age of receivables	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
	₹ in lakhs	%	₹ in lakhs	₹ in lakhs
0-180 days past due	167.10	5.09%	8.51	158.59
180-365 days past due	69.16	10.31%	7.13	62.03
More than 365 days past due	68.05	12.89%	8.77	59.28
Credit impaired	13.89	100.00%	13.89	-
<b>Total</b>	<b>318.20</b>	<b>12.04%</b>	<b>38.30</b>	<b>279.90</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Movement in the expected credit loss allowance**

	<b>Year ended 31.3.2022</b>	<b>Year ended 31.3.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Balance at the beginning of the year	38.30	64.76
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	67.26	(26.46)
<b>Balance at the end of the year</b>	<b>105.56</b>	<b>38.30</b>

**The bifurcation of Trade Receivable are as under:-**

<b>Particulars</b>	<b>Year ended 31.3.2022</b>					
	<b>Outstanding for following periods from due date of payment</b>					
	<b>Less than 6 months</b>	<b>6 months - 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
i) Undisputed trade receivables – considered good	25,670.14	53.61	19.34	-	-	25,743.10
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	254.78	21.74	257.07	-	533.59
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	13.89	13.89
iv) Disputed trade receivables – considered good	-	-	35.98	21.33	152.83	210.13
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

**The bifurcation of Trade Receivable are as under:-**

<b>Particulars</b>	<b>Year ended 31.3.2021</b>					
	<b>Outstanding for following periods from due date of payment</b>					
	<b>Less than 6 months</b>	<b>6 months - 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
i) Undisputed trade receivables – considered good	28,686.94	-	-	-	-	28,686.94
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	167.10	69.16	68.05	-	304.31
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	13.89	13.89
iv) Disputed trade receivables – considered good	8.53	30.59	57.35	15.38	166.00	277.85
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Unbilled Revenue****Particulars**

<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
<b>₹ in lakhs</b>	<b>₹ in lakhs</b>

Disputed Trade Receivables	-	-
Undisputed Trade Receivables	-	-

**6.3 Loans and advances****Current**

Other Loans

Unsecured, considered good

81.07	57.73
<b>81.07</b>	<b>57.73</b>

**6.4 Cash and Cash Equivalents****Balances with banks**

On current accounts

4,594.25	4,149.18
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**Cash Balances**

Cash on hand

1.94	1.24
<b>4,596.19</b>	<b>4,150.42</b>

**6.5 Other bank balances**

Deposit accounts with more than 3 months but less than 12 months maturity

7,321.16	37.22
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Unpaid dividend accounts

40.64	29.28
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<b>7,361.80</b>	<b>66.50</b>
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**6.6 Other Financial Assets****Non-current**

Bank deposits with more than 12 months maturity

-	0.15
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Security deposits

36.52	37.28
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<b>36.52</b>	<b>37.43</b>
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**Current**

Security deposits

165.99	180.09
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Derivative asset

79.08	26.04
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Receivable against expenses incurred on behalf of subsidiary (Refer note 33)

-	8.41
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Other financial assets

48.58	1.04
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<b>293.65</b>	<b>215.58</b>
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<b>330.17</b>	<b>253.01</b>
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**Disclosure pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Loans and advances to subsidiary companies**

	<b>Maximum amount due at any time during the year</b>	
	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
<b>Panol Industries RMC FZE</b>	<b>51.77</b>	<b>53.65</b>

**7 Inventories**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>(Valued at lower of cost and net realizable value)</b>		
Raw material	41,639.97	22,050.46
Finished goods	702.05	2,482.97
Traded goods	1,400.40	1,358.53
Packing material	114.23	87.95
(Includes goods in transit Rs. 235.47 Lakhs previous year Rs. Nil)	<b>43,856.65</b>	<b>25,979.91</b>

**8 Other Assets****Non-current**

Capital advances	121.72	50.34
	<b>121.72</b>	<b>50.34</b>

**Current**

Cenvat/GST balances	984.85	767.16
Advances to vendors	1,725.18	481.85
Others including duties and taxes receivable (other than Cenvat/GST balances)	224.05	187.66
	<b>2,934.08</b>	<b>1,436.67</b>

**9 Equity Share Capital****Authorized shares**

12,77,50,000 (31 March 2021 : 12,77,50,000, equity shares of ₹ 2 each)	2,555.00	2,555.00
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**Issued shares**

6,04,93,598 (31 March 2021 : 6,04,93,598 equity shares of ₹ 2 each)	1,209.87	1,209.87
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**Subscribed and fully paid-up shares**

6,04,93,598 (31 March 2021 : 6,04,93,598 equity shares of ₹ 2 each)	1,209.87	1,209.87
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**a) Reconciliation of shares**

	<b>As at 31.03.2022</b>		<b>As at 31.03.2021</b>	
	<b>Nos.</b>	<b>₹ in lakhs</b>	<b>Nos.</b>	<b>₹ in lakhs</b>
At the beginning of the year	6,04,93,598	1209.87	6,04,93,598	1209.87
Issued/Buyback during the year	-	-	-	-
At the end of the year	6,04,93,598	1,209.87	6,04,93,598	1,209.87

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets (after repayment of liability) in proportion to the number of equity shares held by the shareholders.

**c) Shares held by promoters as at 31 March 2022**

Promoter name	No. of Shares	% of total shares	% Change during the year
Amirali Essabhai Rayani	15,36,000	2.54%	0.00%
Akbarali Essabhai Rayani	15,95,346	2.64%	0.00%
Salimali Essabhai Rayani	15,21,587	2.52%	0.00%
Vazirali Essabhai Rayani	12,46,965	2.06%	0.00%
<b>There are no change in promoter holding during the year</b>			
<b>Promoter Group</b>			
Ittefaq Ice And Cold Storage Pvt Ltd	39,36,474	6.51%	0.04%
Panama Builders Developers Pvt Ltd	7,14,469	1.18%	0.85%
Arif Amirali Rayani	36,70,567	6.07%	0.00%
Sapna Samir Rayani	15,22,207	2.52%	0.00%
Serena Iqbal Rayani	7,20,000	1.19%	0.00%
Nilima Shahnawaz Kheraj	3,000	0.00%	0.00%
Gulshan Salimali Rayani	1,44,355	0.24%	0.00%
Malika Vazirali Rayani	10,11,342	1.67%	0.00%
Shelina Arifali Rayani	31,90,462	5.27%	0.00%
Samir Akbarali Rayani	18,44,478	3.05%	0.00%
Hussein Vazirali Rayani	10,41,386	1.72%	0.00%
Chemine Amin Rayani	18,59,449	3.07%	0.00%
Iqbal Vazirali Rayani	18,32,977	3.03%	0.00%
Amin Amirali Rayani	29,23,387	4.83%	0.00%
Begumbanu Akberali Rayani	25,04,160	4.14%	0.00%
Munira Hussein Rayani	8,88,750	1.47%	0.00%
Ahyman Arif Rayani	10,00,008	1.65%	0.00%

**d) Details of shareholders holding more than 5% of equity shares**

	As at 31.03.2022		As at 31.03.2021	
	No of Shares	% holding in the class	No of Shares	% holding in the class
Equity Shares of ₹ 2 each fully paid up				
Ms. Shelina Arif Rayani	31,90,462	5.27%	31,90,462	5.27%
Arif Amirali Rayani	36,70,567	6.07%	36,70,567	6.07%
Ittefaq Ice and Cold Storage Private Limited	39,36,474	6.51%	39,12,406	6.47%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	1,16,85,937	19.32%	1,28,42,587	21.23%

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:**

Particulars	Year ended 31 March				
	2022	2021	2020	2019	2018
Equity shares of ₹2 each	-	-	-	-	403.29

The shareholders in the 35th Annual General Meeting held on 18 Sept 2017 approved the issue of bonus shares in the ratio of one equity share of ₹ 2/- each for two existing share of ₹ 2/- each held and accordingly, the Company has allotted 2,01,64,533 number of equity shares on 5th October 2017.

**f) Dividend**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:-

Particulars	Year ended 31 March	
	2022	2021
Interim Dividend for fiscal 2022	2.00	-
Final Dividend for fiscal 2021	2.00	-
Final Dividend for fiscal 2020	-	1.20

During the year ended 31 March 2022, on account of the final dividend for fiscal 2021 and interim dividend for fiscal 2022 the Company has incurred a net cash outflow of ₹ 2419.74 Lakhs

The Board of Directors in their meeting on 30 May 2022 recommended a final dividend of ₹ 6/- (P.Y. ₹ 2/-) per equity share for the financial year ended 31 March 2022.

This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the Company, and if approved would result in a net cash outflow of approximately ₹ 3629.61 Lakhs.

**10. Other Equity**

Particulars	As at 31.03.2022	As at 31.03.2021
	₹ in lakhs	₹ in lakhs
<b>Investment Allowance Reserve</b>		
Balance at the beginning & at the end of the year	0.24	0.24
Less:- Transfer to General reserve	(0.24)	-
	<u>-</u>	<u>0.24</u>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	9,018.48	9,018.48
Less:- Utilized for during the year	-	-
Balance at the end of the year	<u>9,018.48</u>	<u>9,018.48</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Particulars	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>General reserve</b>		
Balance at the beginning of the year	1,157.99	1,157.99
Add: Transfer from Investment Allowance Reserve	0.24	-
Balance at the end of the year	<b>1,158.23</b>	<b>1,157.99</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	38,477.18	26,859.73
Add: Profit / (loss) for the year	17,139.91	12,343.37
Less: Appropriations (Dividend Paid)	2,419.74	725.92
Net Retained earning	<b>53,197.35</b>	<b>38,477.18</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	13.44	2.07
Other comprehensive Income during the year	(1.38)	11.37
Balance at the end of the year	<b>12.06</b>	<b>13.44</b>
<b>Total other equity</b>	<b>63,386.12</b>	<b>48,667.33</b>

**Notes:**

- Investment Allowance Reserve : Investment Allowance Reserve is a statutory reserve and can be utilize for further issue of capital.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium. Utilization of such reserve is restricted by The Companies Act, 2013.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

**11 Financial Liabilities****11.1 Lease Liability****Non Current**

Non Current lease liability	3.26	15.00
	<b>3.26</b>	<b>15.00</b>

**Current**

Current lease liability	23.12	32.58
	<b>23.12</b>	<b>32.58</b>

The following is the movement in lease liabilities during the year ended

Balance as at the beginning	47.58	97.59
Additions	52.94	-
Finance cost accrued during the period	7.93	6.28
Deletions	(24.14)	6.90
Payment of lease liabilities	(57.93)	(63.19)
Balance at the end	<b>26.38</b>	<b>47.58</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**11.2 Short-term Borrowings (Secured)**

Particulars	As at 31.03.2022	As at 31.03.2021
	₹ in lakhs	₹ in lakhs
<b>Current</b>		
Cash Credits from banks	-	779.10
Secured by ; hypothecation of inventories, receivables and other current assets and The cash credit is repayable on demand and carried an interest rate of Current Year 7.75% to 12.25% p.a. (Previous Year 7.90% to 15.75% p.a.)	-	<b>779.10</b>

- The Company has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
- The quarterly results or statements of current assets filed by the Company with banks are in agreement with books of accounts and there is no discrepancies in the same.
- The Company is not declared a willful defaulter by any bank or financial institution or other lender.
- The Company has registered all the charges towards secured borrowings outstanding as on 31 March 2022 and 31 March 2021. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2022 and 31 March 2021.
- Refer note no 44

**11.3 Trade payables****Current**

Trade payables:

Micro and small Enterprises	-	-
Other than micro and small enterprises	41,977.58	27,932.25
<b>(Refer Note 29 for details of dues to micro and small enterprises)</b>	<b>41,977.58</b>	<b>27,932.25</b>

₹ in lakhs

As at 31.03.2022

**Bifurcation of Trade payables:-****Outstanding for following periods from due date of payment**

Particulars	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	127.32	41,837.34	11.50	1.42	-	41,977.58
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Bifurcation of Trade payables:- Particulars	As at 31.03.2021 Outstanding for following periods from due date of payment					₹ in lakhs
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	68.81	27,860.45	2.99	-	-	27,932.25
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

## 11.4 Other Financial Liabilities

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Current</b>		
<b>Financial liabilities at fair value through profit or loss (FVTPL)</b>		
Derivatives liabilities carried at fair value	-	-
<b>Other Financial liabilities at amortized cost</b>		
Unpaid dividends	40.64	29.28
Security deposit	167.68	150.10
Creditors for capital goods	53.44	54.39
	<b>261.76</b>	<b>233.77</b>

## 12. Provisions

<b>Non Current</b>		
Provision for gratuity (Refer Note 31)	87.62	71.59
	<b>87.62</b>	<b>71.59</b>
<b>Current</b>		
Provision for gratuity (Refer Note 31)	22.12	22.85
	<b>22.12</b>	<b>22.85</b>
	<b>109.74</b>	<b>94.44</b>

## 13. Deferred Tax Liability (Net)

Deferred Tax Liability	867.86	1,001.38
Deferred Tax Assets	64.84	49.48
<b>Net Deferred Tax Liability</b>	<b>803.02</b>	<b>951.90</b>
<b>Deferred Tax Assets</b>		
Deductible temporary differences:-		
Provision for doubtful debts and advances	4.81	4.81
Provision for ECL	23.07	6.14
Finance Lease	6.64	11.86
Defined benefit obligation	28.32	25.12
Others	2.00	1.55
	<b>64.84</b>	<b>49.48</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Deferred Tax Liability</b>		
Taxable temporary differences:-		
Property, plant and equipment and investment property	862.17	990.69
Right of Use	5.69	10.69
	<b>867.86</b>	<b>1,001.38</b>
<b>14. Other Liabilities</b>		
<b>Current</b>		
Advances from customers	497.74	448.43
Income tax deducted at source	55.88	274.61
Duties and taxes	942.96	493.83
Other liabilities	11.89	21.32
	<b>1,508.47</b>	<b>1,238.19</b>
<b>15. Current tax assets and liabilities</b>		
<b>Current tax assets</b>		
Advance Tax (Gross)	13,452.22	9,407.75
	<b>13,452.22</b>	<b>9,407.75</b>
<b>Current tax liabilities</b>		
Income tax payable (Gross)	13,242.00	9,395.00
Current tax assets/(liabilities)	<b>210.22</b>	<b>12.75</b>
<b>16 Revenue from Operations</b>		
	<b>2021-2022</b>	<b>2020-2021</b>
	₹ in lakhs	₹ in lakhs
<b>Sale of products</b>		
Finished products	1,50,925.89	1,15,273.65
Traded products	3,029.72	4,953.20
	<b>1,53,955.61</b>	<b>1,20,226.85</b>
<b>17 Other Income</b>		
Interest income	124.59	80.96
Interest income on lease	0.91	0.86
Dividend income - Long-term investments	0.04	0.04
Exchange gain (net)	-	168.00
Profit on sale of property, plant and equipment's (net)	1.76	0.06
Rent received	264.85	344.12
Miscellaneous income	163.04	77.54
	<b>555.19</b>	<b>671.58</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****18 Cost of Materials Consumed**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Raw material consumed</b>		
Inventory at the beginning of the year	22,050.46	17,862.50
Add : Purchases	1,30,513.39	90,966.07
	1,52,563.85	1,08,828.57
Less : Inventory at the end of the year	41,639.97	22,050.46
<b>Cost of raw material consumed</b>	<b>1,10,923.88</b>	<b>86,778.11</b>
<b>Packing material consumed</b>		
Inventory at the beginning of the year	87.95	91.82
Add : Purchases	2,755.84	2,781.63
	2,843.79	2,873.45
Less : Inventory at the end of the year	114.23	87.95
<b>Cost of packing material consumed</b>	<b>2,729.56</b>	<b>2,785.50</b>
<b>Total material consumed</b>	<b>1,13,653.44</b>	<b>89,563.61</b>

**19 Purchase of Traded Goods**

Traded goods	2,225.33	4,953.97
	<b>2,225.33</b>	<b>4,953.97</b>

**20 (Increase) / Decrease in Inventories**

<b>Inventories at the end of the year</b>		
Finished Goods	702.05	2,482.97
Traded Goods	1,400.40	1,358.53
	<b>2,102.45</b>	<b>3,841.50</b>
<b>Inventories at the beginning of the year</b>		
Finished Goods	2,482.97	1,060.16
Traded Goods	1,358.53	233.25
	<b>3,841.50</b>	<b>1,293.41</b>
	<b>1,739.05</b>	<b>(2,548.09)</b>

**21 Employee Benefits Expense**

Salaries, wages and bonus	1,948.07	2,446.99
Contribution to employees' provident and other funds	36.98	33.79
Gratuity expense	28.24	24.80
Staff welfare expenses	5.62	7.05
	<b>2,018.91</b>	<b>2,512.63</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****22 Finance costs**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Interest on borrowings	130.86	336.64
Interest expense on lease liabilities	21.21	18.09
Bank charges	271.68	225.02
	<b>423.75</b>	<b>579.75</b>

**23 Depreciation / Amortization (Refer Note 3, 4 and 5.2)**

Depreciation on property, plant and equipment	438.36	393.19
Depreciation on investment property	22.56	18.11
Depreciation on intangible assets	0.02	-
Depreciation of right-of-use assets	82.88	84.29
	<b>543.82</b>	<b>495.59</b>

