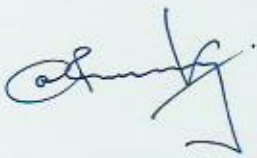
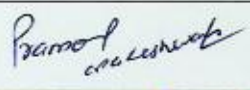
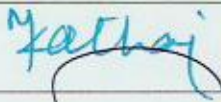
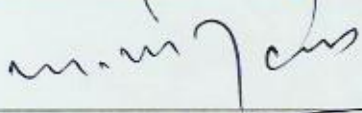


**FORM A**

**Covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	<b>Panama Petrochem Limited</b>
2.	Annual financial statements for the year ended	<b>31st March 2014</b>
3.	Type of Audit observation	<b>Un-qualified</b>
4.	Frequency of observation	<b>Repetitive</b>
5.	To be signed by-	
	• CEO/Managing Director	
	• CFO	
	• Auditor of the company	
• Audit Committee Chairman		



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**32<sup>nd</sup> ANNUAL REPORT 2013-14**



**Board of Directors**

MR. AMIRALI E. RAYANI	Chairman
MR. AMIN A. RAYANI	Managing Director & CEO
MR. SAMIR A. RAYANI	Whole-Time Director
MR. DILIP S. PHATARPHEKAR	Independent Director
MR. MADAN MOHAN JAIN	Independent Director
MR. MUKESH MEHTA	Independent Director

**Company Secretary**

MS.GAYATRI SHARMA

**Auditors**

M/S. BHUTA SHAH & CO.  
Chartered Accountants, Mumbai, India

**Bankers**

INDIAN BANK  
D C B LIMITED  
IDBI BANK  
YES BANK  
STANDARD CHARTERED BANK  
HDFC BANK  
CITI BANK  
DBS BANK LIMITED

**Listed at**

BSE LIMITED  
NATIONAL STOCK EXCHANGE OF INDIA LIMITED  
LUXEMBOURG STOCK EXCHANGE (GDRs)

**Corporate Office**

401, Aza House, 24, Turner Road  
Bandra (W), Mumbai 400 050, India  
Tel: 91-22-42177777  
Fax: 91-22-42177788  
Website: panamapetro.com  
CIN :L23209GJ1982PLC005062  
E-mail: ho@panamapetro.com

**Registered Office**

Plot No: 3303, G.I.D.C. Estate,  
Ankleshwar 393 002, Gujarat, India  
Tel: 91-2646-221 068,  
Fax: 91-2646-225907  
Email: ankl@panamapetro.com

**Plants**

Ankleshwar, Daman, Taloja, & Dahej

**Registrar & Share Transfer Agents**

BIGSHARE SERVICES PRIVATE LIMITED  
E -2, Ansa Industrial Estate,  
Sakinaka, Saki - Vihar Road,  
Andheri (E), Mumbai 400 072  
Maharashtra, India.  
Tel: 91-22-2847 3474, / 4043 0200  
FAX: 91-22-2847 5207.  
E-mail: info@bigshareonline.com

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## NOTICE

**Notice** is hereby given that the **THIRTY – SECOND ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on Thursday, 4th September, 2014 at 11:00 A.M. at the Conference Hall of the Registered Office of the Company at Plot No. 3303, G.I.D.C. Estate, Ankleshwar, Gujarat 393 002 to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, the Reports of the Board of Directors & Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Amirali E. Rayani (DIN 00002616), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 139(1) of the Companies Act, 2013, and the Rules made thereunder, and pursuant to the recommendation of Audit Committee, M/s Bhuta Shah & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to examine and audit the accounts of the Company at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses.

### Special Business:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee of the Board, and subject to the approval of members, consent of the Board be and is hereby accorded to the re-appointment of Mr. Amirali E. Rayani (DIN: 00002616) as Whole-time Director designated as Chairman of the Company, for a period of 5 (Five) years with effect from June 29, 2014, on the terms and conditions including remuneration as per below details, with liberty to the Board of Directors on the recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

- A. SALARY: ₹ 2,00,000/- per month with annual increment at such rate as may be approved by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee based on merit and taking into account the Company's performance .
- B. BONUS: As may be decided by the Board of Directors.
- C. PERQUISITES & ALLOWANCE :
  - (i) In addition to the salary, Mr. Amirali E. Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; telephone expenses at residence, club fees and personal accident insurance, accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs or such other perquisites and/ or cash compensation in accordance with the rules applicable to other senior executives of the Company. For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.
  - (ii) Company's contribution to provident fund ,superannuation fund and annuity fund to the extent these are ,either singly or put together, not taxable under the Income tax act; gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included for the purpose of computation of the overall ceiling of remuneration.
  - (iii) Car used on the Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

Any increment in salary and perquisite & allowance, as may be determined by the Board shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

- D. **REIMBURSEMENT OF EXPENSES:** Reimbursement of actual entertainment expenses, expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and, fuel expenses, insurance premium or other out of pocket expenses incurred in course of the official duties shall be reimbursed at actual and not considered as perquisites.
- E. **NATURE OF DUTIES:**
- (i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
  - (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
  - (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- F. **TERMINATION:** The office of Mr. Amirali E. Rayani will be terminated forthwith by notice in writing on the vacation of office of Director by virtue of section 167,169 and other applicable provisions of the Companies Act, 2013 or by giving 6 months notice in writing by either party.

**RESOLVED FURTHER THAT** In the event of loss or inadequacy of profits in any financial year, the Company shall pay to Mr. Amirali E. Rayani the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Amirali E. Rayani.

**RESOLVED FURTHER THAT** the Board 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."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee of the Board, and subject to the approval of members, consent of the Board be and is hereby accorded to the re-appointment of Mr. Amin A. Rayani (DIN:00002652) as Managing Director & Chief Executive Officer of the Company, for a period of 5 (Five) years with effect from June 29, 2014, on the terms and conditions including remuneration as per below details, with liberty to the Board of Directors on the recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

- A. **SALARY:** ₹ 1,75,000/- per month with annual increment at such rate as may be approved by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee based on merit and taking into account the Company's performance .
- B. **BONUS:** As may be decided by the Board of Directors.
- C. **PERQUISITES & ALLOWANCE:**
- (i) In addition to the salary , Mr. Amin A. Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; telephone expenses at residence, club fees and personal accident insurance ,accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs or such other perquisites and/ or cash compensation in accordance with the rules applicable to other senior executives of the Company. For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.
  - (ii) Company's contribution to provident fund ,superannuation fund and annuity fund to the extent these are ,either singly or put together ,not taxable under the Income tax act; gratuity as per the Rules of

the Company and encashment of leave at the end of the tenure will not be included for the purpose of computation of the overall ceiling of remuneration.

- (iii) Car used on the Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

Any increment in salary and perquisite & allowance, as may be determined by the Board shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

- D. **REIMBURSEMENT OF EXPENSES:** Reimbursement of actual entertainment expenses, expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and, fuel expenses, insurance premium or other out of pocket expenses incurred in course of the official duties shall be reimbursed at actual and not considered as perquisites.
- E. **NATURE OF DUTIES:**
- (i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.
- (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- F. **TERMINATION:** The office of Mr. Amin A. Rayani will be terminated forthwith by notice in writing on the vacation of office of Director by virtue of section 167,169 and other applicable provisions of the Companies Act, 2013 or by giving 6 months notice in writing by either party.

**RESOLVED FURTHER THAT** In the event of loss or inadequacy of profits in any financial year, the Company shall pay to Mr. Amin A. Rayani the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Amin A. Rayani.

**RESOLVED FURTHER THAT** the Board 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."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee of the Board, and subject to the approval of members, consent of the Board be and is hereby accorded to the re-appointment of Mr. Samir A. Rayani (DIN: 00002674) as Whole-time Director designated as Executive Director of the Company, for a period of 5 (Five) years with effect from June 29, 2014, on the terms and conditions including remuneration as per below details, with liberty to the Board of Directors on the recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

- A. **SALARY:** ₹ 1,50,000/- per month with annual increment at such rate as may be approved by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee based on merit and taking into account the Company's performance .
- B. **BONUS:** As may be decided by the Board of Directors.
- C. **PERQUISITES & ALLOWANCE :**
- (i) In addition to the salary , Mr. Samir A. Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; telephone expenses at residence, club fees and personal accident insurance ,accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and /

or allowances for utilisation of gas, electricity, water, furnishing and repairs or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the Company. For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.

- (ii) Company's contribution to provident fund, superannuation fund and annuity fund to the extent these are either singly or put together, not taxable under the Income tax act; gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included for the purpose of computation of the overall ceiling of remuneration
- (iii) Car used on the Company's business and telephone and other communication facilities at residence will not be considered as perquisites.

Any increment in salary and perquisite & allowance, as may be determined by the Board shall be within the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

- D. **REIMBURSEMENT OF EXPENSES:** Reimbursement of actual entertainment expenses, expenses incurred for travelling, board and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and, fuel expenses, insurance premium or other out of pocket expenses incurred in course of the official duties shall be reimbursed at actual and not considered as perquisites.
- E. **NATURE OF DUTIES:**
  - (i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board.
  - (ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
  - (iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
- F. **TERMINATION:** The office of Mr. Samir A. Rayani will be terminated forthwith by notice in writing on the vacation of office of Director by virtue of section 167,169 and other applicable provisions of the Companies Act, 2013 or by giving 6 months notice in writing by either party.

**RESOLVED FURTHER THAT** In the event of loss or inadequacy of profits in any financial year, the Company shall pay to Mr. Samir A. Rayani the above remuneration by way of salary, bonus and other allowances as a minimum remuneration but not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Samir A. Rayani.

**RESOLVED FURTHER THAT** the Board 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."

- 8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Vaishali Dholakia having DIN no. 06774616, on the recommendation of Nomination & Remuneration Committee and Board of Directors of the Company, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years.

**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."

- 9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Mukesh Mehta (DIN 00002702), Director of the Company whose office was liable to retire by rotation and in respect of whom the Company has received a notice



in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5 (Five) consecutive years.

**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.”

- 10.** To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of section 149,152 and any other applicable provisions of the Companies Act,2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Dilip Sobhag Phatarphekar(DIN: 00002600), Director of the Company whose office was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5 (Five) consecutive years.

**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.”

- 11.** To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of section 149,152 and any other applicable provisions of the Companies Act,2013 and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Madan Mohan Jain (DIN: 00003580), Director of the Company whose office was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5(Five) consecutive years.

**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.”

- 12.** To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

**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.”

- 13.** To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

“**RESOLVED THAT** in suppression of the Ordinary Resolution adopted at the Annual General Meeting held on September 29, 2007 and pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder (erstwhile section 293(1) (d) of the Companies Act, 1956), the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow any sum or sums of money on such security and on such terms conditions as the Board may deem fit, in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Companies Bankers in the ordinary course of business, shall not be in excess of ₹ 800 crore ( Rupees Eight Hundred crore ) over and above the aggregate of the paid up share capital and free reserves of the Company that is to say the reserves not set apart for any specific purpose”.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution , any Director or two or more of them together be and is/are hereby authorized to finalize ,settle and execute such documents / deeds / writings /papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary ,proper or desirable and to settle any question , difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.”

14. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on September 29, 2007 and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder (including any statutory modification or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge, in addition to the mortgage / charges created / to be created by the Company, in such form and manner and with such ranking as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement (s), Debenture Trust Deed(s) or any other document entered into / to be entered into and at such time and on such terms as the Board may determine, all or any of the movable and / or immovable properties of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender (s) / Agents (s) and Trustee / Trustee (s), for securing the borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and Securities (comprising Fully / Partly Convertible Debenture and / or Non-Convertible Debentures with or without detachable or non-detachable Warrants and / or Secured Premium Notes and / or Floating Rates Notes / Bonds or other debt instruments), issued / to be issued by the Company, from time to time, subject to the limits approved under section 180(1)(c) of the Company Act, 2013, together with interest at the respective agreed rates, additional interest, Compound interest in case of default, accumulated interest, liquidated damages, commitment charges, remuneration of the Agent(s) / Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase between the Company and the Lender(s) / Agent(s) and Trustee / Trustee(s), in respect of the said loans / borrowings / debentures and containing such specific terms and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors thereof and the Lender(s) / Agent(s) / Trustee(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director or two or more of them together be and is/are hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid."

15. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and, subject to such other approval as may be necessary, each Equity Share of the Company having a face value of ₹ 10 each fully paid up be sub-divided into 5 (Five) Equity Shares of the face value of ₹ 2 each fully paid-up.

**RESOLVED FURTHER THAT** the 5 (Five) Equity Shares of the face value of ₹ 2 each on sub-division to be allotted in lieu of existing one equity share of ₹ 10 each shall be subject to the terms of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing fully paid shares of ₹ 10 each of the Company and shall be entitled to participate in full in any dividends to be declared after the sub-divided equity shares are allotted.

**RESOLVED FURTHER THAT** upon sub-division of Equity Shares as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of the face value of ₹ 10 each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and the Company may, without requiring the surrender of the existing share certificate(s), issue and dispatch the new share certificate(s) of the Company in lieu of such existing share certificate(s) subject to the provisions of the Companies (Share Capital and Debentures) Rules, 2014 and in the case of Shares held in the dematerialised form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the depository participants, in lieu of the existing credits representing the Equity Shares of the Company before sub-division.

**RESOLVED FURTHER THAT** subject to approval(s) and sanction(s) as may be necessary from the concerned Statutory Authority (ies), the consent of the Company be and is hereby accorded for revision in the ratio of Global Depository Receipts ("GDRs") to equity shares, due to the sub-division of Equity Shares of the Company as aforesaid, from the existing one GDR representing five underlying Equity Shares of the Company' to one GDR representing twenty five underlying Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board 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."

16. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 61 and Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, and rules framed thereunder (including any statutory modification or re-enactment thereof

, for the time being in force) and subject to such other approval(s), consent(s), and sanction(s) as may be necessary from the concerned Statutory Authority(ies), the existing clause V of the Memorandum of Association of the Company relating to Authorised Capital be replaced by the following paragraph:

"The Authorised Share Capital of the Company is ₹ 255,500,000/- (Rupees Twenty Five crore Fifty Five lac only) divided into 127,750,000 (Twelve crore Seventy Seven lac Fifty thousand only) Equity Shares of ₹ 2/- (Rupees Two only) each."

**RESOLVED FURTHER THAT** the Board 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."

**17. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution**:**

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**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. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form should be lodged with the Company at its registered office at least 48 hours before the commencement of the meeting.
2. Corporate Members: Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 14th day of August 2014 to Monday the 18th day of August 2014 (both days inclusive).
5. Payment of dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be payable to those Shareholders whose names stand on the Register of Members of the Company as on 14th August, 2014. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend will be paid within 30 days from the date of declaration of dividend.
6. Members are requested to notify any change in their address/ mandate/bank details immediately to the share transfer Agent of the Company- M/s Bigshare Services Pvt Ltd.
7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
8. Members desirous of obtaining any information as regards the accounts and operations of the Company are requested to write at least one week before the meeting so that the same could be complied in advance.

**9. VOTING THROUGH ELECTRONIC MEANS**

- In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 32<sup>nd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):
- The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members/ depositories as at closing hours of business, on 18 July, 2014.
- The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
- The Company has appointed Mr. Milind Nirkhe, practicing Company Secretary, as the scrutinizer for conducting the e-voting process in the fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make his report of the votes cast in favour or against and shall submit to the Chairman of the Meeting

- The results of Annual General Meeting shall be declared within the prescribed time limits. The result of the e-voting will also be placed at the website of the Company viz. **www.panamapetro.com** and also on **www.cdslindia.com**.

#### **Instructions of Voting through electronic mode**

The voting period begins on 29th August, 2014 at 9.00 a.m. and ends on 31st August, 2014 at 5.00.p.m During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 18th July, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

#### **A. In case of members receiving e-mail:**

- To initiate the voting process, log on to the e-voting website **www.evotingindia.com** during the voting period.
- Click on "Shareholders" tab
- Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. * In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members 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.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- 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.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to **<https://www.evotingindia.co.in>** and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to **[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)**.
  - After receiving the login details they have to create a compliance user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to **[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)** and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**B. In case of members receiving the physical copy:**

- (a) Please follow all steps from sl. no.(i) to sl. no.(xvii) above to cast vote.
- (b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **[www.evotingindia.co.in](http://www.evotingindia.co.in)** under help section or write an email to **[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)**.

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

**Place : Mumbai  
Date : 28<sup>th</sup> July, 2014**

**Gayatri Sharma  
Company Secretary**

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

**Item No. 5**

Mr. Amirali E. Rayani (aged 70 years) is the Founder of Panama Petrochem Limited. He is the main promoter of the Company and has been actively associated with the Company since its inception and has played a key role in bringing the Company to its present heights. He has a vast experience of over 40 years in Petroleum industry. He oversees the entire operations of the Company.

Mr. Amirali E. Rayani was re-appointed as a Whole-time Director designated as Chairman of the Company at the 27th Annual General Meeting of the Company, for a period of five years ended on 28th June 2014. As part of the initiative to create enduring guidance for the Company, the Board of Directors of the Company subject to the approval of members, on the recommendation of Nomination & Remuneration Committee at their meeting held on May 21 2014, had approved the re-appointment of Mr. Amirali E. Rayani as Whole-time Director designated as Chairman of the Company for a further period of five years commencing from 29 June 2014 on the terms and conditions and remuneration as set out in Resolution No. 5 of the accompanying notice.