**24 Other Expenses**

Power and fuel	75.08	124.02
Water charges	5.63	6.87
Repairs and maintenance :		
Buildings	83.27	25.97
Machinery	189.14	178.83
Others	111.38	52.30
Insurance	213.89	195.76
Rent	66.94	49.17
Rates and taxes	37.71	16.87
Communication costs	32.97	25.50
Legal and professional fees	85.71	49.00
Payment to auditor (Refer details below)	21.70	19.45
Director sitting fees	7.00	7.25
Clearing and forwarding expenses	6,708.14	4,161.49
Freight outwards	2,024.14	1,952.08
Travelling and conveyance	232.00	128.95
Advertising and sales promotion	134.53	123.34
Brokerage and commission	415.81	565.80
Security charges	64.17	53.67
Bad debts and sundry balances written off	140.95	233.33
CSR expense and donation (Refer note 25)	164.57	111.38
Premium on forward exchange contract amortized	77.28	118.24
Exchange loss (net)	6.59	-
Miscellaneous expenses	275.65	382.45
	<b>11,174.25</b>	<b>8,581.72</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021-2022	2020-2021
	₹ in lakhs	₹ in lakhs
<b>Payment to auditor (excluding GST)</b>		
<b>As auditor:</b>		
Statutory audit and limited review fees	17.60	16.00
Tax audit fees	2.14	1.75
Certification charges	1.96	1.00
Taxation matters	-	0.70
	<b>21.70</b>	<b>19.45</b>

25. The Company has spent ₹ 167.25 lakhs (Previous year ₹ 113.70 lakhs) towards Corporate Social Responsibility expenditure (including capital expenditure ₹ Nil, Previous year ₹ Nil) and debited the same to the Statement of Profit and Loss as against ₹ 159.28 lakhs (Previous year ₹ 108.46 lakhs) computed as per the provisions of section 135(5) of the Companies Act, 2013 and ₹ 7.97 Lakhs carry forward to next year. The details are as under:-

(i) Amount required to be spent by the company during the year,	159.28	108.46
(ii) Amount of expenditure incurred,	167.25	113.70
(iii) Shortfall at the end of the year,	Nil	Nil
(iv) Total of previous years shortfall,	Nil	Nil
(v) Reason for shortfall,	NA	NA
(vi) Nature of CSR activities,	Promoting Education and Healthcare, Disaster Relief and PM Care fund	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	NA	NA
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

## 26. Ratio Analysis

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Current Ratio	Current Assets	Current Liabilities	1.96	2.02	-3.16%	
Debt-Equity Ratio	Total Debt	Total Equity	-	0.02	-100.00%	i
Debt Service Coverage Ratio*	Earnings available for debt service	Debt Service	55.93	30.76	81.81%	ii
Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	29.95%	28.01%	6.90%	
Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	4.41	5.32	-17.07%	
Trade Receivables turnover ratio,	Net Credit Sales	Avg. Accounts Receivable	5.52	4.97	11.05%	
Trade payables turnover ratio,	Net Credit Purchases	Average Trade Payables	3.88	3.95	-1.89%	



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Net capital turnover ratio,	Net Sales	Working Capital	3.66	3.88	-5.69%	
Net Profit Ratio	Net Profit	Net Sales	11.13%	10.27%	8.44%	
Return on Capital employed	Earning before interest and taxes	Capital Employed	35.85%	34.76%	3.12%	
<b>Return on Investment</b>						
Quoted	Income generated from investments	Time weighted average investments	-	-	0.00%	
Unquoted	Income generated from investments	Time weighted average investments	0.00001	0.00001	0.00%	

- (i) During the year the Company has paid all its short term borrowings, resulting in an improvement in ratio.  
(ii) Revenue growth and better profitability has resulted in an improvement in ratio.

**27. Disaggregated Revenue Information**

The table below represents disaggregation of Company's revenue from contracts with the customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	2021-2022 ₹ in lakhs	2020-2021 ₹ in lakhs
<b>Type of goods</b>		
Finished products	1,50,925.89	1,15,273.65
Traded products	3,029.72	4,953.20
<b>Total revenue from contracts with the customers</b>	<b>1,53,955.61</b>	<b>1,20,226.85</b>
<b>Geographical markets</b>		
-India	92,470.54	78,284.60
-Outside India	61,485.07	41,942.25
<b>Total revenue from contracts with the customers</b>	<b>1,53,955.61</b>	<b>1,20,226.85</b>
<b>Relation with customer</b>		
-Non related party	1,53,955.61	1,20,226.85
-Related Party	-	-
<b>Total revenue from contracts with the customers</b>	<b>1,53,955.61</b>	<b>1,20,226.85</b>
<b>Timing of revenue recognition</b>		
-Goods transferred over a period of time	-	-
-Goods transferred over a point of time	1,53,955.61	1,20,226.85
<b>Total revenue from contracts with the customers</b>	<b>1,53,955.61</b>	<b>1,20,226.85</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****28. Commitments and Contingencies****i. Contingent Liabilities**

Claims against the Company not acknowledged as debts #:

- i. Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
a) Income tax disputed Commissioner of Income tax (Appeals-faceless)	1,333.18	-
b) Excise Matter disputed Central Excise, Customs and Sales Tax and Commissioner (Appeals) Daman & Surat.	40.47	40.47
c) Excise Matter disputed Central Excise, Customs and Sales Tax and Hon'ble CESTAT, Ahmedabad.	27.97	27.97

**ii. Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

- 13.12

**iii. Others**

a) Bank Guarantees	5,888.29	6,449.62
b) Corporate Guarantees	3,790.36	3,675.24

# The management does not expect these claims to succeed. Accordingly no provision for contingent liability has been recognized in the financial statements.

**29. Details of dues to micro and small enterprises as defined under the MSMED Act 2006 \***

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprises Development Act, 2006.	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

\*The company has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at the balance sheet date.

**30. Details of loans given, investments made and guarantee given covered u/s 186 (4) of the Companies Act, 2013**

Name of the company	Balance as at	
	31-Mar-22	31-Mar-21
	₹ in lakhs	₹ in lakhs
<b>Receivable from subsidiary against reimbursement of expenses</b>		
Panol Industries RMC FZE, UAE	-	8.41
<b>Guarantees given:</b>		
Panol Industries RMC FZE, UAE (Bank Guarantee US \$ 75 lakhs PY US \$ 85 lakhs) *	5,685.53	6,247.90
Panol Industries RMC FZE, UAE (Corporate Guarantee US \$ 50 lakhs PY US \$ 50 lakhs) *	3,790.36	3,675.24
* guarantee given against working capital loan received from banks		

**31. Employee Benefits:****i) Defined Contribution Plan:**

Company's contribution to Provident Fund ₹ 33.69 lakhs (Previous year ₹ 30.50 lakhs).

**The company also contributes to the following:**

- Employee State Insurance Contribution Fund : ₹ 3.29 lakhs (Previous year ₹ 3.29 lakhs)

**ii) Defined Benefit Plan:**

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Company's financial statements:

	₹ In lakhs	
	As at 31 March 2022	As at 31 March 2021
<b>(a) Change in the obligation benefits:</b>		
Projected benefit obligation at the beginning of the year	212.08	192.54
Service Cost	22.85	18.43
Interest cost	11.73	11.04
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(5.48)	0.71
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains) / Losses on Obligations - Due to Experience	8.03	(8.63)
Past Service Cost	-	-
Benefits paid	(14.08)	(2.01)
<b>Projected benefit obligation at the end of the year</b>	<b>235.13</b>	<b>212.08</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	₹ In lakhs	
	As at 31 March 2022	As at 31 March 2021
<b>(b) Change in the plan assets:</b>		
Fair value of the plan assets at the beginning of the year	117.65	86.16
Expected return on plan assets	7.74	11.49
Employer's contribution	-	20.00
Benefits paid	-	-
Return on plan assets, excluding interest income	-	-
<b>Fair value of the plan assets at the end of the year</b>	<b>125.39</b>	<b>117.65</b>
<b>Funded status [Surplus / (Deficit)]</b>	<b>(109.74)</b>	<b>(94.44)</b>
<b>(c) Net Gratuity and other cost:</b>		
Service cost	22.84	18.43
Past service cost and loss/(gain) on curtailments	-	-
Interest on defined benefit obligation	5.40	6.37
Interest income	-	-
<b>Net gratuity cost</b>	<b>28.24</b>	<b>24.80</b>
<b>(d) Amounts recognized in the statement of other comprehensive income:</b>		
Actuarial gain/(loss)	2.55	(7.91)
Return on plan assets, excluding interest income	(1.40)	(6.81)
Net income / (expense) for the period recognized in other comprehensive income	-	-
	<b>1.15</b>	<b>(14.72)</b>
<b>(e) Category of Assets:</b>		
Policy of Insurance	100%	100%
	<b>100</b>	<b>100</b>
<b>(f) Assumptions used in accounting for the Gratuity Plan:</b>	<b>%</b>	<b>%</b>
Discount rate	6.85%	6.50%
Expected rate of return on plan assets	6.85%	6.55%
Age of Retirement	60	60
Annual increase in salary cost	<b>6%</b>	<b>6%</b>
<b>(g) Sensitivity Analysis :</b>		
<b><u>Discount rate Sensitivity</u></b>		
Increase by 0.5%	227.76	205.17
% Change	-3.13%	-3.26%
Decrease by 0.5%	243.04	219.51
% Change	3.36%	3.50%





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	₹ In lakhs	
	As at 31 March 2022	As at 31 March 2021
<b>Salary growth rate Sensitivity</b>		
Increase by 0.5%	240.42	216.98
% Change	2.25%	2.31%
Decrease by 0.5%	230.16	207.06
% Change	-2.12%	-2.37%
<b>Withdrawal rate Sensitivity</b>		
Withdrawal rate X 110%	235.83	212.56
% Change	0.30%	0.23%
Withdrawal rate X 90%	234.40	211.57
% Change	-0.31%	-0.24%

**(h) Projected plan cash flow :**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date

**Maturity Profile**

Expected benefits for year 1 to 3	110.55	92.82
Expected benefits for year 4 to 5	18.05	28.63
Expected benefits for year 6 and above	68.66	58.22

**32. Segment Information****A. Factors used to identify the entity's reportable segments, including the basis of organization**

For management purposes, as the Company is in the business of manufacturing and trading of specialty petroleum products, the Company has considered petroleum products as the only business segment for disclosure in this context of Indian Accounting Standard 108.

The Managing Director (MD) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segment. The MD reviews revenue and gross profit as the performance indicator for the operating segment. However, the Company's finance (including finance cost and finance income) and income taxes are managed on a company as a whole basis and are not allocated to any segment.

**Geographical segment of the organization**

For the purpose of geographical segment the sales are divided into two segments - Domestic and Overseas. The accounting policies of the segments are the same as those described in Note 2 (O)

**B. Information about reportable segment**

The following table shows the distribution of the Company's reportable segment by geographical market, regardless of where the goods were produced:



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Particulars	₹ in lakhs					
	2021-2022			2020-2021		
	Within India	Outside India	Total	Within India	Outside India	Total
<b>Revenue</b>						
Sales to external customers	92,470.54	61,485.07	1,53,955.61	78,284.60	41,942.25	1,20,226.85
<b>Other segment information</b>						
Non-current Assets *	17,734.02	-	17,734.02	14,721.29	-	14,721.29

\* Non-current assets excludes investment in subsidiaries, Other investments, Other financials assets, Income tax assets (Net) and Deferred tax assets (Net).

**Significant Customer**

No Customer individually accounted for more than 10% of the revenue in the year ended 31 March 2022 and 31 March 2021.

**33. Details of related party transactions in accordance with Ind AS 24 'Related Party Disclosures'****(a) Names of related parties with whom transactions have taken place during the year****Key Management Personnel**

Amirali E Rayani  
Amin A Rayani  
Samir Rayani  
Hussein Rayani  
Pramod Maheshwari (Chief Financial Officer)  
Gayatri Sharma

**Designation**

Executive Chairman  
Managing Director & CEO  
Executive Whole-Time Director  
Joint Managing Director  
Chief Financial Officer  
Company Secretary & Compliance Officer

**Independent Director**

Madan Mohan Jain  
Mukesh Mehta  
Nargis Mirza Kabani  
Kumar Raju Nandimandalam

Independent Director  
Independent Director  
Independent Director  
Independent Director

**Relatives of key management personnel**

Akbarali Rayani  
Vazirali Rayani  
Salimali Rayani  
Arif Rayani  
Nilima Kheraj  
Munira Rayani

**Relation**

Brother of Mr. Amirali E Rayani  
Brother of Mr. Amirali E Rayani  
Brother of Mr. Amirali E Rayani  
Brother of Mr. Amin Rayani  
Sister of Mr. Samir Rayani  
Wife of Mr. Hussein Rayani

**Subsidiary**

Panol Industries RMC FZE, UAE

**Type**

Wholly owned

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(b) Transactions with Related Parties**

<b>Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Key Managerial remuneration *</b>		
Short term benefits	1,217.88	1,809.94
Director sitting fees	7.00	7.25
<b>Payment of Rent</b>		
Amin A Rayani	6.00	6.00
Samir Rayani	7.20	7.20
<b>Remuneration paid to Relative of Key Managerial Personnel</b>		
<b>Short term benefits</b>		
Akbarali Rayani	5.40	5.40
Vazirali Rayani	5.40	5.40
Salimali Rayani	5.40	5.40
Arif Rayani	12.00	12.00
Nilima Kheraj	5.40	5.40
Munira Rayani	5.40	5.40
<b>Payment of Rent</b>		
Arif Rayani	3.60	3.60
<b>Purchase of Property</b>		
Arif Rayani	398.75	-
<b>Transaction with Subsidiary</b>		
Bank Guarantee Given (US \$ 75 Lakhs PY US \$ 85 Lakhs)	5,685.53	6,247.90
Corporate Guarantee Given (US \$ 50 Lakhs PY US \$ 50 Lakhs)	3,790.36	3,675.24
Reimbursement of expenses incurred on behalf of subsidiary	43.36	50.46
<b>Balances at the end of the year with wholly owned subsidiary</b>		
Receivable against expenses incurred on behalf	-	8.41

\* Key managerial remuneration related to retirement benefits (i.e. Gratuity) are recognized under Employee benefit expenses in Statement of Profit and Loss along with other employees gratuity costs of the Company based on the actuarial valuation carried out by the Independent Actuary.

**34. Earnings per share (EPS)**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>The following reflects the profit and share data used in the basic and diluted EPS computations :</b>		
Profit after tax attributable to equity shareholders	17,139.91	12,343.37
<b>Net profit for calculation of basic and diluted EPS</b>	<b>17,139.91</b>	<b>12,343.37</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021-2022	2020-2021
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	6,04,93,598	6,04,93,598
Basic Earnings per share	28.33	20.40
Diluted Earnings per share	28.33	20.40

## 35. Tax expense

	2021-2022	2020-2021
	₹ in lakhs	₹ in lakhs
<b>(a) Amounts recognized in the statement of profit and loss</b>		
<b>Current tax expense</b>		
Current year	5,720.00	4,200.00
Changes in estimates relating to prior years	20.75	11.70
	<b>5,740.75</b>	<b>4,211.70</b>
Deferred tax expense		
Origination and reversal of temporary differences	(148.41)	204.18
Change in tax rate	-	-
	<b>(148.41)</b>	<b>204.18</b>
<b>Tax expense recognized in the statement of profit and loss</b>	<b>5,592.34</b>	<b>4,415.88</b>

	2021-2022			2020-2021		
	Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
<b>(b) Amounts recognized in other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
a) Re-measurements of the defined benefit plans	(1.15)	0.29	(0.86)	14.72	(3.71)	11.01
b) Equity instruments through Other Comprehensive Income	(0.70)	0.18	(0.52)	0.48	(0.12)	0.36
<b>Total</b>	<b>(1.85)</b>	<b>0.47</b>	<b>(1.38)</b>	<b>15.20</b>	<b>(3.83)</b>	<b>11.37</b>

	Year ended 31.3.2022	Year ended 31.3.2021
	₹ in lakhs	₹ in lakhs
<b>(c) Reconciliation of effective tax rate</b>		
Profit before tax	22,732.25	16,759.25
Statutory income tax rate	25.168	25.168
Tax using the Company's domestic tax rate	5,721.25	4,217.97
Increase due to change in tax rate	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	Year ended 31.3.2022	Year ended 31.3.2021
	₹ in lakhs	₹ in lakhs
<b>Tax effect of:</b>		
Non-deductible tax expenses / disallowances under Income Tax Act	41.75	28.03
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	-	(13.97)
Temporary difference recognized in deferred taxes	(73.26)	(47.18)
<b>Tax payable at special rates</b>		
Others	27.39	14.10
Amounts recognized in other comprehensive income	2.87	1.05
	<b>5,720.00</b>	<b>4,200.00</b>