The Resolution No. 5 may be treated as a written memorandum setting out the terms of re-appointment of Mr. Amirali E. Rayani under section 190 of the Companies Act 2013.

Brief resume of Mr. Amirali E. Rayani, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees and shareholding as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the notice convening this meeting.

Mr. Amirali E. Rayani and Mr. Amin A. Rayani who is his relative and Managing Director & CEO of the Company are interested in the resolution, and his other relative may be deemed to be interested to the extent of their shareholding interest, if any, in the resolution set out at Item No.5 the Notice, which pertain to his re-appointment and remuneration payable to him.

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 these resolutions.

Mr. Amirali E. Rayani who attained the age of seventy years thus pursuant to section 196 and other applicable sections of the Companies Act 2013, if any, read with Schedule V to the Act, the Board commends the Special Resolutions set out at Item No.5 of the Notice for approval by the shareholders.

**Item No. 6 and 7**

The Board of Directors of the Company, at its meeting held on May 21, 2014 has, subject to the approval of members, re-appointed Mr. Amin A. Rayani as Managing Director and Chief Executive Officer, for a period of 5 (five) years from the expiry of his present term, which expired on June 28, 2014, at the remuneration recommended Nomination and Remuneration Committee of the Board and approved by the Board.

Further, the Board at its meeting held on May 21, 2014 has, subject to the approval of members, re-appointed Mr. Samir A. Rayani as Whole-time Director, designated as Executive Director, for a period of 5 (five) years from the expiry of his present term, which expired on June 28, 2014, at the remuneration recommended by the Nomination and Remuneration Committee and approved by the Board.

It is proposed to seek the members approval for the re-appointment of and remuneration payable to Mr. Amin A. Rayani as Managing Director and Chief Executive Officer and Mr. Samir A. Rayani as Whole-time Director, designated as Executive Director, in terms of the applicable provisions of the Act.

Mr. Amin A. Rayani and Mr. Samir A. Rayani satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their re-appointment. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The Resolution Nos. 6 & 7 may be treated as a written memorandum setting out the terms of re-appointment of Mr. Amin A. Rayani and Mr. Samir A. Rayani under section 190 of the Companies Act 2013.

Brief resume of Mr. Amin A. Rayani and Mr. Samir A. Rayani, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the notice convening this meeting.

Mr. Amin A. Rayani and Mr. Samir A. Rayani are interested in the resolutions set out respectively at Item Nos. 6 and 7 of the Notice, which pertain to their respective re-appointments and remuneration payable to each of them. Mr. Amirali E. Rayani who

is the relative of Mr. Amin A. Rayani and Chairman of the Company may be deemed to be concerned or interested.

The other relatives of Mr. Amin A. Rayani and Mr. Samir A. Rayani may be deemed to be interested in the resolutions set out respectively at Item Nos. 6 and 7 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 these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 6 and 7 of the Notice for approval by the shareholders.

#### **Item No. 8**

As per the provisions of Section 149 of the Companies Act 2013 (Act), and amended Clause 49 of the Listing Agreement, the Company should have at least one Woman Director.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Vaishali Dholakia for the office of Director of the Company.

Ms. Vaishali Dholakia is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Ms. Vaishali Dholakia that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Ms. Vaishali Dholakia fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Agreement. Ms. Vaishali Dholakia is independent of the management.

Brief resume of Ms. Vaishali Dholakia, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees and shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the notice convening this meeting.

Save and except Ms. Vaishali Dholakia and her relatives, to the extent of their shareholding interest, if any, in the Company, 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 set out at Item No. 8 of the Notice.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, Board commends the Ordinary Resolutions set out at Item 8 of the Notice for approval by the shareholders.

#### **Item No. 9, 10 and 11**

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Securities and Exchange Board of India (SEBI) has also amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Mukesh Mehta , Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 37th Annual General Meeting of the Company in the calendar year 2019.

Mr. Mukesh Mehta , Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Mukesh Mehta , Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain for the office of Directors of the Company.

The Company has also received declarations from Mr. Mukesh Mehta , Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Mukesh Mehta , Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Brief resume of Mr. Mukesh Mehta, Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the in the notice convening this meeting.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Mukesh Mehta, Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain are interested in the resolutions set out respectively at Item Nos. 9,10 and 11 of the Notice with regard to their respective appointments.

The relatives of Mr. Mukesh Mehta, Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain may be deemed to be interested in the resolutions set out respectively at Item Nos. 9, 10 and 11 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 these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 9, 10 and 11 of the Notice for approval by the shareholders.

#### **Item No. 12**

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Mr. Girikrishna S. Maniar as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 on remuneration of ₹ 1.75 Lac. (One lac Seventy Five thousand only) 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.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 12 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

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 set out at Item No. 12 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 12 of the Notice for approval by the shareholders

#### **Item No. 13 and 14**

Under the erstwhile Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Company, with the consent of the shareholders obtained by an Ordinary Resolution could borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. Likewise, under the erstwhile Section 293(1) (a) to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/ bonds, to secure the repayment of moneys borrowed by the Company, Ordinary Resolution was required.

Under the provisions of Section 180 of the Companies Act, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the Ordinary Resolution earlier passed under Section 293 of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013, i.e. up to 11th September, 2014. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital and free reserves of the Company and to create mortgages/ charges/ hypothecation. The borrowing limit of ₹ 500 Crore under the earlier resolution passed by the shareholders at the Annual General Meeting of the Company held on 29th September, 2007 is increased to ₹ 800 Crore in view of the expansion plans of the Company.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.13 and 14 of the Notice.

The Board commends the Resolution at Item No.13 and 14 of the Notice for approval of the shareholders by a Special Resolution.



**Item No. 15 &16**

The Equity shares of the Company are listed and traded on the BSE Limited and the National Stock Exchange of India Limited (BSE/NSE). In order to facilitate affordability of the Company's shares for investors at large and to enhance the liquidity of the Company's Equity Shares in the stock market, the Board of Directors has considered and approved the sub-division of one Equity Share of the Company having a face value of ₹ 10 each into five Equity Shares of face value of ₹ 2 each. The sub-division of shares is subject to approval of the shareholders. The Record Date for the aforesaid sub-division of the Equity Shares will be fixed by the Board of Directors or Committee thereof after approval of the shareholders is obtained.

The sub-division of equity shares would also necessitate appropriate adjustments to the ratio between the GDRs and the underlying Equity Shares such that 'one GDR representing five underlying Equity Share of the Company' will be changed to 'one GDR representing twenty five underlying Equity Shares of the Company'.

Presently, the Authorised Share Capital of the Company is ₹ 25.55 crore divided into 2,55,50,000 (Two crore Fifty Five lac Fifty thousand only) Equity shares of ₹ 10 each.

The sub-division as aforesaid would require consequential amendments to the existing Clause V of the Memorandum of Association the Company as set out in Item No. 16 of the Notice.

Accordingly, the Resolutions at Item Nos. 15 to 16 seek approval of the Shareholders for the proposed sub-division of face value of the Equity Shares and the consequent amendments to the existing Clause V of the Memorandum of Association of the Company.

A copy of the Memorandum of the Company along with the proposed alterations, deletions and/or modifications is available for inspection at the Registered Office of the Company during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Annual General Meeting.

None of the Directors and key managerial personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.15 and 16 of the Notice.

The Board commends the Resolution at Item No.15 and 16 of the Notice for approval of the shareholders by a Special Resolution.

**Item No. 17**

In view of the enactment of new Companies Act, 2013 and rules framed thereunder, it has become necessary to change the Articles of Association of the Company. Since, the existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific Sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is proposed to adopt a completely new set of articles and replace the existing articles with these adopted articles, under the Companies Act, 2013. To change the AoA of the Company, shareholders approval is required under Companies Act, 2013.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

A copy of proposed draft AoA is available for inspection by any shareholder at the Registered Office of the Company between 11 A.M. and 1.00 P.M. on all working days (except Saturdays, Sundays and Public Holidays) upto 4th September, 2014.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 17 of the Notice.

The Board commends the Special Resolution set out at Item No. 17 of the Notice for approval by the shareholders.