## (d) Movement in deferred tax balances

Particulars	Net balance 1.4.2021	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2022	Deferred tax asset	Deferred tax liability
₹ in lakhs						
<b>Movement in Liability</b>						
Property, plant and equipment and intangible assets	990.69	(128.52)	-	862.17	-	862.17
Defer tax on ROU	10.69	(5.00)	-	5.69	-	5.69
<b>Total (A)</b>	<b>1,001.38</b>	<b>(133.52)</b>	<b>-</b>	<b>867.86</b>	<b>-</b>	<b>867.86</b>
<b>Movement in Asset</b>						
Employee Retirement Benefits	25.12	2.91	0.29	28.32	28.32	-
Investment	0.66	-	0.18	0.84	0.84	-
Provision for doubtful debts and advances	4.81	-	-	4.81	4.81	-
Provision for ECL	6.14	16.93	-	23.07	23.07	-
Prepaid expenses	0.89	0.28	-	1.16	1.16	-
Defer tax on lease	11.86	(5.22)	-	6.64	6.64	-
<b>Total (B)</b>	<b>49.48</b>	<b>14.89</b>	<b>0.47</b>	<b>64.84</b>	<b>64.84</b>	<b>-</b>
<b>Tax assets / (liabilities) (A-B)</b>	<b>951.90</b>	<b>(148.41)</b>	<b>(0.47)</b>	<b>803.02</b>	<b>64.84</b>	<b>867.86</b>
<b>Particulars</b>	<b>Net balance 1.4.2020</b>	<b>Recognized in profit or loss</b>	<b>Recognized in OCI</b>	<b>Net balance 31.3.2021</b>	<b>Deferred tax asset</b>	<b>Deferred tax liability</b>
<b>Movement in Liability</b>						
Property, plant and equipment and intangible assets	787.33	203.35	-	990.69	-	990.69
Deferred tax on ROU	36.58	(25.89)	-	10.69	-	10.69
<b>Total (A)</b>	<b>823.91</b>	<b>177.46</b>	<b>-</b>	<b>1,001.38</b>	<b>-</b>	<b>1,001.38</b>
<b>Movement in Asset</b>						
Investment	0.78	(0.00)	(0.12)	0.66	0.66	-
Employee Retirement Benefits	24.27	4.56	(3.71)	25.12	25.12	-
Provision for doubtful debts and advances	4.81	(0.00)	-	4.81	4.81	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Particulars	Net balance 1.4.2020	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2021	Deferred tax asset	Deferred tax liability
Provision for ECL	12.80	(6.66)	-	6.14	6.14	-
Prepaid expenses	0.88	0.01	-	0.89	0.89	-
Deferred tax on lease	34.89	(23.03)	-	11.86	11.86	-
<b>Total (B)</b>	<b>78.43</b>	<b>-25.13</b>	<b>-3.83</b>	<b>49.48</b>	<b>49.48</b>	<b>-</b>
<b>Taxassets/(liabilities)(A-B)</b>	<b>745.48</b>	<b>202.59</b>	<b>(3.83)</b>	<b>951.90</b>	<b>49.48</b>	<b>1,001.38</b>

## 36. Financial Instruments : Accounting classifications and fair value measurements

## (i) Accounting classifications

The fair values of the financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade receivables, cash and cash equivalents, bank balances, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

## (ii) Fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents carrying value and fair value of financial instruments by categories and also fair value hierarchy of assets and liabilities measured at fair value :

## As at 31st March, 2022

	Classification				Fair Value
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	
<b>Financial assets</b>					
<b>Investments</b>					
Investment in equity shares (unquoted)	1.17	1.17	-	-	1.17
Investment in equity shares (quoted)	491.24	-	491.24	-	491.24
Others non current financial assets	36.52	-	-	36.52	36.52
Trade receivables	26,500.71	-	-	26,500.71	26,500.71
<b>Loans and advances</b>					
Loans to employees	81.08	-	-	81.08	81.08
Others	-	-	-	-	-



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## As at 31st March, 2022

	Classification				Fair Value
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	
<b>Other financial assets</b>					
Derivative instruments	79.08	79.08	-	-	79.08
Others	214.57	-	-	214.57	214.57
Cash and cash equivalents	4,596.19	-	-	4,596.19	4,596.19
Bank balances	7,361.80	-	-	7,361.80	7,361.80
	<b>39,362.36</b>	<b>80.25</b>	<b>491.24</b>	<b>38,790.87</b>	<b>39,362.36</b>
<b>Financial liabilities</b>					
Lease liabilities	26.38	-	-	26.38	26.38
Borrowings					
Short term loans from banks	-	-	-	-	-
Trade payables and acceptances	41,977.58	-	-	41,977.58	41,977.58
Other financial liabilities	261.76	-	-	261.76	261.76
	<b>42,265.72</b>	<b>-</b>	<b>-</b>	<b>42,265.72</b>	<b>42,265.72</b>

## As at 31st March, 2021

	Classification				₹ in lakhs
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
<b>Financial assets</b>					
<b>Investments</b>					
Investment in equity shares (unquoted)	1.17	1.17	-	-	1.17
Investment in equity shares (quoted)	6.37	-	6.37	-	6.37
Others non current financial assets	37.43	-	-	37.43	37.43
Trade receivables	29,282.99	-	-	29,282.99	29,282.99
<b>Loans and advances</b>					
Loans to employees	57.73	-	-	57.73	57.73
Others	0.00	-	-	0.00	0.00
<b>Other financial assets</b>					
Derivative instruments	26.04	26.04	-	-	26.04
Others	189.54	-	-	189.54	189.54
Cash and cash equivalents	4,150.42	-	-	4,150.42	4,150.42
Bank balances	66.50	-	-	66.50	66.50
	<b>33,818.19</b>	<b>27.21</b>	<b>6.37</b>	<b>33,784.61</b>	<b>33,818.19</b>
<b>Financial liabilities</b>					
Lease liabilities	47.58	-	-	47.58	47.58
<b>Borrowings</b>					
Short term loans from banks	779.10	-	-	779.10	779.10
Trade payables and acceptances	27,932.25	-	-	27,932.25	27,932.25
Other financial liabilities	233.77	-	-	233.77	233.77
	<b>28,992.70</b>	<b>-</b>	<b>-</b>	<b>28,992.70</b>	<b>28,992.70</b>





## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	As at 31st March, 2022			As at 31st March, 2021		
	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Investments</b>						
Investment in equity shares (unquoted)	-	-	1.17	-	-	1.17
Investment in equity shares (quoted)	491.24	-	-	6.37	-	-
Others non current financial assets	-	-	-	-	-	-
Loans and advances						
Loans to employees	-	-	81.08	-	-	57.73
Other financial assets	-	-	214.57	-	-	189.54
Derivative instruments	-	79.08	-	-	26.04	-
	<b>491.24</b>	<b>79.08</b>	<b>296.82</b>	<b>6.37</b>	<b>26.04</b>	<b>248.44</b>
<b>Financial liabilities</b>						
Security deposit	-	-	-	-	-	150.10
	-	-	-	-	-	<b>150.10</b>

During the reporting period ending 31st March, 2022 and 31st March, 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

**(iii) Description of significant observable inputs to valuation:**

The following table shows the valuation techniques used to determine fair value :

Type	Valuation technique
Investments in equity shares (unquoted)	Book value *
Investments in equity shares (quoted)	Fair Value
Loan to employees	Based on prevailing market interest rate
Derivative instruments	Fair valued based on prevailing market rate at each closing date
Short term loans from banks	Based on quotes from banks and financial institutions

\* Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

**37. Financial risk management****Risk management framework**

The Company has identified financial risks and categorized them in three parts viz. (i) Credit Risk, (ii) Liquidity Risk and (iii) Market Risk. Details regarding sources of risk in each such category and how Company manages the risk is explained in following notes:

**(i) Credit risk**

Credit risk refers to the possibility of a customer and other counterparties not meeting their obligations and terms and conditions which would result into financial losses. Such risk arises mainly from trade receivables and investments. Credit risk is managed through internal credit control mechanism such as credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**Trade receivables**

As per the credit policy of the Company, generally no credit are given exceeding the accepted credit norms. The Company deals with large corporate houses and State Electricity Boards after considering their credit standing. The credit policy with respect to other customers is strictly monitored by the Company at periodic intervals. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers. In addition, for amounts recoverable on exports, the Company has adequate insurance to mitigate overseas customer and country risk.

The Company uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Ageing	As at 31st March, 2022			₹ in lakhs
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	254.78	7.81%	19.90	234.88
180-365 days past due	21.74	15.84%	3.44	18.30
More than 365 days past due	278.40	24.55%	68.33	210.07
Credit impaired	13.89	100.00%	13.89	-
	<b>568.81</b>	<b>18.56%</b>	<b>105.56</b>	<b>463.25</b>

Ageing	As at 31st March, 2021			₹ in lakhs
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	167.10	5.09%	8.51	158.59
180-365 days past due	69.16	10.31%	7.13	62.03
More than 365 days past due	68.05	12.89%	8.77	59.28
Credit impaired	13.89	100.00%	13.89	-
	<b>318.20</b>	<b>12.04%</b>	<b>38.30</b>	<b>279.90</b>

Note:- Impairment under expected credit loss includes ₹ 13.89 Lakhs for doubtful debts P.Y. ₹ 13.89 Lakhs

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 4596.19 lakhs at 31.3.2022 (31.3.2021: ₹ 4,150.42 lakhs). The cash and cash equivalents are held with banks with good credit ratings. Also, the Company invests its surplus funds in bank fixed deposits, which carry no / low mark to market risks for short duration and therefore, does not expose the Company to credit risk.

**Investments**

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Derivatives**

The forward contracts were entered into with banks having an investment grade rating and exposure to counterparties is closely monitored and kept within the approved limits.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations on due date. The Company has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. This is ensured through proper financial planning with detailed annual business plans, discussed at appropriate levels within the organization. Annual business plans are divided into quarterly plans and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner. Cash management services are availed to avoid any loss of interest on collections. In addition, the Company has adequate borrowing limits with reputed banks in place duly approved.

**a) Financing arrangements**

The Company has an adequate fund and non-fund based limits lines with various banks. The Company's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. The financing products include working capital loans, buyer's credit loan, supplier's credit loan etc.

**b) Maturities of financial liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows within one year

	<b>As at 31.3.2022</b> <b>₹ in lakhs</b>	<b>As at 31.3.2021</b> <b>₹ in lakhs</b>
Short term loans from banks	-	779.10
Trade payables	41,977.58	27,932.25
Other financial liabilities (other than derivative liabilities)	261.76	233.77
Derivative liabilities	-	-
	<b>42,239.34</b>	<b>28,945.12</b>

**(iii) Market Risk**

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price. Market risk further comprises of (a) Currency risk, (b) Interest rate risk and (c) Commodity risk.

**a) Currency Risk**

The Company is exposed to currency risk mainly on account of its import payables and export receivables in foreign currency. The major exposures of the Company are in U.S. dollars. The Company hedges its import foreign exchange exposure partly through exports and depending upon the market situations partly through forward foreign currency covers. The Company has a policy in place for hedging its foreign currency exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

	<b>31-Mar-22</b> <b>\$ In lakhs</b>	<b>31-Mar-22</b> <b>₹ in lakhs</b>	<b>31-Mar-21</b> <b>\$ In lakhs</b>	<b>31-Mar-21</b> <b>₹ in lakhs</b>
<b>Financial assets</b>				
Trade Receivables	79.19	6,003.22	114.79	8,437.30



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	31-Mar-22	31-Mar-22	31-Mar-21	31-Mar-21
	\$ In lakhs	₹ in lakhs	\$ In lakhs	₹ in lakhs
Cash and cash equivalents	9.93	752.50	41.25	3,032.21
Other financial assets	16.19	1,227.62	3.30	256.27
<b>Net exposure for assets - A</b>	<b>105.31</b>	<b>7,983.34</b>	<b>159.34</b>	<b>11,725.78</b>
<b>Financial liabilities</b>				
Trade Payables	527.49	39,987.82	342.06	25,143.04
Other financial liabilities	6.41	485.77	5.19	381.67
Less: Foreign currency forward exchange contracts	132.49	10,044.05	43.92	3,228.08
<b>Net exposure for liabilities - B</b>	<b>401.41</b>	<b>30,429.54</b>	<b>303.34</b>	<b>22,296.63</b>
<b>Net exposure (A-B)</b>	<b>(296.10)</b>	<b>(22,446.19)</b>	<b>(144.00)</b>	<b>(10,570.84)</b>

The following exchange rates have been applied at the end of the respective years

	31-Mar-22	31-Mar-21
USD Rate	75.81	73.50

**Sensitivity analysis**

The table below shows sensitivity of open forex exposure to USD / INR movement. We have considered 1% (+/-) change in USD / INR movement, increase indicates appreciation in USD / INR whereas decrease indicates depreciation in USD / INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

**Impact on profit or loss due to % increase / (decrease) in currency**

Particulars	2021-2022		2020-2021	
	Increase	(Decrease)	Increase	(Decrease)
Movement (%)	1%	1%	1%	1%
USD	(224.67)	224.67	(119.61)	119.61

**b) Interest rate risk**

The Company is not exposed to significant interest rate risk during the respective reporting periods. Short term loans are taken on fixed interest rates.

**(i) Interest Rate Risk Exposure**

The Exposure of the borrowing to interest rate changes at the end of the reporting period are included in the table below. As at the end of the reporting period the following weighted average interest rate on the borrowings.

Particulars	2021-2022			2020-2021		
	Weighted average Interest rate	Balance ₹ in Lakhs	% of Total Loans	Weighted average Interest rate	Balance ₹ in Lakhs	% of Total Loans
Cash Credits from banks	-	-	100	9.77	779.1	100



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The percentage of total loans shows the proportion of loans that are currently at weighted average in relation to the total amount of borrowings.

### (ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rate. In interest rate risk note we have considered impact on profit after tax.

Particulars	2021-2022		2020-2021	
	Increase	(Decrease)	Increase	(Decrease)
Movement by 100 basis point	-	-	5.83	(5.83)

### c) Commodity Risk

#### Raw Material Risk

Timely availability and also non-availability of good quality base oils from across the globe could negate the qualitative and quantitative production of the various products of the Company. Volatility in prices of crude oil and base oil is another major risk for this segment. The Company procures base oils from various suppliers scattered in different parts of the world. The Company tries to enter into long term supply contracts with regular suppliers and at times buys the base oils on spot basis.

### 38. Benami Transactions

The Company does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

### 39. Transactions with struck off Companies

The Company does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2022 and 31 March 2021.

### 40. Restriction on number of layers

The Company has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

### 41. Undisclosed Income

The Company does not have any undisclosed income during the financial year ended 31 March 2022 and 31 March 2021.

### 42. Crypto/Virtual Currency

The Company does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2022 and 31 March 2021.

### 43. Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****44. Utilization of borrowed funds and share premium**

- (a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**45. Previous year figures**

The company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 45 of the financial statements

As per our report of even date attached

**For JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No : 114003

**For and on behalf of the board of directors of  
Panama Petrochem Limited****Amirali E. Rayani**

Chairman

DIN:00002616

**Amin A. Rayani**

Managing Director & CEO

DIN:00002652

**Pramod Maheshwari**

CFO

**Gayatri Sharma**

Company Secretary & Compliance Officer

**Place: Mumbai**

**Date : 30 May 2022**

**Place: Mumbai**

**Date : 30 May 2022**



## Independent Auditor's Report

### To the Members of Panama Petrochem Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Panama Petrochem Limited** ("the Company") and its subsidiary company i.e. **Panol Industries RMC FZE** (the Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity, with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, the consolidated profit, consolidated other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Inventory Existence:</b></p> <p>The Group recognized inventory of ₹ 49,052.95 lakhs as at 31 March 2022. Inventory held at various locations across India, outside India.</p> <p>Within Each Location, inventory is stored in warehouses, tanks, containers and tanks attached to the Bonded Custom Warehouse.</p>	<p>We attended inventory counts at locations, which we selected based on financial significance and risk.</p> <p>For locations attended, we performed the following procedures at each site:</p> <ul style="list-style-type: none"> <li>Selected a sample of inventory items and compared the quantities we counted with the book balance.</li> <li>Observed a sample of managements inventory count procedures to assess compliance with Company Policy and</li> </ul>





Sr. No.	Key Audit Matter	Auditor's Response
	<p>This is a key audit matter because of the</p> <ul style="list-style-type: none"> <li>Significance of the inventory balance to the statement of financial position and</li> <li>Complexity involved in determining inventory quantities on hand due to the number, conversion from Ltr. to Kgs., location, diversity of inventory storage locations, inventory lying with third parties Etc.</li> </ul>	<ul style="list-style-type: none"> <li>Made enquiries regarding obsolete inventory items and inspected the condition of items counted.</li> <li>Tested whether necessary adjustments are recorded in the financial statements for all material differences arising from physical stock counts.</li> <li>evaluated the design and implementation of the controls over physical verification of inventories and tested the operating effectiveness of the controls during the year.</li> <li>for stocks at third party warehouses, obtained confirmations, and as appropriate performed roll-back procedures to tally with stock quantities at the year end, on a sample basis.</li> <li>verified the analytical reviews performed by the management such as consumption analysis and stock movement analysis for the year for raw material and finished goods at factories, on a sample basis.</li> </ul>
2	<p><b>Trade Receivables:</b></p> <p>Trade receivables comprise a significant portion of the Current assets of the Group and serve as security for a majority of the Group short-term debt, the receivables provision has been made based on Expected Credit Loss method. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future Accordingly, the estimation of the allowance for trade receivables is a significant judgment area and is therefore considered a key audit matter.</p>	<p>We considered payments received subsequent to year-end, insurance held for Overseas trade receivables, past payment history and unusual patterns to identify potentially impaired balances. The assessment of the appropriateness of the allowance for trade receivables comprised a variety of audit procedures across the Group including:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness and reasonableness of the assumptions applied in the managements' assessment of the receivables allowance;</li> <li>Consideration of the creditworthiness of significant trade receivables over 90 days;</li> <li>Consideration and concurrence of the agreed payment terms;</li> <li>Verification of receipts from trade receivables subsequent to year-end;</li> <li>Inspection of credit insurance policies; and</li> <li>Considered the completeness and accuracy of the disclosures. To address the risk of management bias, we evaluated the results of our procedures against audit procedures on other key balances to assess whether or not there was an indication of bias. We were satisfied that the Group's trade receivables are fairly valued and adequately provided. We further considered whether the provisions were misstated and concluded that they were appropriate in all material respects, and disclosures related to trade receivable in the consolidated financial statements are appropriate.</li> </ul>

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

- a) We did not audit the financial statements of the subsidiary i.e. **Panol Industries RMC FZE**, whose financial statements reflect total assets of ₹ 21,221.82 lakhs as at 31 March 2022, total revenue of ₹ 59,297.20 lakhs and net profit after tax of ₹ 5,894.17 lakhs for the year ended 31 March 2022 as considered in the consolidated Ind AS financial statements. These financial statements of the subsidiary have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.
- b) Subsidiary is located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in its respective country and which have been reviewed and audited by the other auditor as applicable, under generally accepted auditing standards applicable in its respective country. The Company's Management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion is not modified in respect of this matter

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements, including, inter-alia financial statement of the subsidiary duly audited by the component auditor;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.



- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on 31 March 2022 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of the Company, for reasons stated therein. Internal control over financial reporting is not applicable to the subsidiary, which is incorporated outside India.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 9 (f) to the consolidated financial statements:
  - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
  - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
  - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

**For JMR & Associates LLP**

**Chartered Accountants**

Firm Registration No. 106912W / W100300

**Nikesh Jain**

Partner

Membership No. 114003

UDIN : 22114003AJVQEV3992

Place : Mumbai

Date : 30 May, 2022

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT  
ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Panama Petrochem Limited** of even date)

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls over financial reporting of Panama Petrochem Limited (hereinafter referred to as "Company") as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For JMR & Associates LLP****Chartered Accountants**

Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner

Membership No. 114003

UDIN: 22114003AJVQEV3992

Place : Mumbai

Date : 30 May, 2022





## Consolidated Balance Sheet as at 31 March 2022

Particulars	Notes	As at 31 March 2022 ₹ In lakhs	As at 31 March 2021 ₹ In lakhs
<b>Assets</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	3	19,044.88	15,097.05
(b) Capital work-in-progress	3.1	496.60	2,239.62
(c) Investment property	4	1,603.99	990.52
(d) Right -of-use Assets	3, 5.1	2,361.62	2,418.09
(e) Intangible Assets	5.2	1.23	-
(f) Financial Assets			
(i) Investments	6.1	492.41	7.54
(ii) Others	6.6	36.52	37.43
(g) Other non-current assets	8	121.72	50.34
<b>Total Non Current Assets</b>		<b>24,158.97</b>	<b>20,840.59</b>
<b>2. Current assets</b>			
(a) Inventories	7	49,052.95	36,505.70
(b) Financial Assets			
(i) Trade Receivables	6.2	31,748.83	32,318.53
(ii) Cash and cash equivalents	6.4	6,188.16	7,042.26
(iii) Bank Balances other than (ii) above	6.5	7,743.26	435.63
(iv) Loans	6.3	81.07	57.73
(v) Others	6.6	791.48	421.18
(c) Current Tax Assets (Net)	15	210.22	12.75
(d) Other Current Assets	8	5,344.21	1,627.64
<b>Total Current Assets</b>		<b>1,01,160.18</b>	<b>78,421.42</b>
<b>Total Assets</b>		<b>1,25,319.15</b>	<b>99,262.01</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	9	1,209.87	1,209.87
(b) Other Equity	10	75,611.03	54,887.30
Equity attributable to equity holders of the parent		76,820.90	56,097.17
Non-controlling interests		-	-
<b>Total equity</b>		<b>76,820.90</b>	<b>56,097.17</b>
<b>Liabilities</b>			
<b>1. Non-current Liabilities</b>			
Financial liabilities			
(a) Lease liabilities	11.1	3.26	15.00
(b) Other Non-current Liabilities		-	-
Provisions	12	113.97	71.59
Deferred Tax Liabilities (Net)	13	803.02	951.90
<b>Total Non -current Liabilities</b>		<b>920.25</b>	<b>1,038.49</b>
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	11.1	23.12	32.58
(ii) Borrowings	11.2	2,981.09	6,516.73
(iii) Trade Payables	11.3	-	-
<b>Total outstanding dues of micro enterprises and small enterprises</b>		42,759.22	32,805.79
<b>Total outstanding dues of creditors other than micro enterprises and small enterprises</b>			
(iv) Other Financial Liabilities	11.4	261.76	233.77
(b) Provisions	12	22.12	22.85
(c) Current Tax Liabilities (Net)	15	-	-
(d) Other Current Liabilities	14	1,530.69	2,514.63
<b>Total Current Liabilities</b>		<b>47,578.00</b>	<b>42,126.35</b>
<b>Total Equity and Liabilities</b>		<b>1,25,319.15</b>	<b>99,262.01</b>
Significant Accounting Policies	2		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date attached

**For JMR & Associates LLP**Chartered Accountants  
Firm Registration No. 106912W / W100300**CA. Nikesh Jain**Partner  
Membership No : 114003**For and on behalf of the board of directors of  
Panama Petrochem Limited****Amirali E. Rayani**Chairman  
DIN:00002616**Pramod Maheshwari**  
CFOPlace: Mumbai  
Date : 30 May 2022**Amin A. Rayani**Managing Director & CEO  
DIN:00002652**Gayatri Sharma**

Company Secretary &amp; Compliance Officer

Place: Mumbai  
Date : 30 May 2022



**Consolidated Statement of Profit and Loss for the year ended 31 March 2022**

	Notes	Year ended 31 March 2022 ₹ In lakhs	Year ended 31 March 2021 ₹ In lakhs
<b>Income</b>			
Revenue from operations	16	2,13,235.40	1,44,696.21
Other income	17	572.60	631.90
<b>Total Income</b>		<b>2,13,808.00</b>	<b>1,45,328.11</b>
<b>Expenditure</b>			
Cost of material consumed	18	1,60,627.24	1,07,271.84
Purchase of traded goods	19	2,225.33	4,953.97
Change in inventories of traded goods and finished goods	20	3,150.53	(195.52)
Employee benefits expense	21	2,401.77	2,632.53
Finance costs	22	705.76	894.64
Depreciation and amortization expense	23	840.00	761.24
Other expenses	24	15,230.95	11,058.21
<b>Total Expenses</b>		<b>1,85,181.58</b>	<b>1,27,376.91</b>
<b>Profit for the year before tax</b>		<b>28,626.42</b>	<b>17,951.20</b>
<b>Tax expenses</b>			
Current tax	34	5,720.00	4,200.00
Deferred tax	34	(148.41)	204.18
Short/(excess) provision of tax relating to earlier years		20.75	11.70
<b>Total tax expenses</b>		<b>5,592.34</b>	<b>4,415.88</b>
<b>Profit for the year from continuing operations</b>		<b>23,034.08</b>	<b>13,535.32</b>
<b>Other Comprehensive Income</b>			
<b>A) Items that will not be reclassified subsequently to profit or loss</b>			
(i) Re-measurement gains/(losses) on defined benefit plans		(1.15)	14.72
(iii) Income tax related to above		0.29	(3.71)
<b>B) Items that will be reclassified to profit or loss</b>			
(i) Equity instruments through other comprehensive income		(0.70)	0.48
(ii) Income tax related to above		0.18	(0.12)
(iii) Exchange differences on translation of foreign operations		110.78	(25.81)
<b>Other Comprehensive Income</b>		<b>109.40</b>	<b>(14.44)</b>
<b>Total Comprehensive Income</b>		<b>23,143.48</b>	<b>13,520.88</b>
<b>Profit attributable to:</b>			
(i) Owners of the Company		23,034.08	13,535.32
(ii) Non-controlling interests		-	-
<b>Total comprehensive income attributable to:</b>		<b>23,034.08</b>	<b>13,535.32</b>
(i) Owners of the Company		23,143.48	13,520.88
(ii) Non-controlling interests		-	-
		<b>23,143.48</b>	<b>13,520.88</b>
Basic and Diluted earnings per share in ₹ (face value of ₹ 2 each) (Refer Note 33)		38.08	22.37
<b>Significant Accounting Policies</b>			
<b>The accompanying notes are an integral part of the consolidated financial statements</b>			

As per our report of even date attached

**For JMR & Associates LLP**Chartered Accountants  
Firm Registration No. 106912W / W100300**CA. Nikesh Jain**Partner  
Membership No : 114003**For and on behalf of the board of directors of  
Panama Petrochem Limited****Amirali E. Rayani**Chairman  
DIN:00002616**Pramod Maheshwari**

CFO

**Amin A. Rayani**Managing Director & CEO  
DIN:00002652**Gayatri Sharma**

Company Secretary &amp; Compliance Officer

Place: Mumbai

Date : 30 May 2022

Place: Mumbai

Date : 30 May 2022

**Consolidated cash flow statement for the year ended 31 March 2022**

	<b>31 March 2022</b> ₹ In lakhs	<b>31 March 2021</b> ₹ In lakhs
<b>Cash Flows from operating activities</b>		
Profit before tax	28,626.42	17,951.20
<b>Adjustments for -</b>		
Depreciation on property, plant and equipment and investment property, ROU and intangible assets	840.00	761.24
Finance costs	705.76	894.64
(Profit)/loss on sale of property, plant and equipment (net)	(1.76)	(0.06)
(Gain)/Loss on Lease Modification	3.19	-
Foreign currency translation reserve	110.78	(25.81)
Unrealized foreign exchange loss/(gain)	342.53	37.73
Unrealized foreign exchange loss/(gain) on derivative contract	(144.55)	5.68
Interest income	(126.95)	(88.37)
Dividend income	(0.04)	(0.04)
Lease rental received	(264.85)	(344.12)
Bad debts, provision for doubtful debts	103.17	(26.46)
<b>Operating profit before working capital changes</b>	<b>30,193.70</b>	<b>19,165.63</b>
(Increase)/decrease in Trade Receivables	414.95	(7,366.80)
(Increase)/decrease in Inventories	(12,547.25)	(11,112.86)
(Increase)/decrease in Loans and advances and other assets	(248.34)	(15.21)
(Increase)/decrease in other current assets	(3,621.79)	(423.56)
Increase/(decrease) in Trade Payables	9,675.49	7,264.96
Increase/(decrease) in other financial liabilities and provisions	(926.34)	2,012.79
Cash generated from/(used in) operations	22,940.42	9,524.95
Direct taxes paid (Net of refunds)	(5,938.22)	(3,917.67)
<b>Net cash flow from/(used in) operating activity (A)</b>	<b>17,002.20</b>	<b>5,607.28</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment and investment property	(3,013.83)	(2,499.08)
Additions to Investment Property	(636.03)	-
Additions to Investment	(485.57)	-
Additions to Intangible assets	(1.25)	-
Sales of property, plant and equipment	3.93	0.39
Redemption/maturity of bank deposits (having original maturity of more than three months)	(7,307.48)	615.46
Interest received	78.80	92.18
Lease Rental received	264.85	344.12
Dividend received	0.04	0.04
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(11,096.54)</b>	<b>(1,446.89)</b>



	31 March 2022 ₹ In lakhs	31 March 2021 ₹ In lakhs
<b>Cash flows from financing activities</b>		
Payment of Lease Liabilities	(50.00)	(56.91)
Proceeds/ (Repayment) from/of short-term borrowing (net)	(3,535.64)	1,547.56
Interest paid	(753.30)	(893.77)
Dividend paid	(2,408.38)	(725.92)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(6,747.32)</b>	<b>(129.04)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(841.66)	4,031.35
Effect of exchange differences on cash & cash equivalents held in foreign currency	(12.44)	(34.39)
Cash and cash equivalents at the beginning of the year	7,042.26	3,045.30
<b>Cash and cash equivalents at the end of the year</b>	<b>6,188.16</b>	<b>7,042.26</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	75.44	14.15
With banks		
- on current accounts	6,112.72	7,028.11
<b>Total Cash and Cash Equivalents (refer note 6.4 and 6.5)</b>	<b>6,188.16</b>	<b>7,042.26</b>

\*The company can utilize this balances only towards the settlement of the respective unpaid dividend

**Note :**

The Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind As 7 specified under section 133 of the Companies Act, 2013.

Previous year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

**As per our report of even date attached**

**For JMR & Associates LLP**

Chartered Accountants  
Firm Registration No. 106912W / W100300

**CA. Nimesh Jain**

Partner  
Membership No : 114003

**For and on behalf of the board of directors of  
Panama Petrochem Limited**

**Amirali E. Rayani**

Chairman  
DIN:00002616

**Amin A. Rayani**

Managing Director & CEO  
DIN:00002652

**Pramod Maheshwari**  
CFO

**Gayatri Sharma**  
Company Secretary & Compliance Officer

**Place: Mumbai**  
**Date : 30 May 2022**

**Place: Mumbai**  
**Date : 30 May 2022**

**Consolidated Statement of changes in equity for the year ended 31 March 2022**

Particulars	As at 31.03.2022 ₹ In lakhs	As at 31.03.2021 ₹ In lakhs
Balance at the beginning of the current reporting period	1,209.87	1,209.87
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,209.87	1,209.87
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	1,209.87	1,209.87

**Other Equity**

₹ In lakhs

Particulars	Reserves and Surplus as at 31.03.2022					Total
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	
Balance at the beginning of the current period	0.24	9,018.48	1,157.99	44,248.30	462.29	54,887.30
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	0.24	9,018.48	1,157.99	44,248.30	462.29	54,887.30
Foreign Currency Translation during the year	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	23,034.08	109.39	23,143.47
Dividends	-	-	-	(2,419.74)	-	(2,419.74)
Transfer to retained earnings/ General reserve	(0.24)	-	0.24	-	-	-
Balance at the end of the current reporting period	-	9,018.48	1,158.23	64,862.64	571.68	75,611.03
<b>Grand Total</b>						<b>75,611.03</b>

**Other Equity**

Particulars	Reserves and Surplus as at 31.03.2021					Total
	Investment Allowance Reserve	Securities Premium Account	General reserve	Retained earnings	Other Comprehensive Income*	
Balance at the beginning of the current period	0.24	9,018.48	1,157.99	31,438.90	476.73	42,092.34
Changes in the accounting policy or prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the current period	0.24	9,018.48	1,157.99	31,438.90	476.73	42,092.34
Foreign Currency Translation during the year	-	-	-	-	-	-
Total comprehensive income for the current year	-	-	-	13,535.32	(14.44)	13,520.88
Dividends	-	-	-	(725.92)	-	(725.92)
Transfer to retained earnings/ General reserve	-	-	-	-	-	-
Balance at the end of the current reporting period	0.24	9,018.48	1,157.99	44,248.30	462.29	54,887.30
<b>Grand Total</b>						<b>54,887.30</b>

**\* Details of Other Comprehensive Income****Particulars****2021-2022**

	<b>Re-measurement of Employees defined benefits</b>	<b>Equity Instruments through Other Comprehensive Income</b>	<b>Foreign currency translation reserve</b>	<b>Total</b>
Balance at the beginning of the current period	3.90	9.54	448.85	462.29
Other comprehensive Income during the year	(0.86)	(0.53)	110.78	109.39
Balance at the end of the current reporting period	3.04	9.01	559.63	571.68

**\* Details of Other Comprehensive Income****Particulars****2020-2021**

	<b>Re-measurement of Employees defined benefits</b>	<b>Equity Instruments through Other Comprehensive Income</b>	<b>Foreign currency translation reserve</b>	<b>Total</b>
Balance at the beginning of the current period	(7.11)	9.18	474.66	476.73
Other comprehensive Income during the year	11.01	0.36	(25.81)	(14.44)
Balance at the end of the current reporting period	3.90	9.54	448.85	462.29

**Notes :**

Investment Allowance Reserve	:	This reserve represents Govt grants received against investments.
Securities Premium	:	Premium collected on issue of securities are accumulated as part of securities premium.
General Reserve	:	General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
Retained Earning	:	This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.
Foreign currency translation reserve	:	This represents exchange differences arising on the translation of non-monetary assets at the date of the reclassification

**As per our report of even date attached****For JMR & Associates LLP**

Chartered Accountants  
Firm Registration No. 106912W / W100300

**CA. Nikesh Jain**

Partner  
Membership No : 114003

**Place: Mumbai**

**Date : 30 May 2022**

**For and on behalf of the board of directors of Panama Petrochem Limited****Amirali E. Rayani**

Chairman  
DIN:00002616

**Pramod Maheshwari**

CFO

**Place: Mumbai**

**Date : 30 May 2022**

**Amin A. Rayani**

Managing Director & CEO  
DIN:00002652

**Gayatri Sharma**

Company Secretary & Compliance Officer

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****1. (A) Corporate Group Information**

Panama Petrochem Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. Panama Petrochem Limited and its subsidiary (collectively referred as "the group"). The Group's principal operations are located in India and its subsidiary operation in United Arab Emirates. The Group is engaged in the manufacture of specialty petroleum products for diverse user industries like printing, textiles, rubber, pharmaceuticals, cosmetics, power and other industrial oil. The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Global Depository Receipts (GDRs) of the Company are listed on the Luxembourg stock exchange.

**(B) Subsidiary**

Subsidiary is entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**(C) Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**(D) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, net of deferred taxes, are eliminated.

**Authorization of financial statements**

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on 30 May 2022.

**2. Significant Accounting Policies:****(A) Basis of Preparation of Financial Statements**

- (i) **Compliance with Ind AS:** These consolidated financial statements of the Group have been prepared to comply, in all material aspects, with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

- (ii) **Classification of assets and liabilities :** All assets and liabilities have been classified as current or non-current based on the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Deferred tax assets and liabilities are classified as non-current on net basis.

- (iii) **Historical cost convention :** The financial statements have been prepared on going concern basis under the historical cost convention except:

- (a) certain financial instruments (including derivative instruments) and
- (b) defined benefit plans

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Which are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

**(iv) Functional and presentation currency :** The Group's functional and presentation currency is Indian Rupee (₹). All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs ( ₹ lakhs), except otherwise indicated.

**(v) Fair value measurement :** The Group measures certain financial assets and financial liabilities including derivatives and defined benefit plans at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either

- (a) in the principal market for the asset or liability or
- (b) in the absence or a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group's determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(vi) Principles of consolidation**

- 1) The consolidated financial statements include the financial statements of Panama Petrochem Limited, the parent company (hereinafter referred to as 'the Company') and its subsidiary (collectively referred to as the 'Group').