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

**Gayatri Sharma  
Company Secretary**

**Place : Mumbai  
Date : 28<sup>th</sup> July, 2014**

**Registered Office:  
Plot No. 3303, G.I.D.C. Estate  
Ankleshwar - 393 002, Gujarat  
CIN :L23209GJ1982PLC005062**

<b>Details of Directors seeking Appointment/ Re-appointment at the Annual General Meeting</b>	
<b>Mr. Amirali E. Rayani</b>	
Date of Birth	26.02.1944
Date of Appointment	09.03.1982
Expertise in specific functional area	Mr. Amirali E. Rayani is the main promoter of the Company and has been actively associated with the Company since its inception and has played a key role in bringing the Company to its present heights. He has an experience of over 40 years in Petroleum industry. He oversees the entire operations.
Qualification	SSC
Directorship held in other Indian public limited Companies	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil
No. of shares held in the Company	168400
Disclosure of Relationship	Mr. Amirali E. Rayani is related to Mr. Amin A. Rayani.
<b>Mr. Amin A. Rayani</b>	
Date of Birth	17.05.1972
Date of Appointment	01.12.2000
Expertise in specific functional area	Mr. Amin A. Rayani holds a bachelors degree in Commerce and is associated with the Company for over 15years. He is currently Managing Director & CEO of the Company. He has vast experience and expertise in finance, production and marketing and thus oversees the same with respect of the Company.
Qualification	Bachelor's degree in commerce
Directorship held in other Indian public limited Companies	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil
No. of shares held in the Company	191000
Disclosure of Relationship	Mr. Amin A. Rayani is related to Mr. Amirali E. Rayani.
<b>Samir A. Rayani</b>	
Date of Birth	19.12.1975
Date of Appointment	01.12.2000
Expertise in specific functional area	Mr. Samir Rayani holds a bachelors degree in engineering (Chemical) from Mumbai University. He has been associated as a Whole-time Director overseeing the administrative aspects of the Company. He has a wide knowledge of production and marketing of Petroleum Products.
Qualification	Bachelor's degree in engineering(chemical)
Directorship held in other Indian public limited Companies	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil
No. of shares held in the Company	218500
Disclosure of Relationship	Mr. Samir A. Rayani is not directly related to any Director.

<b>Mr. Mukesh Mehta</b>	
Date of Birth	20.07.1958
Date of Appointment	22.03.2003
Expertise in specific functional area	Mr. Mukesh Mehta holds a Bachelors degree in Commerce from Mumbai University. He has vast experience of 25 years in the field of exports. He is an expert in business planning and for export strategy and guides the Company in this regard
Qualification	Bachelor's degree in commerce
Directorship held in other Indian public limited Companies	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil
No. of shares held in the Company	Nil
Disclosure of Relationship	Mr. Mukesh Mehta is not related to any Director.
<b>Mr. Madan Mohan Jain</b>	
Date of Birth	01.03.1944
Date of Appointment	30.12.2005
Expertise in specific functional area	Mr. Madan Mohan Jain holds a bachelors degree in science. He was earlier associated with ONGC as a Chief Geologist. He has an experience of over 35 years in field geological operations and petroleum exploration.
Qualification	Bachelor's degree in science
Directorship held in other Indian public limited Companies	Ess Dee Aluminum Ltd.
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	NIL
No. of shares held in the Company	Nil
Disclosure of Relationship	Mr. Madan Mohan Jain is not related to any Director.
<b>Ms. Vaishali Dholakia</b>	
Date of Birth	31/12/1968
Expertise in specific functional area	Ms. Vaisahli Dholakia holds a Bachelors degree in law from Government Law College, Mumbai University. She has vast experience of 16 years in the legal field. She is having an expertise in civil law .
Qualification	Bachelor's degree in Arts, LL.B
Directorship held in other Indian public limited Companies	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil
No. of shares held in the Company	Nil
Disclosure of Relationship with other Directors	Ms. Vaishali Dholakia is not related to any Director

<b>Mr. Dilip S. Phatarphekar</b>	
Date of Birth	24.01.1938
Date of Appointment	30.12.2005
Expertise in specific functional area	Mr. Dilip S. Phatarphekar is a practicing Advocate and Arbitrator and has experience of over 40 years. He has worked as a Head of Legal Department of Companies such as Pfizer Limited and Essar group of Companies.
Qualification	Bachelor's degree in Arts, LL.B.
Directorship held in other Indian public limited Companies	Ess Dee Aluminum Ltd.
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Member <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Shareholders'/ Investors' Grievance Committee</li></ul>
No. of shares held in the Company	Nil
Disclosure of Relationship with other Directors	Mr. Dilip S. Phatarphekar is not related to any Director.

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

**Gayatri Sharma**  
**Company Secretary**

**Place : Mumbai**  
**Date : 28<sup>th</sup> July, 2014**

**Registered Office:**  
**Plot No. 3303, G.I.D.C. Estate**  
**Ankleshwar - 393 002, Gujarat**  
**CIN :L23209GJ1982PLC005062**

## DIRECTORS' REPORT

### Dear Members

Your Directors have pleasure in presenting the Thirty – Second Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2014.

### FINANCIAL HIGHLIGHTS

(₹ In Lac)

Particulars	Standalone		Consolidated	
	2014	2013	2014	2013
Net Profit before Tax	<b>2,044.86</b>	1,293.90	<b>2,344.10</b>	1,293.90
Less: Provision for Taxes	<b>504.48</b>	105.79	<b>504.48</b>	105.79
Net Profit After Tax	<b>1,540.38</b>	1,188.11	<b>1,839.62</b>	1,188.11
Add :Profit Brought Forward	<b>11,346.82</b>	10,678.85	<b>11,346.82</b>	10,678.85
Profit available for appropriation	<b>12,887.20</b>	11,866.96	<b>13,186.44</b>	11,866.96
Dividend of previous year including Dividend distribution tax	<b>(7.34)</b>	Nil	<b>(7.34)</b>	Nil
Proposed Final Dividend	<b>483.95</b>	344.30	<b>483.95</b>	344.30
Dividend distribution tax	<b>82.25</b>	55.85	<b>82.25</b>	55.85
Less: Transfer to Reserves	<b>208.22</b>	119.99	<b>208.22</b>	119.99
Profit Carried Forward to Balance Sheet	<b>12,120.11</b>	11,346.82	<b>12,419.35</b>	11,346.82

### OPERATIONAL PERFORMANCE

- Revenue from operations on a standalone basis decreases by 7% to ₹ 59,137.06 lac.
- Earnings before Interest, Depreciation, Tax & Amortization on a standalone basis increased by 21% to ₹ 2,863.44 lac.
- Net Profit on a standalone basis increased by 30% to ₹ 1,540.38 lac.
- The consolidated revenue from operations of the Company for the year ended March 31, 2014 was ₹ 63,502.32 lac an increase by 0.04% on a Year on Year basis.
- Net Profit on a consolidated basis increased by 55% to ₹ 1,839.62 lac.

### MANAGEMENT DISCUSSION & ANALYSIS

The detailed Management Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

### DIVIDEND

The Board of Directors is pleased to recommended a dividend of 60% i.e. ₹ 6/- per share for the year ended March 2014 as against ₹ 4/- per share in the previous year.

The dividend will be paid to members, whose names appear in the Register of Members of the Company as on 14th August, 2014. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend will be paid within 30 days from the date of declaration of dividend.

### TRANSFER TO RESERVES

The Company proposes to transfer ₹ 154.04 lac to the general reserve out of the amount available for appropriation and an amount of ₹ 12,120.11 lac is proposed to be retained in the statement of profit and loss.

### CREDIT RATING

We are glad to announce that your Company got conducted credit rating from one of the leading credit rating agency CARE and is assigned a "CARE A" rating to the Long Term Facilities and "CARE A1" rating to the Short Term Facilities.

### BUY BACK OF EQUITY SHARES

The Buy-back offer announced by the Company on 14th February 2013 was closed on 13th February 2014. Pursuant to the said buy-back, the Company bought back and extinguished 5,53,522 equity shares of ₹ 10 each and the total amount utilized in buyback is ₹ 7,86,61,799 ( excluding brokerage, transactional Charges and taxes) which represents 44.02% of the Maximum Buyback Size.

Consequent to the buy -back, the paid up share capital of the Company as on March 31, 2014 stood as ₹ 8,06,58,130.

**SUB-DIVISION OF EQUITY SHARES**

In order to facilitate affordability of the Company's shares for investors at large and to enhance the liquidity of the Company's equity shares in the stock market, the Board of Directors at its meeting held on 28th July, 2014 has considered and approved the sub-division of one equity share of the Company having a face value of ₹ 10 each into five equity shares of face value of ₹ 2 each. The sub-division of shares is subject to approval of the shareholders.

**SUBSIDIARY**

Panol Industries RMC FZE, UAE a wholly owned subsidiary of the Company has started its business operation during the year under review. The Company has built a brand new manufacturing facility in Ras Al Khaimah. The plant is having a total production capacity of 30,000 MT/ year. At this new facility the Company will manufacture 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.

Panol Industries posted a net profit of ₹ 299.24 lac during the financial year ended 31st March, 2014.