The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the parent company and the subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

- ii. The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of equity in the subsidiaries is recognized in the financial statements as 'goodwill'. The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognized in the financial statements as 'capital reserve'.
  - iii. Minority interest in the net assets of consolidated subsidiaries consists of:
    - (a) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
    - (b) the minorities share of movements in equity since the date the parent and subsidiary relationship came into existence.
  - iv. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
  - v. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.
- 2) The subsidiary company considered in the consolidated financial statements are:

<b>Name of the Subsidiary</b>	<b>Country of incorporation</b>	<b>Extent of holding (%)</b>	<b>Reporting currency</b>	<b>Effective date of becoming subsidiary</b>
Panol Industries RMC FZE	United Arab Emirates (U.A.E.)	100	AED	1 January 2013

**(B) Property, Plant and Equipment**

- (i) Freehold land is carried at historical cost and all other property, plant and equipment are shown at cost (net of adjustable taxes) less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises of its purchase price, non refundable / adjustable purchase taxes and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the management, the initial estimate of any decommissioning obligation, if any and for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The cost also includes trial run cost and other operating expenses such as freight, installation charges etc. The projects under construction are carried at costs comprising of costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and attributable borrowing costs.
- (ii) Stores and spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- (iii) When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.
- (iv) An Item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset or significant part) is included in the Statement of Profit and Loss when the asset is derecognized.
- (v) In line with the provisions of Schedule II to the Companies Act, 2013, the Group depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components of property, plant and equipment has been assessed based on the historical experience and internal technical inputs.



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

- (vi) Depreciation on property, plant and equipment is provided as per straight line method based on useful life prescribed under Schedule II to the Companies Act, 2013. The Group has assessed the estimated useful lives of its property, plant and equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

The property, plant and equipment acquired under finance lease are depreciated over the period of lease. Depreciation on stores and spares specific to an item or property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the stores and spares are depreciated over their estimated useful life based on the technical assessment.

- (vii) The residual values and useful lives of property, plant and equipment are reviewed at each financial year end, and changes, if any, are accounted prospectively.

- (viii) Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date. These are stated at cost to date relating to items or project in progress, incurred during construction / preoperative period. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

**(C) Investment Property**

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in the Statement of Profit and Loss in the period in which the property is derecognized.

Depreciation on investment property is provided as per straight line method based on estimated useful life which is considered at 60 years based on internal assessment.

**(D) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets namely computer software is amortized at the rate of 33.33 % on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Statement when the asset is derecognized.

**(E) Borrowing Costs**

Borrowing costs are charged to Statement of Profit and Loss except to the extent attributable to acquisition / construction of and asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### (F) Impairment of Non-financial Assets

At each balance sheet date, an assessment is made of whether there is any indication of impairment.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

### (G) Non-current Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### (H) Inventories

**Inventories are valued as follows:**

Raw materials, Packing Materials and Traded Goods	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Input GST credit . Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress and Finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a First In First Out (FIFO) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### (I) Revenue from contracts with customer:

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**(i) Sale of Goods:**

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

**(ii) Interest income:**

Under Ind AS 109, Interest income is recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at fair value through Profit and loss (FVTPL).

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b. By considering all the contractual terms of the financial instruments in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

Any subsequent changes in the estimation of the future cash flows is recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

**(iii) Net Gain on fair value changes :**

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by Group on the balance sheet date is recognized as an unrealized gain / loss. In cases there is a net gain in the aggregate, the same is recognized in "Net gains on fair value changes" under "Other Income" and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and Loss.

Similarly, any realized gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at Fair value through Other Comprehensive Income ("FVTOCI") is recognized in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortized is presented separately under the respective head in the Statement of Profit and Loss.

**(iv) Dividend income:****Dividend income is recognized :**

- a. When the right to receive the payment is established.
- b. It is probable that the economic benefits associated with the dividend will flow to the entity and
- c. The amount of the dividend can be measured reliably.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(v) Rental Income:**

Revenue is recognized on the basis of income arising from operating lease of investment properties is accounted for on a straight-line basis over the lease unless the payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases and is included in the head "other income" in the Statement of Profit and Loss.

**(vi) Others:**

Revenue is recognized in respect of export incentives, insurance / other claims etc., when it is reasonably certain that the ultimate collection will be made.

**(J) Expenditure on Research and Development**

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss under the appropriate heads of expenses. Expenditure relating to property, plant and equipment are capitalized under respective heads.

**(K) Foreign Currency Transactions****(i) Initial Recognition**

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.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year, or reported in financial statements, are recognized as income or as expenses in the year in which they arise.

**(iv) Forward Contracts**

The premium or discount arising at the inception of forward exchange contracts is booked as expense or income immediately. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**(L) Employee Benefits**

All employee benefits payable wholly within 12 months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

**Post Retirement Benefits**

The Group operates the following post-employment schemes:

- (a) defined benefit plan - gratuity
- (b) defined contribution plan - provident fund

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Defined benefit plan - Gratuity obligation**

Post-employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.

The liability or asset recognized in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less fair value of plan assets.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

**Defined contribution plan**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective fund.

**(M) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts. Refer note no 11.1

**(a) Group is the lessee**

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(b) Group is the lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**(N) Taxation**

Income tax expense comprises of current tax expense and the net change in the deferred tax asset or liability during the year.

- (a) Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the the respective jurisdiction.
- (b) Deferred Tax: Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are off set if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(O) Segment Reporting**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. The operating segments have been identified on the basis of nature of product/services.

The board of directors of the Group has appointed the Managing Director as the chief operating decision maker (CODM) who is assessing the financial performance and position of the Group, and makes strategic decisions.

**(P) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, if any, such as bonus issue, bonus elements in a rights issue to existing shareholders, shares split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(Q) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required 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

**Contingent liabilities are disclosed in the case of:**

- a) a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- b) a present obligation arising from the past events, when no reliable estimate is possible;
- c) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

**(R) Financial Instruments**

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****I. Financial Assets****A. Initial recognition and measurement :**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset [other than financial assets at fair value through profit or loss (FVTPL)] are added to the fair value of the financial assets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Transaction costs of financial assets carried at FVTPL are expensed in the Statement of Profit and Loss.

**B. Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in the following categories:

(i) Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

(ii) Debt instruments included within the Fair Value Through Profit or Loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

(iii) Equity instruments: All equity instruments within the scope of Ind-AS 109 are measured at fair value. Equity instruments which are classified as held for trading are measured at FVTPL. For all other equity instruments, the Group decides to measure the same either at Fair Value Through Other Comprehensive Income (FVTOCI) or FVTPL. The Group makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments measured at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such instruments.

iv) Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**C. De-recognition:**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e. removed from the Group's balance sheet) when:





## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
  - (i) the Group has transferred substantially all the risks and rewards of the asset, or
  - (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### D. Impairment of financial assets:

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on trade receivables and other advances. The Group follows 'simplified approach' for recognition of impairment loss on these financial assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Allowance for credit losses on receivables and unbilled revenue

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

## II. Financial Liabilities

### A. Initial recognition and measurement:

Financial liabilities are classified at initial recognition as :

- (i) financial liabilities at fair value through profit or loss,
- (ii) loans and borrowings, payables, net of directly attributable transaction costs or
- (iii) derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

### B. Subsequent measurement :

The measurement of financial liabilities depends on their classification, as described below:

- (i) **Borrowings:** Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognized in the Statement of Profit and Loss as other gains / (losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

- (ii) **Trade and other payables:** These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within twelve months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.
- (iii) **Derivative financial instruments:** The Group uses derivative financial instruments, such as foreign exchange forward contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Hedge accounting :**

The Group designates certain hedging instruments which include derivatives, embedded derivatives and non derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. At the inception of the hedge relationship, the Group documents the relationship between the hedging instruments and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

**C. De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**D. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**(S) Significant accounting judgments, estimates and assumptions**

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- (a) Operating lease commitments – Group as lessor;
- (b) Assessment of functional currency;
- (c) Evaluation of recoverability of deferred tax assets

**Estimates and assumptions**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year :

- a) Useful lives of property, plant and equipment, investment property and intangible assets;
- b) Fair value measurements of financial instruments ;
- c) Impairment of non-financial assets;
- d) Taxes;
- e) Defined benefit plans (gratuity benefits);
- f) Provisions;
- g) Valuation of inventories;
- h) Contingencies

**(T) Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time on 23 March 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022 as below.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

**Ind AS 37 – Onerous Contracts**

**Costs of Fulfilling a Contract** The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its consolidated financial statements.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its consolidated financial statements.

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its consolidated financial statements



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

03.	Property, plant and equipment										Right-of-use assets			
	₹ In lakhs										₹ In lakhs			
	Freehold land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total Property, plant and equipment	Leasehold land	Leased properties	Total Right-of-use assets		
<b>Cost or valuation</b>														
<b>At 1 April 2020</b>	<b>6.19</b>	<b>3,574.77</b>	<b>4,310.25</b>	<b>8,045.00</b>	<b>175.36</b>	<b>101.26</b>	<b>537.53</b>	<b>724.33</b>	<b>17,474.69</b>	<b>2,883.73</b>	<b>145.05</b>	<b>3,028.78</b>		
Additions	-	139.26	1,076.70	653.85	3.73	4.84	7.23	131.08	2,016.69	-	-	-		
Other adjustments	-	-	-	-	-	-	-	(6.63)	(6.63)	-	(2.53)	(2.53)		
Deletion	-	-	-	-	-	-	-	-	-	-	(8.13)	(8.13)		
<b>At 31 March 2021</b>	<b>6.19</b>	<b>3,714.03</b>	<b>5,386.95</b>	<b>8,698.85</b>	<b>179.09</b>	<b>106.10</b>	<b>544.76</b>	<b>848.78</b>	<b>19,484.75</b>	<b>2,883.73</b>	<b>134.39</b>	<b>3,018.12</b>		
Additions	-	22.59	4,232.09	271.87	49.47	2.66	88.07	17.77	4,684.52	-	52.94	52.94		
Other adjustments	-	-	-	-	-	-	-	-	-	-	4.60	4.60		
Deletion	-	-	-	-	-	-	-	(43.39)	(43.39)	-	(72.54)	(72.54)		
<b>At 31 March 2022</b>	<b>6.19</b>	<b>3,736.62</b>	<b>9,619.04</b>	<b>8,970.72</b>	<b>228.56</b>	<b>108.76</b>	<b>632.83</b>	<b>823.16</b>	<b>24,125.88</b>	<b>2,883.73</b>	<b>119.39</b>	<b>3,003.12</b>		
<b>Depreciation</b>														
<b>At 1 April 2020</b>	-	795.09	264.72	1,811.15	124.18	91.68	271.98	376.37	3,735.17	471.54	52.56	524.10		
Charge for the year	-	122.33	68.58	328.65	14.43	5.64	44.14	75.06	658.84	36.59	47.70	84.29		
Other adjustments	-	-	-	-	-	-	-	(6.30)	(6.30)	-	(0.23)	(0.23)		
Deletion	-	-	-	-	-	-	-	-	-	-	(8.13)	(8.13)		
<b>At 31 March 2021</b>	-	<b>917.42</b>	<b>333.30</b>	<b>2,139.80</b>	<b>138.61</b>	<b>97.32</b>	<b>316.12</b>	<b>445.13</b>	<b>4,387.71</b>	<b>508.13</b>	<b>91.90</b>	<b>600.03</b>		
Charge for the year	-	127.63	104.50	357.53	14.35	5.25	44.98	80.27	734.52	36.59	46.29	82.88		
Deletion	-	-	-	-	-	-	-	(41.22)	(41.22)	-	(41.41)	(41.41)		
<b>At 31 March 2022</b>	-	<b>1,045.05</b>	<b>437.81</b>	<b>2,497.34</b>	<b>152.97</b>	<b>102.57</b>	<b>361.10</b>	<b>484.17</b>	<b>5,081.01</b>	<b>544.72</b>	<b>96.78</b>	<b>641.50</b>		
<b>Net Block</b>														
<b>At 31 March 2021</b>	<b>6.19</b>	<b>2,796.61</b>	<b>5,053.65</b>	<b>6,559.05</b>	<b>40.48</b>	<b>8.78</b>	<b>228.64</b>	<b>403.65</b>	<b>15,097.05</b>	<b>2,375.60</b>	<b>42.49</b>	<b>2,418.09</b>		
<b>At 31 March 2022</b>	<b>6.19</b>	<b>2,691.57</b>	<b>9,181.23</b>	<b>6,473.39</b>	<b>75.60</b>	<b>6.18</b>	<b>271.73</b>	<b>338.98</b>	<b>19,044.88</b>	<b>2,339.01</b>	<b>22.61</b>	<b>2,361.62</b>		
Capital work-in-progress														
<b>At 31 March 2021</b>	-	-	2,239.62	-	-	-	-	-	2,239.62	-	-	-		
<b>At 31 March 2022</b>	-	-	254.50	209.32	-	-	32.78	-	496.60	-	-	-		

Notes:-

## 3.1 Capital Work in Progress

CWIP	2021-2022					2020-2021				
	Amount in CWIP for a period of					Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	485.71	7.98	-	-	496.60	515.86	676.30	123.05	924.40	2,239.62
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

3.2 The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****4. Investment Property**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>I. Gross Carrying Amount</b>		
Balance at the beginning of the year	1,145.30	1,145.30
Additions / reclassification	636.03	-
Deletions / reclassification	-	-
Balance at the end of the year	<u>1,781.33</u>	<u>1,145.30</u>
<b>II. Accumulated Depreciation and Impairment</b>		
Balance at the beginning of the year	154.78	136.67
Depreciation for the year	22.56	18.11
Accumulated depreciation on Addition/deletions	-	-
Balance at the end of the year	<u>177.34</u>	<u>154.78</u>
<b>III. Net Carrying Amount at end of the year</b>	<u><b>1,603.99</b></u>	<u><b>990.52</b></u>
<b>IV. Fair value of investment property at the end of the year</b>	<u><b>2,938.03</b></u>	<u><b>2,302.00</b></u>

**4.1 Information regarding income and expenditure of Investment Property**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Rental income derived from investment properties	229.21	177.10
Less: Direct operating expenses (including repairs and maintenance) generating rental income	23.34	20.67
Less: Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	205.87	156.42
Less: Depreciation	22.56	18.11
Profit arising from investment properties before indirect expenses	<u>183.31</u>	<u>138.31</u>

**4.2 Fair value of the Group's investment properties**

The fair value of the Group's investment properties as at 31 March 2022 was arrived at on the basis of a valuation carried out by independent registered valuers not related to the Company. The Company has adopted policy of revaluing investment property generally every year. (Level 3)

**4.3 a) Details of the Group's Investment properties and information about their Fair value hierarchy**

	<b>Fair value measurement</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Valuation at the end of the year	2,938.03	2,302.00

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****b) Reconciliation of fair value**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Opening balance	2,302.00	1,920.46
Fair value difference	-	-
Reclassification	636.03	381.54
<b>Closing balance</b>	<b>2,938.03</b>	<b>2,302.00</b>

**c) Description of valuation techniques used and key inputs to valuation on investment properties**

The investment properties have been valued at Fair Market Value. It is the value of the property at which it can be sold in open market at a particular time free from forced value or sentimental value. Prevailing market value is a result of demand/ supply /merits /demerits of properties and various locational, social, economical, political factors and circumstances. Prevailing market value can be estimated through market survey, through dependable data/ sale instances, local estate developers/ brokers, real estate portal enquiries and verbal enquiries in neighbourhood area.

**5.1 Leases:****A) Lease commitment as Lessee**

The Group has entered into agreements for taking lease certain offices and warehouses on lease and licence basis. The lease term is a period ranging from 12 to 45 months. The Group has contracts which have fixed rentals. The Group has also taken leasehold factory lands on one time payment and other land on yearly fixed payment. The lease term is a period ranging from 25 years to 99 years.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

**Disclosure as per the requirement of Ind AS 116****Amounts recognized in balance sheet**

The balance sheet shows the following amounts relating to leases

<b>Following are the changes in the carrying value of right of use assets :</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Balance as at beginning of the year	2,418.09	2,504.68
Additions	52.94	-
Deletions/Modification	(26.53)	(2.30)
Depreciation	(82.88)	(84.29)
Balance as at the end of the year	2,361.62	2,418.09

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Following are the changes in the carrying value of lease liabilities:**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Balance as at beginning of the year	47.58	97.59
Additions	52.94	-
Finance cost accrued during the period	7.93	6.28
Deletions/Modification	(24.14)	6.90
Payment of lease liabilities	(57.93)	(63.19)
Balance as at the end	26.38	47.58
<b>Lease liabilities</b>		
Current	23.12	32.58
Non-current	3.26	15.00

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

<b>Particulars</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Less than one year	24.69	35.71
One to five years	3.37	15.75
More than five years	-	-
<b>Total</b>	<b>28.06</b>	<b>51.46</b>

The cash outflow of lease payments with respect to the above lease recognized in the statement of profit and loss for the financial year 2021-2022 is ₹ 57.93 lakhs (Previous Year ₹ 63.19 lakhs).

**B) Where the Group is lessor**

The future minimum lease payments receivable as per the lease agreements on undiscounted basis are as follows:

<b>Particulars</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Less than one year	156.01	197.82
One to five years	24.79	132.62
More than five years	-	-

The amount of minimum lease income with respect to operating lease recognized in the statement of profit and loss for the year is Rs. 229.21 Lacs (previous year Rs. 177.10 Lacs).

**5.2 Other Intangible Assets****I. Gross Carrying Amount**

Balance as at the beginning of the year	7.11	7.11
Additions	1.25	-
Deletions	-	-
Balance as at the end of the year	8.36	7.11





## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Particulars	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>II. Accumulated Depreciation and Impairment</b>		
Balance at the beginning of the year	7.11	7.11
Depreciation for the year	0.02	-
Accumulated depreciation on deletions	-	-
Balance as at the end of the year	7.13	7.11
<b>III. Net Carrying Amount at end of the year</b>	<b>1.23</b>	<b>-</b>

The Company does not have any intangible assets under development.