As required under the Listing Agreements entered into with the Stock Exchanges, consolidated financial statements of the Company and its subsidiary is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed in the Companies Act, 1956.

Pursuant to the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, the Board of Directors of the Company has accorded its consent for not attaching the accounts of the aforesaid Subsidiary Company along with the accounts of your Company. However, the financial information pertaining to the aforesaid Company, as required in the aforesaid Circular, is provided in the Annual Report of your Company. The accounts of aforesaid Company are kept for inspection by any shareholders at the registered office of your Company. Your Company further undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information shall be made available to Shareholders of the Company on demand.

The Consolidated Audited Annual Accounts of your Company together with its subsidiary for the Financial Year 2013-2014 are being published pursuant to Clause 32 of the Listing Agreement.

**COST AUDITORS**

Based on the Audit Committee recommendation at its meeting held on 21st May, 2014, Mr. Girikrishna S. Maniar, Cost Accountant (Membership No. 8202) was re-appointed by the Board as the Cost Auditor of the Company for conducting an audit of the cost accounting records of the Company for financial year commencing from 1st April, 2014 to 31st March, 2015

Cost Audit Report for the financial year 2013-2014 will be submitted by Cost Auditor along with his observations and suggestions, and annexure to the Central Government within the stipulated time period.

The Cost Audit Report for the financial year 2012-2013 was submitted to the Central Government within the stipulated time.

**SECRETARIAL AUDIT REPORT**

As per Companies Act, 2013 every listed company and every public company having a paid up share capital of ₹ fifty crore or more; or every public company having a turnover of ₹ two hundred fifty crore or more is required to conduct Secretarial Audit by a Company Secretary in Practice.

Accordingly, the Board of Directors in its meeting held on 21st May, 2014 appointed Mr. Milind Nirkhe, Practicing Company Secretary, to conduct the Secretarial Audit of the Company.

The Secretarial Audit Report will confirm that the Company has complied with all the applicable provisions of the Companies Act, 2013 and rules made thereunder, the Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, the Foreign Exchange Management Act, 1999 to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB), all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Register to an issue and share Transfer Agents) Regulations, 1993, Secretarial Standard issued by ICSI, Listing Agreements with the Stock Exchanges and the Memorandum and Article Association of the Company, and other applicable laws/ rules/ regulations etc., if any, as mentioned in form No. MR-3 Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014.

**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 year 2013–2014. The GDRs of the Company are listed on Luxembourg Stock Exchange.

**CORPORATE GOVERNANCE**

Your company has implemented all the mandatory requirements pursuant to Clause 49 of the Listing Agreement. A separate report on Corporate Governance is given as a part of the Annual Report along with the certificate received from the Practising Company Secretary, M/s. Milind Nirkhe & Associates, Company Secretaries, confirming the compliance.

**PUBLIC DEPOSITS**

During the year under report, your Company did not accept any deposits from the public in terms of the provisions of Section 58A of the Companies Act, 1956.

**INSURANCE**

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

**CORPORATE SOCIAL RESPONSIBILITY**

As a socially responsible Company, your Company has a strong sense of community responsibility.

As its 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. 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.

As a policy, your Company promotes and encourages economic and social development within its communities while providing active support to local initiatives for upliftment of society in general.

In discharge of social obligations, your company regularly contributes to trusts formed for charitable purpose.

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

Pursuant to the provisions of Section 205C of the Companies Act, 1956, 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 2005-2006 has been transferred to IEPF. The unpaid / unclaimed dividend amount of equity shares of the Company for the financial year 2006-2007 are due for transfer to the said fund in the month of December, 2014. Members who have not yet encashed their warrant (s) are requested to make their claims to the Company without any delay.

**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 are 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. Information as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure A, forming part of this Report .

**B. Technology Absorption:**

The Company has an updated R & D Center 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 equipments. The Centre is operated by the team of well qualified technocrats, as a result, the in – house R & D unit of Panama has been recognized by the **Ministry of Science & Technology & the Department of Scientific and Industrial Research (DSIR)**. With this recognition Company will spend more on R & D activities and get more new products which will be of better quality. It will also assist in research for import substitution, energy conservation and control of pollution. The in-house R & D facility has enabled us to develop new products which have resulted in the evolution of the Dahej Plant.

**Expenditure on research & development**

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

<b>Particulars</b>	<b>Amount (₹ In lac)</b>
Capital	0.89
Revenue	30.57
Total R& D Expenditure	31.46
Total Turnover	59,137.06
Total R& D Expenditure as a Percentage of total turnover	0.05%

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

i. **Export Activities :** During the year under review the Company has made Import/Export as given in (ii) below.

ii. **Foreign Exchange Earnings and Outgo:** **(Amount in ₹ lac)**

<b>Total Foreign Exchange Inflow</b>	20,223.82
<b>Total Foreign Exchange outflow</b>	37,528.85

**PARTICULARS OF EMPLOYEES**

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and the Companies (Particulars of Employees) Amendment Rules, 2011. Hence, no particulars are required to be disclosed in this Report.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Audited Consolidated Financial Statements have been prepared in accordance with the Accounting Standard (AS) 21 on Consolidated Financial Statement read with Accounting Standard (AS) 23 on Accounting for Investment in Associates, notified under section 211 (3C) of the Companies Act, 1956.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Amirali E. Rayani, Director retires by rotation and being eligible offer himself for re-appointment. Directors recommend his re-appointment.

As per section 149(4) of the Companies Act, 2013, which came into effect from April 1, 2014, every listed company is required to have at least one-third of the total number of directors as Independent Directors. Accordingly, resolution proposing appointment of Mr. Mukesh Mehta, Mr. Dilip Sobhag Phatarphekar and Mr. Madan Mohan Jain form part of the Notice of the Annual General Meeting and the Company has received requisite notice in writing under Section 160 of the Companies Act, 2013

The Company has received declarations from all the Independents Directors of the Company confirming that they meet with the criteria of Independents as prescribed both under sub-section(6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**AUDITORS**

M/s Bhuta Shah & Co., Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment.

A letter under Section 141(3) (g) of the Companies Act, 2013 regarding their eligibility for the proposed appointment has been obtained from them. Your Directors recommend their appointment.

**KEY MANAGERIAL PERSONNEL**

Pursuant to Section 203 of the Companies Act, 2013, your Company is required to appoint Key Managerial Personnel. Accordingly, your Company has appointed its Key Managerial Personnel viz., Mr. Amin A. Rayani as Managing Director & Chief Executive Officer, Mr. Pramod Maheshwari as Chief Financial Officer and Ms. Gayatri Sharma as Company Secretary. All the three Key Managerial Personnel prescribed under the said Act were in the employment of your Company even prior to the Companies Act, 2013 became applicable.



**AUDITORS' REPORT**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, 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:

- a. in preparation of the annual accounts, the applicable accounting standards have been followed;
- b. the Directors 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 as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- c. the Directors 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; and
- d. the Directors have prepared the Annual Accounts on a going concern basis.

**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.**

**Place : Mumbai  
Date : 28<sup>th</sup> July, 2014**

**Amirali E Rayani  
Chairman**

**FORM 'A'**

**(Amount in ₹)**

Particulars	As on March 31, 2014	As on March 31, 2013
<b>A) Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchase of Units	<b>373,172</b>	820,683
Total Cost	<b>2925345</b>	4790820
Rate per Unit	<b>7.84</b>	5.84
b) Own Generation		
1) Through Diesel Generator	<b>Nil</b>	Nil
2) Through Steam Turbine / Generator	<b>Nil</b>	Nil
<b>2. Coal</b>	<b>Nil</b>	Nil
<b>3. Furnace Oil</b>	<b>Nil</b>	Nil
<b>4. Diesel Oil</b>	<b>Nil</b>	Nil
<b>5. Others (Gas)</b>		
Quantity	<b>66931</b>	49839
Total Cost	<b>2,732,979</b>	1,647,430
Rate per Unit	<b>40.83</b>	33.06

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Panama Petrochem Ltd. presents the analysis of the Company for the year ended on 31st March, 2014 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") of Panama Petrochem Ltd. for the year ended on 31st March, 2014 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 on 31st March 2014.

**ECONOMIC REVIEW**

The economic activity in the country was at a low key during the year, as GDP growth slowed down to around 5% for the year. Crude oil prices as in the past few years, continue to remain at high levels. India being dependant on large imports of crude oil, experienced an adverse impact in case of both, economic growth as well as currency management. Rupee experienced huge depreciation vis-a-vis US Dollar and other major currencies in the first half of the financial year, some correction did take place in the last quarter on account of high forex inflows into the country on the back of the upswing in the equity markets.