## 6 Financial Assets

### 6.1 Non-current Investments (fully paid up)

Investments in equity instruments	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Unquoted</b>		
1,795 (31 March 2020 : 1,795) fully paid equity shares of ₹ 10 each of Bharuch Enviro Infrastructure Limited #	0.19	0.19
975 (31 March 2020 : 975) Fully paid equity shares of ₹ 100 each of The Marol Co operative Industrial Estate Limited #	0.98	0.98
	<b>1.17</b>	<b>1.17</b>
<b>Aggregate amount of Unquoted Investments - gross</b>	<b>1.17</b>	<b>1.17</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-
<b>Aggregate amount of Unquoted Investments - net</b>	<b>1.17</b>	<b>1.17</b>
# It is carried at cost.		
<b>Quoted</b>		
Designated at Fair value through Other Comprehensive Income		
6,200 (31 March 2021 : 6,200) fully paid equity shares of DCB Bank Limited	4.30	6.37
25,700 (31 March 2021 : Nil) Fully paid equity shares of Godrej Properties Limited	421.37	-
8,244 (31 March 2021 : Nil) Fully paid equity share of Savita Oil Technologies Limited	65.57	-
	<b>491.24</b>	<b>6.37</b>
<b>Aggregate amount of Quoted Investments - gross (at market value)</b>	<b>491.24</b>	<b>6.37</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-
<b>Aggregate amount of Quoted Investments - net</b>	<b>491.24</b>	<b>6.37</b>
<b>Total</b>	<b>492.41</b>	<b>7.54</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****6.2 Trade Receivables**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Current</b>		
Unsecured, Considered good	31,748.83	32,318.53
Unsecured, Considered doubtful	127.58	24.41
Unsecured, credit impaired	13.89	13.89
	<b>31,890.30</b>	<b>32,356.83</b>
Less: Impairment under expected credit loss	141.47	38.30
	<b>31,748.83</b>	<b>32,318.53</b>

Note:- Impairment under expected credit loss includes ₹ 13.89 Lakhs P.Y. (₹ 13.89 Lakhs) for doubtful debts .

The holding Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follow

**Age of receivables**

	<b>As at 31.3.2022</b>			
	<b>Gross Carrying Amount</b>	<b>Expected Credit Loss Rate</b>	<b>Credit Loss</b>	<b>Net Carrying Amount</b>
	<b>₹ in lakhs</b>	<b>%</b>	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
0-180 days past due	641.77	7.81%	50.12	591.65
180-365 days past due	57.67	15.84%	9.12	48.54
More than 365 days past due	278.40	24.55%	68.34	210.06
Credit impaired	13.89	100.00%	13.89	-
<b>Total</b>	<b>991.72</b>	<b>14.27%</b>	<b>141.47</b>	<b>850.25</b>
	<b>As at 31.3.2021</b>			
	<b>Gross Carrying Amount</b>	<b>Expected Credit Loss Rate</b>	<b>Credit Loss</b>	<b>Net Carrying Amount</b>
	<b>₹ in lakhs</b>	<b>%</b>	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
0-180 days past due	167.10	5.09%	8.51	158.59
180-365 days past due	69.16	10.31%	7.13	62.03
More than 365 days past due	68.05	12.89%	8.77	59.28
Credit impaired	13.89	100.00%	13.89	-
<b>Total</b>	<b>318.20</b>	<b>12.04%</b>	<b>38.30</b>	<b>279.90</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Movement in the expected credit loss allowance**

	Year ended 31.3.2022	Year ended 31.3.2021
	₹ in lakhs	₹ in lakhs
Balance at the beginning of the year	38.30	64.76
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	103.17	(26.46)
<b>Balance at the end of the year</b>	<b>141.47</b>	<b>38.30</b>

The bifurcation of Trade Receivable are as under:-

Year ended 31.3.2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Undisputed trade receivables – considered good	30,495.35	53.61	19.34	-	-	30,568.30
ii) Undisputed Trade receivables – which have significant increase in credit risk	-	641.77	57.67	257.07	-	956.51
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	13.89	13.89
iv) Disputed trade receivables – considered good	-	-	35.98	21.33	152.83	210.13
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

The bifurcation of Trade Receivable are as under:-

Year ended 31.3.2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i) Undisputed trade receivables – Considered good	31,722.48	-	-	-	-	31,722.48
ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	167.10	69.16	68.05	-	304.31
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	13.89	13.89
iv) Disputed trade receivables – Considered good	8.53	30.59	57.35	15.38	166.00	277.85
v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Unbilled Revenue**

<b>Particulars</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Disputed Trade Receivables	-	-
Undisputed Trade Receivables	-	-

**6.3 Loans and advances****Current****Other Loans**

Unsecured, considered good

81.07	57.73
<b>81.07</b>	<b>57.73</b>

**6.4 Cash and Cash Equivalents****Balances with banks**

On current accounts

6,112.72	7,028.11
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**Cash Balances**

Cash on hand

75.44	14.15
<b>6,188.16</b>	<b>7,042.26</b>

**6.5 Other bank balances**

Deposit accounts with more than 3 months but less than 12 months maturity

7,702.62	406.35
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Unpaid dividend accounts

40.64	29.28
<b>7,743.26</b>	<b>435.63</b>

**6.6 Other Financial Assets****Non-current**

Bank deposits with more than 12 months maturity

-	0.15
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Security deposits

36.52	37.28
<b>36.52</b>	<b>37.43</b>

**Current**

Security deposits

663.26	393.24
--------	--------

Derivative asset

79.08	26.04
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Other financial assets

49.14	1.90
<b>791.48</b>	<b>421.18</b>

<b>828.00</b>	<b>458.61</b>
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**7 Inventories****(Valued at lower of cost and net realisable value)**

Raw material

46,814.71	31,137.75
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Finished goods

702.05	3,894.45
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Traded goods

1,400.40	1,358.53
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Packing material

135.79	114.97
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**(Includes goods in transit Rs. 235.47 Lakhs previous year Rs. Nil)**

<b>49,052.95</b>	<b>36,505.70</b>
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**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****8 Other Assets**

Particulars	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Non-current</b>		
Capital advances	121.72	50.34
	<b>121.72</b>	<b>50.34</b>
<b>Current</b>		
Cenvat/GST balances	984.85	767.16
Advances to vendors	4,106.13	646.67
Others including duties and taxes receivable (other than Cenvat/GST balances)	253.23	213.81
	<b>5,344.21</b>	<b>1,627.64</b>

**9 Equity Share Capital**

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Authorised shares</b>		
12,77,50,000 (31 March 2021 : 12,77,50,000 equity shares of ₹ 2 each) equity shares of ₹ 2 each)	2,555.00	2,555.00
<b>Issued shares</b>		
6,04,93,598 (31 March 2021 : 6,04,93,598 equity shares of ₹ 2 each)	1,209.87	1,209.87
<b>Subscribed and fully paid-up shares</b>		
6,04,93,598 (31 March 2021 : 6,04,93,598 equity shares of ₹ 2 each)	1,209.87	1,209.87

**a) Reconciliation of shares**

	As at 31.03.2022		As at 31.03.2021	
	Nos.	₹ in lakhs	Nos.	₹ in lakhs
At the beginning of the year	<b>6,04,93,598</b>	<b>1,209.87</b>	<b>6,04,93,598</b>	<b>1209.87</b>
Issued/Buyback during the year	-	-	-	-
At the end of the year	<b>6,04,93,598</b>	<b>1,209.87</b>	<b>6,04,93,598</b>	<b>1,209.87</b>

**b) Rights, preferences and restrictions attached to equity shares**

The Group has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive assets (after repayment of liability) in proportion to the number of equity shares held by the shareholders.

**c) Shares held by promoters as at 31 March 2022**

Promoter name	No. of Shares	% of total shares	% Change during the year
Amirali Essabhai Rayani	15,36,000	2.54%	0.00%
Akbarali Essabhai Rayani	15,95,346	2.64%	0.00%

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Promoter name	No. of Shares	% of total shares	% Change during the year
Salimali Essabhai Rayani	15,21,587	2.52%	0.00%
Vazirali Essabhai Rayani	12,46,965	2.06%	0.00%
<b>There are no change in promoter holding during the year</b>			
<b>Promoter Group</b>			
Ittefaq Ice And Cold Storage Pvt Ltd	39,36,474	6.51%	0.04%
Panama Builders Developers Pvt Ltd	7,14,469	1.18%	0.85%
Arif Amirali Rayani	36,70,567	6.07%	0.00%
Sapna Samir Rayani	15,22,207	2.52%	0.00%
Serena Iqbal Rayani	7,20,000	1.19%	0.00%
Nilima Shahnawaz Kheraj	3,000	0.00%	0.00%
Gulshan Salimali Rayani	1,44,355	0.24%	0.00%
Malika Vazirali Rayani	10,11,342	1.67%	0.00%
Shelina Arifali Rayani	31,90,462	5.27%	0.00%
Samir Akbarali Rayani	18,44,478	3.05%	0.00%
Hussein Vazirali Rayani	10,41,386	1.72%	0.00%
Chemine Amin Rayani	18,59,449	3.07%	0.00%
Iqbal Vazirali Rayani	18,32,977	3.03%	0.00%
Amin Amirali Rayani	29,23,387	4.83%	0.00%
Begumbanu Akberali Rayani	25,04,160	4.14%	0.00%
Munira Hussein Rayani	8,88,750	1.47%	0.00%
Ahyman Arif Rayani	10,00,008	1.65%	0.00%

**d) Details of shareholders holding more than 5% of equity shares**

	As at 31.03.2022		As at 31.03.2021	
	No of Shares	% holding in the class	No of Shares	% holding in the class
<b>Equity Shares of ₹ 2 each fully paid up</b>				
Ms. Shelina Arif Rayani	31,90,462	5.27%	31,90,462	5.27%
Arif Amirali Rayani	36,70,567	6.07%	36,70,567	6.07%
Ittefaq Ice and Cold Storage Private Limited	39,36,474	6.51%	39,12,406	6.47%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	1,16,85,937	19.32%	1,28,42,587	21.23%

**e) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date:**

Particulars	Year ended 31 March				
	2022	2021	2020	2019	2018
Equity shares of ₹ 2 each	-	-	-	-	403.29

The shareholders in the 35th Annual General Meeting held on 18 Sept 2017 approved the issue of bonus shares in the ratio of one equity share of ₹ 2/- each for two existing share of ₹ 2/- each held and accordingly, the Group has allotted 2,01,64,533 number of equity shares on 5th October 2017.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****f) Dividend**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. Companies are required to pay/distribute dividend after deducting applicable withholding income taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders in accordance with Companies Act 2013 is as follows:-

Particulars	Year ended 31 March	
	2022	2021
Interim Dividend for fiscal 2022	2.00	-
Final Dividend for fiscal 2021	2.00	-
Final Dividend for fiscal 2020	-	1.20

During the year ended 31 March 2022, on account of the final dividend for fiscal 2021 and interim dividend for fiscal 2022 the Company has incurred a net cash outflow of ₹ 2419.74 Lakhs

The Board of Directors in their meeting on 30 May 2022 recommended a final dividend of ₹ 6/- (P.Y. ₹ 2/-) per equity share for the financial year ended 31 March 2022.

This payment is subject to the approval of shareholders in the Annual General Meeting (AGM) of the Company, and if approved would result in a net cash outflow of approximately Rs. 3629.61 Lakhs.

**10. Other Equity**

	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
<b>Investment Allowance Reserve</b>		
Balance as at the beginning & at the end of the year	0.24	0.24
Less:- Transfer to General reserve	(0.24)	-
	<b>-</b>	<b>0.24</b>
<b>Securities Premium Account</b>		
Balance at the beginning of the year	9,018.48	9,018.48
Less:- Utilized for during the year	-	-
Balance at the end of the year	<b>9,018.48</b>	<b>9,018.48</b>
<b>General reserve</b>		
Balance as at the beginning of the year	1,157.99	1,157.99
Add: Transfer from Investment Allowance Reserve	0.24	-
<b>Balance at the end of the year</b>	<b>1,158.23</b>	<b>1,157.99</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	44,248.30	31,438.90
Add: Profit / (loss) for the year	23,034.08	13,535.32
Less: Appropriations (Dividend Paid)	2,419.74	725.92
<b>Balance at the end of the year</b>	<b>64,862.64</b>	<b>44,248.30</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Other Comprehensive Income</b>		
Balance at the beginning of the year	462.29	476.73
Other comprehensive Income during the year	109.39	(14.44)
Balance at the end of the year	571.68	462.29
<b>Total other equity</b>	<b>75,611.03</b>	<b>54,887.30</b>

**Notes:**

- Investment Allowance Reserve : Investment Allowance Reserve is a statutory reserve and can be utilize for further issue of capital.
- Securities Premium : Premium collected on issue of securities are accumulated as part of securities premium. Utilization of such reserve is restricted by The Companies Act, 2013.
- General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as dividend.
- Retained Earning : This represents profits remaining after all appropriations. This is free reserve and can be used for distribution of profits.

**11 Financial Liabilities**

<b>Particulars</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>11.1 Lease Liability</b>		
<b>Non Current</b>		
Non Current lease liability	3.26	15.00
	<b>3.26</b>	<b>15.00</b>
<b>Current</b>		
Current lease liability	23.12	32.58
	<b>23.12</b>	<b>32.58</b>

The following is the movement in lease liabilities during the year ended March 31, 2022 :

<b>Particulars</b>		
Balance at the beginning	47.58	97.59
Additions	52.94	11.44
Finance cost accrued during the period	7.93	7.82
Deletions	(24.14)	(14.27)
Payment of lease liabilities	(57.93)	(55.01)
Balance at the end	26.38	47.58

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****11.2 Short-term Borrowings (Secured)**

Particulars	As at 31.03.2022 ₹ in lakhs	As at 31.03.2021 ₹ in lakhs
Cash Credits from banks	2,981.09	6,516.73
Secured by ; hypothecation of inventories, receivables and other current assets The cash credit is repayable on demand and carried an interest rate of Current Year 4.50% to 12.25% p.a. ( Previous Year 4.50% to 15.75% p.a.)		
	<b>2,981.09</b>	<b>6,516.73</b>

- The Group has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
- The quarterly results or statements of current assets filed by the Group with banks are in agreement with books of accounts and there is no discrepancies in the same.
- The Group is not declared a willful defaulter by any bank or financial institution or other lender.
- The Group has registered all the charges towards secured borrowings outstanding as on 31 March 2022 and 31 March 2021. There is no satisfaction of charge pending on secured borrowings which are repaid during the financial year ended 31 March 2022 and 31 March 2021.
- Refer note no 43

**11.3 Trade payables****Current****Trade payables:**

Micro and small Enterprises	-	-
Other than micro and small enterprises	42,759.22	32,805.79
(Refer Note 29 for details of dues to micro and small enterprises)	<b>42,759.22</b>	<b>32,805.79</b>

Bifurcation of Trade payables:- Particulars	Outstanding for following periods from due date of payment					As at 31.03.2022 ₹ in lakhs
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	128.24	42,618.06	11.50	1.42	-	42,759.22
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

Bifurcation of Trade payables:- Particulars	Outstanding for following periods from due date of payment					As at 31.03.2021 ₹ in lakhs
	Not Billed	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	70.31	32,732.49	2.99	-	-	32,805.79
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****11.4 Other Financial Liabilities**

<b>Current</b>	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Financial liabilities at fair value through profit or loss (FVTPL)		
Derivatives liabilities carried at fair value	-	-
Other Financial liabilities at amortized cost		
Unpaid dividends	40.64	29.28
Security deposit	167.68	150.10
Creditors for capital goods	53.44	54.39
	<b>261.76</b>	<b>233.77</b>

**12. Provisions****Non Current**

Provision for gratuity (Refer Note 30)	113.97	71.59
	<b>113.97</b>	<b>71.59</b>

**Current**

Provision for gratuity (Refer Note 30)	22.12	22.85
	<b>22.12</b>	<b>22.85</b>
	<b>136.09</b>	<b>94.44</b>

**13 Deferred Tax Liability (Net)**

Deferred Tax Liability	867.86	1,001.38
Deferred Tax Assets	64.84	49.48
Net Deferred Tax Liability	<b>803.02</b>	<b>951.90</b>

**Deferred Tax Assets****Deductible temporary differences:-**

Provision for doubtful debts and advances	4.81	4.81
Provision for ECL	23.07	6.14
Finance Lease	6.64	11.86
Defined benefit obligation	28.32	25.12
Others	2.00	1.55
	<b>64.84</b>	<b>49.48</b>

**Deferred Tax Liability****Taxable temporary differences:-**

Property, plant and equipment and investment property	862.17	990.69
Right of Use	5.69	10.69
	<b>867.86</b>	<b>1,001.38</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****14 Other Liabilities**

	<b>As at 31.03.2022</b>	<b>As at 31.03.2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Current</b>		
Advances from customers	497.74	1,705.70
Income tax deducted at source	55.88	274.61
Duties and taxes	942.96	493.83
Other liabilities	34.11	40.49
	<b>1,530.69</b>	<b>2,514.63</b>

**15 Current tax assets and liabilities****Current tax assets**

Advance Tax (Gross)	13,452.22	9,407.75
	<b>13,452.22</b>	<b>9,407.75</b>

**Current tax liabilities**

Income tax payable (Gross)	13,242.00	9,395.00
Current tax assets/(liabilities)	<b>210.22</b>	<b>12.75</b>