The global economy began its recovery in the Financial Year 2013-2014 with improve demand of petroleum products. Economic recovery in the US and Europe had a positive impact on oil demand, which increased by 1.3 million barrels per day (MMBPD) in 2013. Crude oil prices fluctuated extensively, driven by supply concerns in Libya, South Sudan, West Africa and Iraq.

**INDUSTRY OVERVIEW**

The petroleum specialty product industry in India has been one of the fastest growing industries in the country. Since the beginning, the industry has shown an enviable rate of growth. The sector has a significant growth potential.

India is at a threshold of growth in consumption of petrochemicals due to increased domestic demand, booming middle class, still nascent retail sector, and focus on infrastructure. The demand for Automobiles, Packaging and Medicare is likely to remain strong. Combining all the petrochemical sectors, demand in India is expected to be robust in coming years. This industry also has immense importance in the growth of economy of the country and the growth and development of manufacturing industry as well. It provides the foundation for manufacturing industries like cosmetic, packaging, pharmaceuticals, agriculture, textiles etc.

**BUSINESS OVERVIEW**

Established in 1982, Panama Petrochem Ltd., today is one of the leading manufacturers and exporters for various kinds of Petroleum specialties. Company's diverse range of products includes Mineral Oils, Liquid Paraffins, Transformer Oils, Petroleum Jellies, Ink Oils, and other Petroleum Specialty Products.

**MANUFACTURING FACILITIES**

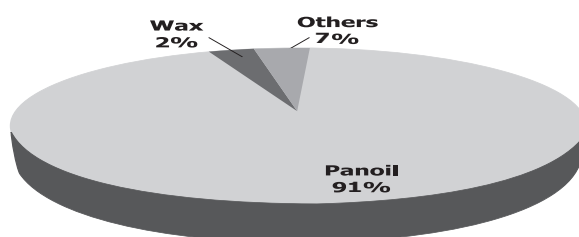
The Company has adequate manufacturing capacity to cater the domestic as well as International requirements. Its four manufacturing units, all located in western India, namely in Ankleshwar (Gujarat), Daman (Union Territory), Taloja (Raigadh, Maharashtra) and Dahej (Bharuch, Gujarat). The Company's products are exported to more than 40 countries globally. 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 more than 80 product variants used across 6-7 broad industry segments.

The Company develops customized products as per client specification 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 not only repeat business from existing clients, but also general referral business from new clients.

**PRODUCT WISE SALES BREAK UP FOR THE FINANCIAL YEAR 2013-14**

**Sales Break up 2013-14**



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

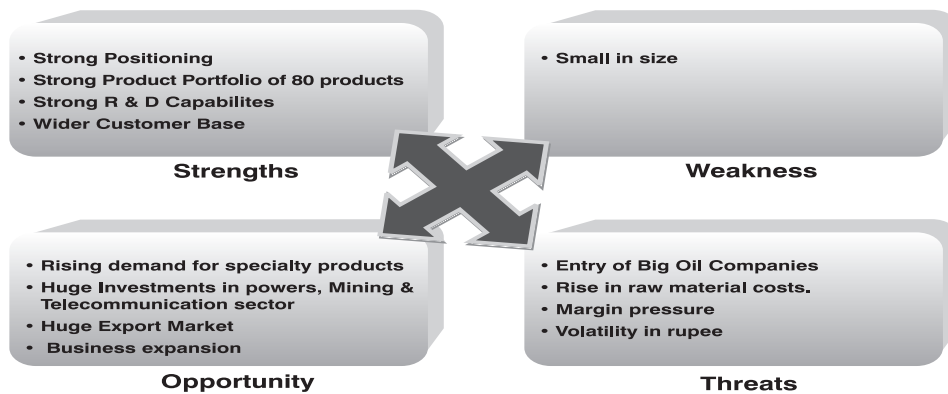
**FUTURE OUTLOOK**

The aggregate demand of all the key segments in the petrochemical industry is likely to regain a sharp positive trajectory over the next few months, with key players aiming to ramp up scale.

The Company is planning to expand its operations to withstand against the negative market forces. 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.

It is management’s view that the Company will continue to strengthen its financial position with stable production volumes and positive improvements in Commodity prices.

**SWOT PROFILE**



**OPPORTUNITIES:**

The recent positive signs emerging from the western world, augur well for our international business more 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, dyes, 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 in petroleum products. The relationship established by the company with the clientele would help in further growth in its business. Moreover, the company has been increasing its presence in the export markets like USA, Africa, Europe and Asia.

**THREATS:**

A steep rise in raw material costs on account of a drastic hike in crude oil prices may affect the profit margins of the company. 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 the Base Oil is used and the domestic supplies are not adequate to meet the domestic Demand, the possibilities for such adverse changes in Government policies appear to be remote.

**RISKS AND CONCERNS**

• **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 believes that it 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. The prices of base oil have increased during the last year and have resulted in corresponding increase in cost of production. However, as a general practice in the industry, the higher input costs are passed on to the customers.

- **Operational Risks**

Operational risks include competitive environmental factors, reservoir performance uncertainties and 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 against

**PERFORMANCE**

The Company has performed consistently well during the financial year 1st April 2013 to 31st March 2014. The standalone profit after tax increased by 30% to ₹1,540.38 lac against ₹ 1,188.11 lac during the previous year.

The input cost during the year under review remained high on account of rising oil prices. However, the Company's focus on niche specialty products resulted in better realisations that enabled it to pass the incidence of higher input prices to its customers. The Company's EBIDTA on standalone basis (Earnings before interest, depreciation and taxation allowance) improved by 21% to ₹ 2,863.44 lac in 2013-14 from ₹ 2,363.33 lac in 2012-13.

**HUMAN RESOURCE / INDUSTRIAL RELATIONS**

The Company recognizes the importance and contribution of its human resources for its growth & development and values their talent, integrity and dedication. 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 to seek fresh talent to further enhance and grow our business.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has an effective and adequate internal audit and control system to ensure that all assets are safeguarded against loss and all transactions are authorised, recorded and reported correctly. The Internal audits are conducted by 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.

**CAUTIONARY STATEMENT**

Readers are cautioned that this Management Discussion and Analysis 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. 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 and Government policies and such other factors beyond the control of the Company that may impact the businesses as well as its ability to implement the strategies.

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

**Place : Mumbai  
Date : 28<sup>th</sup> July, 2014**

**Amirali E Rayani  
Chairman**

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a Report on Corporate Governance is given below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our Company's Corporate Governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, shareholders, suppliers and the communities in which we operate.

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

Our Company believes that Good Corporate Governance is essential ingredient of any business, a way of life rather than a mere legal compulsion.

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

### 2. BOARD OF DIRECTORS

#### (a) Composition

Your Company's Board comprises of 6 Directors with considerable experience in their respective fields. Of these 3 are Executive Directors and 3 Non Executive (Independent) Directors. The Chairman of the Board is an Executive Director.

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

4 Board Meetings were held during the financial year 1st April 2013 to 31st March 2014. All relevant and materially significant information, are submitted as part of the agenda papers well in advance of the Board Meetings. The Company Secretary, in consultation with the Chairman & Managing Director, drafts the agenda of the meetings.

Details of attendance of Directors in the Board Meetings during the financial year 1st April 2013 to 31st March 2014 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
1	Mr. Amirali E. Rayani	ED	4	100	Yes
2	Mr. Amin A. Rayani	ED	4	100	Yes
3	Mr. Samir A. Rayani	ED	1	25	No
4	Mr. Mukesh Mehta	NED	4	100	No
5	Mr. Dilip S. Phatarphekar	NED	4	100	No
6	Mr. Madan Mohan Jain	NED	4	100	Yes

ED – Executive Director / NED – Non-Executive Director

#### (c) Number of Board Meetings held and the dates of the Board Meeting

During the Financial Year April 1, 2013 to March 31, 2014, 4 (Four) meetings were held on the following dates: 29th May, 2013, 13th August, 2013, 21st October, 2013 and 13th February, 2014.

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

Name of the Director & Designation	Category	No. of positions held in other Public Companies		
		Board	Committee	
			Membership	Chairmanship
Mr. Amirali E. Rayani	Executive Director (Chairman)	Nil	Nil	Nil
Mr. Amin A. Rayani	Executive Director (Managing Director & CEO)	Nil	Nil	Nil
Mr. Samir A. Rayani	Executive Director	Nil	Nil	Nil

Name of the Director & Designation	Category	No. of positions held in other Public Companies		
		Board	Committee	
			Membership	Chairmanship
Mr. Dilip S. Phatarphekar	Independent & Non Executive Director	1	2	Nil
Mr. Madan Mohan Jain	Independent & Non Executive Director	1	Nil	Nil
Mr. Mukesh Mehta	Independent & Non Executive Director	Nil	Nil	Nil

In accordance with Clause 49 of the Listing Agreement, Memberships/ Chairmanships of Audit Committee and Shareholders'/ Investors' Grievance Committees in public limited companies have been considered.

### Composition of Board Committees

#### Audit Committee

1. Mr. Madan Mohan Jain - Independent Director (Chairman of the Committee)
2. Mr. Mukesh Mehta - Independent Director
3. Mr. Samir A. Rayani - Executive Director

#### Nomination and Remuneration Committee

1. Mr. Dilip S. Phatarphekar - Independent Director (Chairman of the Committee)
2. Mr. Mukesh Mehta - Independent Director
3. Mr. Madan Mohan Jain - Independent Director

#### Stakeholders Relationship Committee

1. Mr. Dilip S. Phatarphekar - Independent Director (Chairman of the Committee)
2. Mr. Mukesh Mehta - Independent Director
3. Mr. Amirali E. Rayani - Chairman
4. Mr. Amin A. Rayani - Managing Director & CEO

#### Corporate Social Responsibility Committee

1. Mr. Mukesh Mehta - Independent Director (Chairman of the Committee)
2. Mr. Amirali E. Rayani - Chairman
3. Mr. Amin A. Rayani - Managing Director & CEO

### 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 Clause 49 of the Listing Agreement.

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 and 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, 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 (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) 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 financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- Reviewing the following information:
  - The Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of internal auditors / chief internal auditor.

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

4 meetings were held during the financial year April 1, 2013 to March 31, 2014. The attendance of each member of the committee is given below.

<b>Name of the Member</b>	<b>Attendance at the Audit Committee Meeting</b>	<b>% of total meetings attended during the tenure as a Director / Secretary</b>
Mr. Madan Mohan Jain ( Chairman)	4	100
Mr. Mukesh Mehta(Member)	4	100
Mr. Samir A. Rayani (Member)	1	25
<b>Company Secretary</b>		
Ms. Gayatri Sharma	4	100

**4. NOMINATION AND REMUNERATION COMMITTEE**

The Board has constituted Nomination and Remuneration Committee in accordance with provisions of the Companies Act, 2013 and Clause 49 of Listing Agreement on 21st May 2014. The terms and reference of Remuneration Committee was conferred on the Nomination and Remuneration Committee and consequently, the Remuneration Committee was dissolved.

The Committee's constitution and terms of reference are in compliance with Provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement.

**(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.
- 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.
- 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) Composition, name of Members, Chairman**

<b>Name of the Member</b>	<b>Category &amp; Designation</b>
Mr. Dilip S. Phatarphekar	Independent & Non Executive Director- Chairman of the committee
Mr. Mukesh Mehta	Independent & Non Executive Director- Member
Mr. Madan Mohan Jain	Independent & Non Executive Director Member
Ms. Gayatri Sharma	Secretary of the Committee

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

The Managing Director and the Executive Directors of the Company are entitled for payment of remuneration as decided by the Board on the recommendation of Nomination and Remuneration Committee and approved by the members. No remuneration is paid to any Non-Executive Directors during the financial year 1st April 2013 to 31st March 2014 except sitting fee for attending Board Meetings and Committee Meetings.



**(d) Details of the Executive Directors Remuneration for the financial year ended 31st March, 2014**

₹ in Lac.

REMUNERATION	DIRECTORS			
	Executive Directors			Non-Executive Directors
	Mr. Amirali E Rayani	Mr. Amin A Rayani	Mr. Samir A Rayani	
Salary & Allowances (fixed)	24.00	21.00	18.00	Nil
Benefits & Perquisites	Nil	Nil	Nil	Nil
Bonus / Commission Additional Salary	Nil	Nil	Nil	Nil
Pension, Contribution to Provident fund & Superannuation Fund	Nil	Nil	Nil	Nil
Stock Option Details(if any)	The Company has not offered any Stock Options to its employees.			

**Note:**

- The agreement with each Executive Director is for a period of 5 years.
- There were no performance linked incentive paid to the directors for the year 2013-14

**(e) Details of the Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2014**

Name of the Non-Executive Director	Amount of Sitting Fees Paid(₹)
Mr. Madan Mohan Jain	80,000
Mr. Dilip S. Phatarphekar	80,000
Mr. Mukesh Mehta	1,00,000

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

None of the Non-Executive Directors held shares in the Company as on 31st March, 2014.

**5. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted Stakeholders Relationship Committee in accordance with the Provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The terms of reference of Shareholders Grievance Committee was conferred on Stakeholders Relationship Committee and consequently, the Shareholders Grievance Committee was dissolved.

**(a) 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 balance sheet, 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.

**(b) 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. Dilip S. Phatarphekar( Independent & Non Executive Director- Chairman of the committee)	4	100
Mr. Mukesh Mehta (Independent & Non Executive Director-Member)	4	100
Mr. Amin A. Rayani (Managing Director & CEO- Member)	4	100
Mr. Amirali E. Rayani (Executive Director- Member)	4	100
<b>Company Secretary</b>		
Ms. Gayatri Sharma	4	100

**(c) Meetings of the Committee**

4 meetings were held during the financial year April 1, 2013 to March 31, 2014.

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

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

**(e) Redressal of Complaints**

Shareholders may send their complaint for redressal to the email ID: **cs@panamapetro.com**

**(f) No. of Complaints received, resolved and pending during the financial year:**

During the financial year, the Company has received 3 complaints from the shareholders, all of which have been resolved to the satisfaction of the shareholders to the date. There was no pending complaint from any shareholder as on 31st March 2014.

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee was constituted by the Board on May 21, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee. The 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', 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.

**(a) 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.

**(b) Composition of Corporate Social Responsibility Committee**

Name of the Member	Category & Designation
Mr. Mukesh Mehta	Independent & Non Executive Director- Chairman of the committee
Mr. Amin A. Rayani	Managing Director & Chief Executive officer- Member
Mr. Samir A. Rayani	Executive Director -Member
Ms. Gayatri Sharma	Secretary of the Committee

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

Year	Date	Venue	Time	No. of Special Resolution(s) passed
2011	26th September, 2011	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:30 A.M	1
2012	6th August, 2012	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:30 A.M	0
2013	27th September, 2013	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:00 A.M	0

**(b) Postal Ballot**

The Company had not conducted any postal ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

**(c) Disclosure Regarding Re-appointment of Director in the ensuing AGM**

Mr. Amirali E. Rayani, Director who shall be retiring in this AGM, being eligible to be offered himself for re-appointment. His brief particulars as stipulated under Clause 49 of Listing Agreement, are provided in the notice convening this meeting.

**8. CODE OF CONDUCT**

The Company has laid down the Code of Conduct for all Board Members and Senior Management of the Company. The Code is also posted on the Company's website.

All the Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2014. The Chairman and Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

**9. SUBSIDIARIES**

Your Company does not have any Indian Subsidiary Company. However, the Company has one Subsidiary Company incorporated abroad.

**10. DISCLOSURES****a. Related Party Transactions**

There are no materially significant related party transactions with its Promoters, the 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.

**b. Disclosure of Accounting treatment**

In the preparation of the financial statements, the Company has followed the accounting standards issued by the Companies (Accounting Standards) Rules 2006 (as amended), to the extent applicable.

**c. 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.

**d. Disclosure of Risk management**

The Company has initiated the risk assessment and minimization procedure.

**e. Details of compliance with mandatory requirements**

The Company has complied with all mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the practicing Company Secretary to this effect has been included in this report. It is also confirmed that no personnel has been denied access to the Audit Committee.

**f. Adoption of non mandatory requirements****• Remuneration and Nomination Committee**

The Board has set up a Nomination and Remuneration Committee, details whereof are furnished in point no. 4 of this report.

**• Audit qualifications**

The financial results of the Company are unqualified.

**• 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.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. The policy shall also provide for direct access to the Chairman of the Audit Committee.

## 11. CEO CERTIFICATION

In terms of the requirements of Clause 49(v) of the Listing Agreement, the CEO has submitted necessary certificate to the Board stating the particulars specified under the said clause.

## 12. MEANS OF COMMUNICATION

### a. Quarterly Results / Annual Results

The Quarterly / Annual Results and notices as required under clause 41 of the Listing Agreement are normally published in Financial Express (English & Gujarati editions)

### b. Posting of Information on the website of the Company:

The Annual / Quarterly results of the Company, Share Holding Pattern, presentations made by the Company to analysts 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.

## 13. GENERAL SHAREHOLDERS INFORMATION

### a. Annual General Meeting

Day & Date : Thursday, September 4th , 2014

Time : 11.00 A.M.