**16 Revenue from Operations**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Sale of products</b>		
Finished products	2,10,205.68	1,39,743.01
Traded products	3,029.72	4,953.20
	<b>2,13,235.40</b>	<b>1,44,696.21</b>

**17 Other Income**

Interest income	126.04	87.51
Interest income on lease	0.91	0.86
Dividend income - Long-term investments	0.04	0.04
Exchange gain (net)	-	113.30
Profit on sale of property, plant and equipment's (net)	1.76	0.06
Rent received	264.85	344.12
Miscellaneous income	179.00	86.01
	<b>572.60</b>	<b>631.90</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****18 Cost of Materials Consumed**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
<b>Raw material consumed</b>		
Inventory at the beginning of the year	31,222.08	20,238.80
Add : Purchases	1,73,302.79	1,15,285.54
	2,04,524.87	1,35,524.34
Less : Inventory at the end of the year	46,814.71	31,222.08
Cost of raw material consumed	<b>1,57,710.16</b>	<b>1,04,302.26</b>

**Packing material consumed**

Inventory at the beginning of the year	114.97	96.58
Add : Purchases	2,937.90	2,987.97
	<b>3,052.87</b>	<b>3,084.55</b>
Less : Inventory at the end of the year	135.79	114.97
Cost of packing material consumed	<b>2,917.08</b>	<b>2,969.58</b>

**Total material consumed**

	<b>1,60,627.24</b>	<b>1,07,271.84</b>
--	--------------------	--------------------

**19 Purchase of Traded Goods**

Traded goods	2,225.33	4,953.97
	<b>2,225.33</b>	<b>4,953.97</b>

**20 (Increase) / Decrease in Inventories****Inventories at the end of the year**

Finished Goods	702.05	3,894.45
Traded Goods	1,400.40	1,358.53
	<b>2,102.45</b>	<b>5,252.98</b>

**Inventories at the beginning of the year**

Finished Goods	3,894.45	1,060.16
Traded Goods	1,358.53	3,997.30
	<b>5,252.98</b>	<b>5,057.46</b>
	<b>3,150.53</b>	<b>(195.52)</b>

**21 Employee Benefits Expense**

Salaries, wages and bonus	2,270.36	2,555.93
Contribution to employees' provident and other funds	36.98	33.79
Gratuity expense	54.16	24.80
Staff welfare expenses	40.27	18.01
	<b>2,401.77</b>	<b>2,632.53</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****22 Finance costs**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Interest on borrowings	262.85	549.83
Interest expense on lease liabilities	21.21	18.09
Bank charges	421.70	326.72
	<b>705.76</b>	<b>894.64</b>

**23 Depreciation / Amortization (Refer Note 3, 4 and 5.2)**

Depreciation on property, plant and equipment	734.54	658.84
Depreciation on investment property	22.56	18.11
Depreciation on intangible assets	0.02	-
Depreciation of right-of-use assets	82.88	84.29
	<b>840.00</b>	<b>761.24</b>

**24 Other Expenses**

Power and fuel	178.56	173.07
Water charges	21.24	20.10
<b>Repairs and maintenance :</b>		
Buildings	99.47	43.85
Machinery	303.64	200.52
Others	129.20	58.63
Insurance	288.28	239.23
Rent	139.90	121.65
Rates and taxes	37.71	16.87
Communication costs	37.24	28.41
Legal and professional fees	197.07	200.35
Payment to auditor (Refer details below)	24.45	22.75
Director sitting fees	7.00	7.25
Clearing and forwarding expenses	9,481.82	5,522.61
Freight outwards	2,024.14	1,952.08
Travelling and conveyance	255.95	162.27
Advertising and sales promotion	159.46	127.64
Brokerage and commission	998.70	1,250.65
Security charges	64.17	53.67
Bad debts and sundry balances written off	176.29	233.33
CSR expense and donation (Refer note 25 )	164.57	111.38
Premium on forward exchange contract amortized	77.28	118.24
Exchange loss (net)	68.25	-
Miscellaneous expenses	296.56	393.66
	<b>15,230.95</b>	<b>11,058.21</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

	2021-2022	2020-2021
	₹ in lakhs	₹ in lakhs
<b>Payment to auditor (excluding GST)</b>		
<b>As auditor:</b>		
Statutory audit and limited review fees	20.35	19.30
Tax audit fees	2.14	1.75
Certification charges	1.96	1.00
Taxation matters	-	0.70
	<b>24.45</b>	<b>22.75</b>

25. The Group has spent Rs. 167.25 lakhs (Previous year Rs. 113.70 lakhs) towards Corporate Social Responsibility expenditure (including capital expenditure ₹ Nil, Previous year ₹ Nil) and debited the same to the Statement of Profit and Loss as against Rs. 159.28 lakhs (Previous year Rs. 108.46 lakhs) computed as per the provisions of section 135(5) of the Companies Act, 2013 and Rs. 7.97 Lakhs carry forward to next year. The details are as under:-

	31 March 2022	31 March 2021
	₹ In lakhs	₹ In lakhs
(i) Amount required to be spent by the company during the year,	159.28	108.46
(ii) Amount of expenditure incurred,	167.25	113.70
(iii) Shortfall at the end of the year,	Nil	Nil
(iv) Total of previous years shortfall,	Nil	Nil
(v) Reason for shortfall,	NA	NA
(vi) Nature of CSR activities,	Promoting Education and Healthcare, Disaster Relief and PM Care fund	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the Group in relation to CSR expenditure as per relevant Accounting Standard,	NA	NA
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

**26. Ratio Analysis**

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Current Ratio	Current Assets	Current Liabilities	2.13	1.86	14.21%	
Debt-Equity Ratio	Total Debt	Total Equity	0.04	0.12	66.60%	i
Debt Service Coverage Ratio*	Earnings available for debt service	Debt Service	42.75	21.92	95.07%	ii
Return on Equity Ratio	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	34.66%	27.23%	27.26%	ii
Inventory turnover ratio	Cost of goods sold OR sales	Average Inventory	4.98	4.68	6.62%	
Trade Receivables turnover ratio,	Net Credit Sales	Avg. Accounts Receivable	6.66	5.04	32.09%	iii

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Refer Note
Trade payables turnover ratio,	Net Credit Purchases	Average Trade Payables	4.72	4.21	12.17%	
Net capital turnover ratio,	Net Sales	Working Capital	3.98	3.99	-0.18%	
Net Profit Ratio	Net Profit	Net Sales	10.80%	9.35%	15.48%	
Return on Capital employed	Earning before interest and taxes	Capital Employed	38.18%	33.59%	13.66%	
<b>Return on Investment</b>						
Quoted	Income generated from investments	Time weighted average investments	-	-	0.00%	
Unquoted	Income generated from investments	Time weighted average investments	3.42%	3.42%	0.00%	

- (i) During the year, the Group has reduced short term loan borrowing compare to the previous year, resulting improvement in ratio.
- (ii) Revenue growth and better profitability has resulted in an improvement in ratio.
- (iii) Better collections from customers has resulted in an improvement in ratio.

**27. Disaggregated Revenue Information**

The table below represents disaggregation of Group's revenue from contracts with the customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	2021-2022 ₹ in lakhs	2020-2021 ₹ in lakhs
<b>Type of goods</b>		
Finished products	2,10,205.68	1,39,743.01
Traded products	3,029.72	4,953.20
<b>Total revenue from contracts with the customers</b>	<b>2,13,235.40</b>	<b>1,44,696.21</b>
<b>Geographical markets</b>		
-India	92,470.54	78,284.60
-Outside India	1,20,764.86	66,411.61
<b>Total revenue from contracts with the customers</b>	<b>2,13,235.40</b>	<b>1,44,696.21</b>
<b>Relation with customer</b>		
-Non related party	2,13,235.40	1,44,696.21
-Related Party	-	-
<b>Total revenue from contracts with the customers</b>	<b>2,13,235.40</b>	<b>1,44,696.21</b>
<b>Timing of revenue recognition</b>		
-Goods transferred over a period of time	-	-
-Goods transferred over a point of time	2,13,235.40	1,44,696.21
<b>Total revenue from contracts with the customers</b>	<b>2,13,235.40</b>	<b>1,44,696.21</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****28. Commitments and Contingencies**

	2021-2022	2020-2021
<b>i. Contingent Liabilities</b>		
Claims against the Group not acknowledged as debts #:	₹ in lakhs	₹ in lakhs
i. Demand/ Show cause-cum-demand notices received and contested by the Company with the relevant appellate authorities		
a) Income tax disputed Commissioner of Income tax (Appeals-faceless)	1,333.18	-
b) Excise Matter disputed Central Excise, Customs and Sales Tax and Commissioner (Appeals) Daman & Surat.	40.47	40.47
c) Excise Matter disputed Central Excise, Customs and Sales Tax and Hon'ble CESTAT, Ahmedabad.	27.97	27.97
<b>ii. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	13.12
<b>iii. Others</b>		
a) Bank Guarantees	5,888.29	6,449.62
b) Corporate Guarantees	3,790.36	3,675.24

# The management does not expect these claims to succeed. Accordingly no provision for contingent liability has been recognized in the financial statements.

**29. Details of dues to micro and small enterprises as defined under the MSMED Act 2006 \***

	31 March 2022 ₹ In lakhs	31 March 2021 ₹ In lakhs
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprises Development Act, 2006.	-	-



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

The Group has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at the balance sheet date.

**30. Employee Benefits:****i) Defined Contribution Plan:**

group's contribution to Provident Fund ₹ 33.69 lakhs (Previous year ₹ 30.50 lakhs).

**The group also contributes to the following:**

- Employee State Insurance Contribution Fund : ₹ 3.29 lakhs (Previous year ₹ 3.29 lakhs)

**ii) Defined Benefit Plan:**

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Group's financial statements:

	₹ In lakhs	
	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>(a) Change in the obligation benefits:</b>		
Projected benefit obligation at the beginning of the year	212.08	192.54
Service Cost	22.85	18.43
Interest cost	11.73	11.04
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(5.48)	0.71
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains) / Losses on Obligations - Due to Experience	8.03	(8.63)
Past Service Cost	-	-
Benefits paid	(14.08)	(2.01)
Projected benefit obligation at the end of the year	<u>235.13</u>	<u>212.08</u>
<b>(b) Change in the plan assets:</b>		
Fair value of the plan assets at the beginning of the year	117.65	86.16
Expected return on plan assets	7.74	11.49
Employer's contribution	-	20.00
Benefits paid	-	-
Return on plan assets, excluding interest income	-	-
Fair value of the plan assets at the end of the year	<u>125.39</u>	<u>117.65</u>
<b>Funded status [Surplus / (Deficit)]</b>	<b><u>(109.74)</u></b>	<b><u>(94.43)</u></b>
<b>(c) Net Gratuity and other cost:</b>		
Service cost	22.84	18.43
Past service cost and loss/(gain) on curtailments	-	-
Interest on defined benefit obligation	5.40	6.37
Interest income	-	-

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

	₹ In lakhs	
	As at 31 March 2022	As at 31 March 2021
Net gratuity cost	28.24	24.80
<b>(d) Amounts recognized in the statement of other comprehensive income:</b>		
Actuarial gain/(loss)	2.55	(7.91)
Return on plan assets, excluding interest income	(1.40)	(6.81)
Net income / (expense) for the period recognized in other comprehensive income	-	-
	<b>1.15</b>	<b>(14.72)</b>
<b>(e) Category of Assets:</b>		
Policy of Insurance	100%	100%
	100%	100%
<b>(f) Assumptions used in accounting for the Gratuity Plan:</b>		
	<b>%</b>	<b>%</b>
Discount rate	6.85%	6.50%
Expected rate of return on plan assets	6.85%	6.55%
Age of Retirement	60	60
Annual increase in salary cost	6.00%	6.00%
<b>(g) Sensitivity Analysis :</b>		
<b>Discount rate Sensitivity</b>		
Increase by 0.5%	227.76	205.17
% Change	-3.13%	-3.26%
Decrease by 0.5%	243.04	219.51
% Change	3.36%	3.50%
<b>Salary growth rate Sensitivity</b>		
Increase by 0.5%	240.42	216.98
% Change	2.25%	2.31%
Decrease by 0.5%	230.16	207.06
% Change	-2.12%	-2.37%
<b>Withdrawal rate Sensitivity</b>		
Withdrawal rate X 110%	235.83	212.56
% Change	0.30%	0.23%
Withdrawal rate X 90%	234.40	211.57
% Change	-0.31%	-0.24%
<b>(h) Projected plan cash flow :</b>		
The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date		
Maturity Profile		
Expected benefits for year 1 to 3	110.55	92.82
Expected benefits for year 4 to 5	18.05	28.63
Expected benefits for year 6 and above	68.66	58.22

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****31. Segment Information****A. Factors used to identify the entity's reportable segments, including the basis of organization**

For management purposes, as the Group is in the business of manufacturing and trading of specialty petroleum products, the Group has considered petroleum products as the only business segment for disclosure in this context of Indian Accounting Standard 108.

The Managing Director (MD) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segment. The MD reviews revenue and gross profit as the performance indicator for the operating segment. However, the Group's finance (including finance cost and finance income) and income taxes are managed on a group as a whole basis and are not allocated to any segment.

**Geographical segment of the organization**

For the purpose of geographical segment the sales are divided into two segments - Domestic and Overseas. The accounting policies of the segments are the same as those described in Note 2(O).

**B. Information about reportable segment**

The following table shows the distribution of the Group's reportable segment by geographical market, regardless of where the goods were produced:

₹ in lakhs

Particulars	2021-2022			2020-2021		
	Domestic	Overseas	Total	Domestic	Overseas	Total
<b>Revenue</b>						
Sales to external customers	92,470.54	1,20,764.86	2,13,235.40	78,284.60	66,411.61	1,44,696.21
<b>Other segment information</b>						
Non-current Assets *	23,630.04	-	23,630.04	20,795.62	-	20,795.62

\* Non-current assets excludes Other investments, Other financials assets, Income tax assets (Net) and Deferred tax assets (Net).

**Significant Customer**

No Customer individually accounted for more than 10% of the revenue in the year ended 31 March 2022 and 31 March 2021.

**32. Details of related party transactions in accordance with Ind AS 24 'Related Party Disclosures'****(a) Names of related parties with whom transactions have taken place during the year****Key Management Personnel**

Amirali E Rayani  
Amin A Rayani  
Samir Rayani  
Hussein Rayani  
Pramod Maheshwari (Chief Financial Officer)  
Gayatri Sharma  
Madan Mohan Jain  
Mukesh Mehta  
Nargis Mirza Kabani  
Kumar Raju Nandimandalam

**Designation**

Executive Chairman  
Managing Director & CEO  
Executive Whole-Time Director  
Joint Managing Director  
Chief Financial Officer  
Company Secretary & Compliance Officer  
Independent Director  
Independent Director  
Independent Director  
Independent Director

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

<b>Relatives of key management personnel</b>	<b>Relation</b>
Akbarali Rayani	Brother of Mr. Amirali E Rayani
Vazirali Rayani	Brother of Mr. Amirali E Rayani
Salimali Rayani	Brother of Mr. Amirali E Rayani
Arif Rayani	Brother of Mr. Amin Rayani
Nilima Kheraj	Sister of Mr. Samir Rayani
Munira Rayani	Wife of Mr. Hussein Rayani

**(b) Transactions with Related Parties**

<b>Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel</b>	<b>2021-2022 ₹ In lakhs</b>	<b>2020-2021 ₹ In lakhs</b>
<b>Key Managerial remuneration *</b>		
Short term benefits	1,217.88	1,809.94
Director sitting fees	7.00	7.25
<b>Payment of Rent</b>		
Amin A Rayani	6.00	6.00
Samir Rayani	7.20	7.20
<b>Remuneration paid to Relative of Key Managerial Personnel</b>		
<b>Short term benefits</b>		
Akbarali Rayani	5.40	5.40
Vazirali Rayani	5.40	5.40
Salimali Rayani	5.40	5.40
Arif Rayani	12.00	12.00
Nilima Kheraj	5.40	5.40
Munira Rayani	5.40	5.40
<b>Payment of Rent</b>		
Arif Rayani	3.60	3.60
<b>Purchase of Property</b>		
Arif Rayani	398.75	-

\* Key managerial remuneration related to retirement benefits (i.e. Gratuity) are recognized under Employee benefit expenses in Statement of Profit and Loss along with other employees gratuity costs of the Group based on the actuarial valuation carried out by the Independent Actuary.

**33. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations :

Profit after tax attributable to equity shareholders	23,034.08	13,535.32
<b>Net profit for calculation of basic and diluted EPS</b>	<b>23,034.08</b>	<b>13,535.32</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of equity shares in calculating basic EPS	6,04,93,598	6,04,93,598
Basic Earnings per share	38.08	22.37
Diluted Earnings per share	38.08	22.37

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****34. Tax expense**

	Year ended 31.03.2022	Year ended 31.03.2021
	₹ In lakhs	₹ In lakhs
<b>(a) Amounts recognized in the statement of profit and loss</b>		
Current tax expense		
Current year	5,720.00	4,200.00
Changes in estimates relating to prior years	20.75	11.70
	<b>5,740.75</b>	<b>4,211.70</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(148.41)	204.18
Change in tax rate	-	-
	<b>(148.41)</b>	<b>204.18</b>
<b>Tax expense recognized in the statement of profit and loss</b>	<b>5,592.34</b>	<b>4,415.88</b>

**(b) Amounts recognized in other comprehensive income****Items that will not be reclassified to profit or loss:**

	2021-2022			2020-2021		
	Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
a) Re-measurements of the defined benefit plans	(1.15)	0.29	(0.86)	14.72	(3.71)	11.01
b) Equity instruments through Other Comprehensive Income	(0.70)	0.18	(0.52)	0.48	(0.12)	0.36
<b>Total</b>	<b>(1.85)</b>	<b>0.47</b>	<b>(1.38)</b>	<b>15.20</b>	<b>(3.83)</b>	<b>11.37</b>

**(c) Reconciliation of effective tax rate**

	Year ended 31.3.2022	Year ended 31.3.2021
	₹ In lakhs	₹ In lakhs
Profit before tax*	22,732.25	16,759.25
Statutory income tax rate	25.168	25.168
Tax using the Group's domestic tax rate	5,721.25	4,217.97
Increase due to change in tax rate	-	-
<b>Tax effect of:</b>		
Non-deductible tax expenses / disallowances under Income Tax Act	41.75	28.03
Tax-exempt income and deductions under Chapter VI A of Income Tax Act	-	(13.97)
Temporary difference recognized in deferred taxes	(73.26)	(47.18)
Tax payable at special rates	-	-
Others	27.39	14.10
Amounts recognized in other comprehensive income	2.87	1.05
	<b>5,720.00</b>	<b>4,200.00</b>

\* Profit before tax consider for Holding Company for reconciliation of effective tax, subsidiary Company situated at Tax haven at UAE

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(d) Movement in deferred tax balances**

Particulars	Net balance 1.4.2021	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2022	Deferred tax asset	Deferred tax liability
<b>Movement in Liability</b>						
Property, plant and equipment and intangible assets	990.69	(128.52)	-	862.17	-	862.17
Deffer tax on ROU	10.69	(5.00)	-	5.69	-	5.69
<b>Total (A)</b>	<b>1,001.38</b>	<b>(133.52)</b>	<b>-</b>	<b>867.86</b>	<b>-</b>	<b>867.86</b>
<b>Movement in Asset</b>						
Investment	0.66	-	0.18	0.84	0.84	-
Employee Retirement Benefits	25.12	2.91	0.29	28.32	28.32	-
Provision for doubtful debts and advances	4.81	-	-	4.81	4.81	-
Provision for ECL	6.14	16.93	-	23.07	23.07	-
Prepaid expenses	0.89	0.28	-	1.16	1.16	-
Deffer tax on lease	11.86	(5.22)	-	6.64	6.64	-
<b>Total (B)</b>	<b>49.48</b>	<b>14.89</b>	<b>0.47</b>	<b>64.84</b>	<b>64.84</b>	<b>-</b>
<b>Tax assets / (liabilities) (A-B)</b>	<b>951.90</b>	<b>(148.41)</b>	<b>(0.47)</b>	<b>803.02</b>	<b>64.84</b>	<b>867.86</b>

₹ In lakhs

Particulars	Net balance 1.4.2020	Recognized in profit or loss	Recognized in OCI	Net balance 31.3.2021	Deferred tax asset	Deferred tax liability
<b>Movement in Liability</b>						
Property, plant and equipment and intangible assets	787.33	203.35	-	990.69	-	990.69
Deferred tax on ROU	36.58	(25.89)	-	10.69	-	10.69
<b>Total (A)</b>	<b>823.91</b>	<b>177.46</b>	<b>-</b>	<b>1,001.38</b>	<b>-</b>	<b>1,001.38</b>
<b>Movement in Asset</b>						
Investment	0.78	(0.00)	(0.12)	0.66	0.66	-
Employee Retirement Benefits	24.27	4.56	(3.71)	25.12	25.12	-
Provision for doubtful debts and advances	4.81	(0.00)	-	4.81	4.81	-
Provision for ECL	12.80	(6.66)	-	6.14	6.14	-
Prepaid expenses	0.88	0.01	-	0.89	0.89	-
Deferred tax on lease	34.89	(23.03)	-	11.86	11.86	-
<b>Total (B)</b>	<b>78.43</b>	<b>(25.13)</b>	<b>(3.83)</b>	<b>49.48</b>	<b>49.48</b>	<b>-</b>
<b>Tax assets / (liabilities) (A-B)</b>	<b>745.48</b>	<b>202.59</b>	<b>(3.83 )</b>	<b>951.90</b>	<b>49.48</b>	<b>1,001.38</b>

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****35. Financial Instruments : Accounting classifications and fair value measurements****(i) Accounting classifications**

The fair values of the financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of trade receivables, cash and cash equivalents, bank balances, short term deposits, trade payables, payables for acquisition of property, plant and equipment, short term loans from banks, financial institutions and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

**(ii) Fair value measurements**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table presents carrying value and fair value of financial instruments by categories and also fair value hierarchy of assets and liabilities measured at fair value :

**As at 31st March, 2022**

	Classification				
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
<b>Financial assets</b>					
<b>Investments</b>					
Investment in equity shares (unquoted)	1.17	1.17	-	-	1.17
Investment in equity shares (quoted)	491.24	-	491.24	-	491.24
Others non current financial assets	36.52	-	-	36.52	36.52
Trade receivables	31,748.83	-	-	31,748.83	31,748.83
Loans and advances					-
Loans to employees	81.08	-	-	81.08	81.08
Others	-	-	-	-	-
Other financial assets					
Derivative instruments	79.08	79.08	-	-	79.08
Others	712.40	-	-	712.40	712.40
Cash and cash equivalents	6,188.16	-	-	6,188.16	6,188.16
Bank balances	7,743.26	-	-	7,743.26	7,743.26
	<b>47,081.74</b>	<b>80.25</b>	<b>491.24</b>	<b>46,510.25</b>	<b>47,081.74</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

## As at 31st March, 2022

	Classification				
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
<b>Financial liabilities</b>					
Lease liabilities	26.38	-	-	26.38	26.38
Borrowings					
Short term loans from banks	2,981.09	-	-	2,981.09	2,981.09
Trade payables and acceptances	42,759.22	-	-	42,759.22	42,759.22
Other financial liabilities	261.76	-	-	261.76	261.76
	<b>46,028.45</b>	<b>-</b>	<b>-</b>	<b>46,028.45</b>	<b>46,028.45</b>

## As at 31st March, 2021

	Classification				
	Carrying Value	FVTPL	FVTOCI	Amortized Cost	Fair Value
<b>Financial assets</b>					
<b>Investments</b>					
Investment in equity shares (unquoted)	1.17	1.17	-	-	1.17
Investment in equity shares (quoted)	6.37	-	6.37	-	6.37
Others non current financial assets	37.43	-	-	37.43	37.43
Trade receivables	32,318.53	-	-	32,318.53	32,318.53
<b>Loans and advances</b>					
Loans to employees	57.73	-	-	57.73	57.73
Others	(0.00)	-	-	(0.00)	(0.00)
<b>Other financial assets</b>					
Derivative instruments	26.04	26.04	-	-	26.04
Others	395.14	-	-	395.14	395.14
Cash and cash equivalents	7,042.26	-	-	7,042.26	7,042.26
Bank balances	435.63	-	-	435.63	435.63
	<b>40,320.30</b>	<b>27.21</b>	<b>6.37</b>	<b>40,286.72</b>	<b>40,320.30</b>
<b>Financial liabilities</b>					
Lease liabilities	47.58	-	-	47.58	47.58
<b>Borrowings</b>					
Short term loans from banks	6,516.73	-	-	6,516.73	6,516.73
Trade payables and acceptances	32,805.79	-	-	32,805.79	32,805.79
Other financial liabilities	233.77	-	-	233.77	233.77
	<b>39,603.87</b>	<b>-</b>	<b>-</b>	<b>39,603.87</b>	<b>39,603.87</b>

## As at 31st March, 2022

## As at 31st March, 2021

	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Investments</b>						
Investment in equity shares (unquoted)	-	-	1.17	-	-	1.17



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

	As at 31st March, 2022			As at 31st March, 2021		
	Fair Value			Fair Value		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investment in equity shares (quoted)	491.24	-	-	6.37	-	-
Others non current financial assets	-	-	-	-	-	-
Loans and advances						
Loans to employees	-	-	81.08	-	-	57.73
Other financial assets	-	-	214.57	-	-	189.54
Derivative instruments	-	79.08	-	-	26.04	-
	<b>491.24</b>	<b>79.08</b>	<b>296.82</b>	<b>6.37</b>	<b>26.04</b>	<b>248.44</b>
Financial liabilities						
Security deposit	-	-	150.26	-	-	150.23
	-	-	<b>150.26</b>	-	-	<b>150.23</b>

**(iii) Description of significant observable inputs to valuation:**

The following table shows the valuation techniques used to determine fair value :

Type	Valuation technique
Investments in equity shares (unquoted)	Book value *
Investments in equity shares (quoted)	Fair Value
Loan to employees	Based on prevailing market interest rate
Derivative instruments	Fair valued based on prevailing market rate at each closing date
Short term loans from banks	Based on quotes from banks and financial institutions

\* Based on unobservable inputs which generally approximates to the carrying value of the investments unless significantly impaired. Fair value has been considered Nil for significantly impaired investments. Sensitivity change in the unobservable input does not have a significant impact in its value and accordingly, sensitivity disclosure is not given.

**36. Financial risk management****Risk management framework**

The Group has identified financial risks and categorized them in three parts viz. (i) Credit Risk, (ii) Liquidity Risk and (iii) Market Risk. Details regarding sources of risk in each such category and how Group manages the risk is explained in following notes:

**(i) Credit risk**

Credit risk refers to the possibility of a customer and other counterparties not meeting their obligations and terms and conditions which would result into financial losses. Such risk arises mainly from trade receivables and investments. Credit risk is managed through internal credit control mechanism such as credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Trade receivables**

As per the credit policy of the Group, generally no credit are given exceeding the accepted credit norms. The Group deals with large corporate houses and State Electricity Boards after considering their credit standing. The credit policy with respect to other customers is strictly monitored by the Group at periodic intervals. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers. In addition, for amounts recoverable on exports, the Group has adequate insurance to mitigate overseas customer and country risk.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

Ageing	As at 31st March, 2022			₹ In lakhs
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	254.78	7.81%	19.90	234.88
180-365 days past due	21.74	15.84%	3.44	18.30
More than 365 days past due	278.40	24.55%	68.35	210.05
Credit impaired	13.89	100.00%	13.89	-
	<b>568.81</b>	<b>18.56%</b>	<b>105.58</b>	<b>463.23</b>

Ageing	As at 31st March, 2021			₹ In lakhs
	Gross Carrying Amount	Expected Credit Loss Rate	Credit Loss	Net Carrying Amount
0-180 days past due	167.10	5.09%	8.51	158.59
180-365 days past due	69.16	10.31%	7.13	62.03
More than 365 days past due	68.05	12.89%	8.77	59.28
Credit impaired	13.89	100.00%	13.89	-
	<b>318.20</b>	<b>12.04%</b>	<b>38.30</b>	<b>279.90</b>

Note:- Impairment under expected credit loss includes Rs. 13.89 Lakhs for doubtful debts P.Y. Rs. 13.89 Lakhs

**Cash and cash equivalents**

The Group held cash and cash equivalents of ₹ 7042.26 lakhs at 31.3.2021 (31.3.2020: ₹ 3045.30 lakhs). The cash and cash equivalents are held with banks with good credit ratings. Also, the Group invests its surplus funds in bank fixed deposits, which carry no / low mark to market risks for short duration and therefore, does not expose the Group to credit risk.

**Investments**

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

**Derivatives**

The forward contracts were entered into with banks having an investment grade rating and exposure to counterparties is closely monitored and kept within the approved limits.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(ii) Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on due date. The Group has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. This is ensured through proper financial planning with detailed annual business plans, discussed at appropriate levels within the organization. Annual business plans are divided into quarterly plans and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc. Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner. Cash management services are availed to avoid any loss of interest on collections. In addition, the Group has adequate borrowing limits with reputed banks in place duly approved.

**a) Financing arrangements**

The Group has an adequate fund and non-fund based limits lines with various banks. The Group's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. The financing products include working capital loans, buyer's credit loan, supplier's credit loan etc.

**b) Maturities of financial liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows within one year

	₹ In lakhs	
	<b>As at 31.3.2022</b>	<b>As at 31.3.2021</b>
Short term loans from banks	2,981.09	6,516.73
Trade payables	42,759.22	32,805.79
Other financial liabilities (other than derivative liabilities)	261.76	233.77
Derivative liabilities	-	-
	<b>46,002.07</b>	<b>39,556.29</b>

**(iii) Market Risk**

The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price. Market risk further comprises of (a) Currency risk, (b) Interest rate risk and (c) Commodity risk.

**a) Currency Risk**

The Group is exposed to currency risk mainly on account of its import payables and export receivables in foreign currency. The major exposures of the Group are in U.S. dollars. The Group hedges its import foreign exchange exposure partly through exports and depending upon the market situations partly through forward foreign currency covers. The Group has a policy in place for hedging its foreign currency exposure. The Group does not use derivative financial instruments for trading or speculative purposes.

	<b>31-Mar-22</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>31-Mar-21</b>
	<b>\$ In lakhs</b>	<b>₹ In lakhs</b>	<b>\$ In lakhs</b>	<b>₹ In lakhs</b>
<b>Financial assets</b>				
Trade Receivables	79.19	6,003.22	114.79	8,437.30
Cash and cash equivalents	9.93	752.50	41.25	3,032.21
Other financial assets	16.19	1,227.62	3.30	256.27
<b>Net exposure for assets - A</b>	<b>105.31</b>	<b>7,983.34</b>	<b>159.34</b>	<b>11,725.78</b>



## CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	31-Mar-22	31-Mar-22	31-Mar-21	31-Mar-21
	\$ In lakhs	₹ In lakhs	\$ In lakhs	₹ In lakhs
<b>Financial liabilities</b>				
Trade Payables	527.49	39,987.82	342.06	25,143.04
Other financial liabilities	6.41	485.77	5.19	381.67
Less: Foreign currency forward exchange contracts	132.49	10,044.05	43.92	3,228.08
<b>Net exposure for liabilities - B</b>	<b>401.41</b>	<b>30,429.54</b>	<b>303.34</b>	<b>22,296.63</b>
<b>Net exposure (A-B)</b>	<b>(296.10)</b>	<b>(22,446.19)</b>	<b>(144.00)</b>	<b>(10,570.84)</b>

The following exchange rates have been applied at the end of the respective years

	31-03-2022	31-03-2021
USD Rate	75.81	73.50

**Sensitivity analysis**

The table below shows sensitivity of open forex exposure to USD / INR movement. We have considered 1% (+/-) change in USD / INR movement, increase indicates appreciation in USD / INR whereas decrease indicates depreciation in USD / INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

**Impact on profit or loss due to % increase / (decrease) in currency**

Particulars	2021-2022		2020-2021	
	Increase	(Decrease)	Increase	(Decrease)
Movement (%)	1%	1%	1%	1%
USD	(224.67)	224.67	(119.61)	119.61

**b) Interest rate risk**

The Group is not exposed to significant interest rate risk during the respective reporting periods. Short term loans are taken on fixed interest rates.

**Interest Rate Risk Exposure**

The Exposure of the borrowing to interest rate changes at the end of the reporting period are included in the table below. As at the end of the reporting period the following weighted average interest rate on the borrowings.

Particulars	2021-2022			2020-2021		
	Weighted average Interest rate	Balance ₹ in Lakhs	% of Total Loans	Weighted average Interest rate	Balance ₹ in Lakhs	% of Total Loans
Cash Credits from banks	4.25	2981.09	100	5.13	6516.73	100

The percentage of total loans shows the proportion of loans that are currently at weighted average in relation to the total amount of borrowings. The percentage of borrowings of holding company is 0% and of subsidiary is 100%.

**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(ii) Sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rate. In interest rate risk note we have considered impact on profit after tax.

Particulars	2021-2022		2020-2021	
	Increase	(Decrease)	Increase	(Decrease)
Movement by 100 basis point	22.31	(22.31)	48.77	(48.77)

**c) Commodity Risk****Raw Material Risk**

Timely availability and also non-availability of good quality base oils from across the globe could negate the qualitative and quantitative production of the various products of the Group. Volatility in prices of crude oil and base oil is another major risk for this segment. The Group procures base oils from various suppliers scattered in different parts of the world. The Group tries to enter into long term supply contracts with regular suppliers and at times buys the base oils on spot basis.

**37. Benami Transactions**

The Company does not hold any Benami Property as defined under Benami Transactions (Prohibition) Act (45) of 1988 and rules made thereunder.

**38. Transactions with struck off Companies**

The Company does not have any transactions with companies struck off under section 248 of Companies Act 2013 or Section 560 of Companies Act 1956, during the financial year ending 31 March 2022 and 31 March 2021.

**39. Restriction on number of layers**

The Company has complied with the number of layer prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on Number of Layers) Rules, 2017.

**40. Undisclosed Income**

The Company does not have any undisclosed income during the financial year ended 31 March 2022 and 31 March 2021.

**41. Crypto/Virtual Currency**

The Company does not traded or invested in Crypto Currency or Virtual Currency during the financial year ended 31 March 2022 and 31 March 2021.

**42. Code on Social Security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and the Rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from the stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account the same once the rules are notified and become effective.



**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**43. Utilization of borrowed funds and share premium**

- (a) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**44. Previous year figures**

The Group has reclassified previous year figures to conform to this year's classification.

**For JMR & Associates LLP**

Chartered Accountants

Firm Registration No. 106912W / W100300

**CA. Nimesh Jain**

Partner

Membership No : 114003

**For and on behalf of the board of directors of  
Panama Petrochem Limited**

**Amirali E. Rayani**

Chairman

DIN:00002616

**Amin A. Rayani**

Managing Director & CEO

DIN:00002652

**Pramod Maheshwari**

CFO

**Gayatri Sharma**

Company Secretary & Compliance Officer

**Place: Mumbai**

**Date : 30 May 2022**

**Place: Mumbai**

**Date : 30 May 2022**



**We Provide Consistency, Quality, Services, Economy**

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