Venue : Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002

### b. Financial Year: April 2014 to March 2015

Events	Tentative time frame
Financial Reporting for the first quarter ended 30th June, 2014	Last week of July, 2014
Financial Reporting for the second quarter ending 30th September, 2014	2nd week of November, 2014
Financial Reporting for the third quarter ending 31st December, 2014	2nd week of February, 2015
Financial Reporting for the fourth quarter ending 31st March, 2015	Last Week of May, 2015

### c. Dates of Book Closure:

14th August, 2014 to 18th August, 2014 (Both days inclusive)

### d. Dividend Payment Date:

Interim – N.A

Final - within 30 days from the declaration of the dividend

### e. Listing on Stock Exchanges:

#### Equity Shares

The Shares of the Company are listed on the BSE Limited & National Stock Exchange of India Ltd.

#### Stock Code:

BSE Limited: 524820

National Stock Exchange of India Limited: PANAMAPET

Demat ISIN Number for NSDL & CDSL: INE305C01011

#### 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 1st April 2013 to 31st March 2014 were as follows:

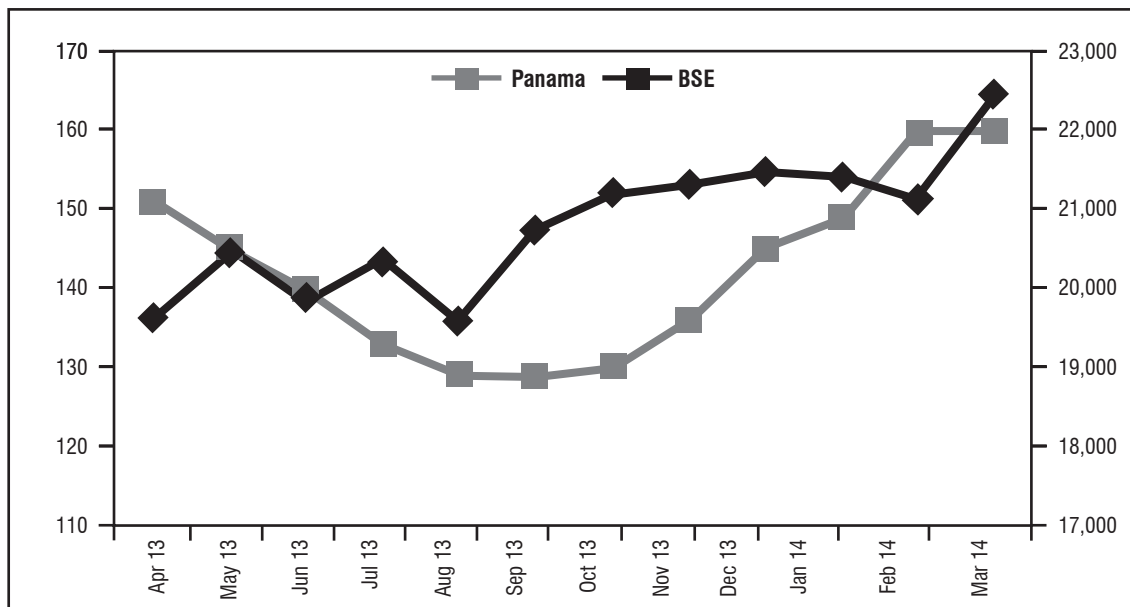
Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE	Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE
April	151.0	155.0	130.3	135	October	130.0	134.8	115.0	115.0
May	145.0	145.0	132.0	134	November	135.9	140.0	130.0	128.0
June	139.9	140.0	118.1	117	December	145.0	145.0	130.0	130.0
July	133.0	132.5	115.1	115.5	January	148.9	146.9	140.0	135.0
August	129.0	126.8	120.0	120	February	160.1	162.7	139.0	137.8
September	128.8	120.5	115.0	115	March	160.0	158.9	132.5	125.1

Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

**g. Performance in comparison to BSE SENSEX**

**h. Registrar and Share Transfer Agent & Share Transfer System**

The shares of the Company can be transferred by lodging Transfer Deeds and Share Certificates with the Registrars &



Share Transfer Agents viz. M/s Bigshare Services Pvt. Ltd. (Address as mentioned below). The Shareholders have option of converting their holding in dematerialized form and effecting the transfer in dematerialized mode.

<b>Name</b>	Bigshare Services Pvt. Ltd.
<b>Address</b>	E-2, Ansa Industrial Estates, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072
<b>Telephone No.</b>	91-22-2847 0652 91-22-4043 0200
<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. Physical shares which are lodged with the Registrar & Transfer Agent or/ Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to the documents being in order.

**j. Distribution of Shareholding as on 31st March, 2014:**

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)	(1)	(2)	(3)	(4)	(5)
Up to 5,000		3803	90.66	4078710	5.06
5,001	10,000	149	3.55	1199390	1.49
10,001	20,000	104	2.48	1566110	1.94
20,001	30,000	38	0.91	959090	1.19
30,001	40,000	15	0.36	540540	0.67
40,001	50,000	10	0.24	461130	0.57
50,001	100,000	24	0.57	1737720	2.15
100,001 and Above		52	1.24	70115440	86.93
<b>Total</b>		<b>4195</b>		<b>80658130</b>	<b>100</b>

**k. Dematerialization of shares and liquidity:**

As on 31st March 2014 about 98.03% 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.

**l. Corporate Ethics:**

The constant endeavor of Panama Petrochem Ltd is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end. The Company has adopted "The Code of Conduct for prevention of insider trading", which contains policies prohibiting insider trading.

**m. Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Outstanding GDRs as on 31st March, 2014 are 491,469 representing 2,457,345 Equity shares constituting 30.47 of the paid up share capital of the Company.

**n. Plant Locations:**

The Company has the following units located at:

- 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)
- Survey No: 78/2, Daman Industrial Estate, Unit III, Poly Cab Road, Village Kadaiya, Dist. Daman, Daman (UT)-396 210.  
Tel: 91-260-309 1311 Email: [daman@panamapetro.com](mailto:daman@panamapetro.com)
- Plot No. H-12, M.I.D.C., Taloja, Navi Mumbai - 410208.  
Tel: 91-22-27411456 Email: [taloja@panamapetro.com](mailto:taloja@panamapetro.com)
- Plot No. 23 & 24 SEZ ,Dahej, Bharuch District, Gujarat-392110.  
Tel:91-2641-320980 Email: [dahej@panamapetro.com](mailto:dahej@panamapetro.com)

**o. 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, 4th Floor, 24, Turner Road, Bandra (W),  
Mumbai 400 050

Phone: 022- 42177777 Fax: 022- 42177788 e-mail: [cs@panamapetro.com](mailto:cs@panamapetro.com)

**On behalf of the Board of Directors  
For PANAMA PETROCHEM LTD.**

**Place : Mumbai  
Date : 28<sup>th</sup> July, 2014**

**Amirali E Rayani  
Chairman**

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**CEO Certificate On Corporate Governance**

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

It is hereby certified and confirmed that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the senior management personnel of the Company have affirmed compliance with the Code of conduct of the Company for the financial year ended 31st March, 2014.

**For PANAMA PETROCHEM LIMITED**

**Place: Mumbai  
Date : 28th July, 2014**

**Amin A. Rayani  
Managing Director & CEO**

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

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

**To  
The Members of Panama Petrochem Limited**

We have examined the compliance of conditions of corporate governance by Panama Petrochem Limited, for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

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**

**Place: Mumbai  
Date: 28th July, 2014**

To,  
The Board of Directors,  
Panama Petrochem Ltd.,  
401, Aza House, 24, Turner Road,  
Bandra (W), Mumbai - 400 050

### **CEO & CFO CERTIFICATION**

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2014 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.**

**Amin A. Rayani**  
**Managing Director & CEO**

**Pramod Maheshwari**  
**CFO**

**Place: Mumbai**  
**Date : 28th July, 2014**

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



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**INDEPENDENT AUDITORS' REPORT****Report on the Financial Statements**

We have audited the accompanying financial statements of Panama Petrochem Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility on Financial Statements**

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 as amended ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
  - e. on the basis of written representations received from the directors as on 31 March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Bhuta Shah & Co.  
Chartered Accountants  
Firm Reg. No.: 101474W**

**CA. Mitesh Kothari  
Partner  
Membership No.: 110822**

**Mumbai, 21 May, 2014**

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**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date

(i) **In respect of fixed Assets**

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption

(ii) **In respect of its inventories:**

- (a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and 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.

(iii) **In respect of the loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Act:**

- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted unsecured loan to one subsidiary company listed in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹6,58,99,000 and the year-end balance of such loans given is ₹ 6,64,570. The Company has not granted any loans, secured or unsecured, to any other party listed in the register maintained under section 301 of the Act.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the company listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (c) There is no stipulation for repayment of principal amount or interest on these loans and hence, the question of repayment being irregular does not arise.
- (d) As there is no stipulation for repayment of principal, the question of overdue principal amount does not arise.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act. Thus, the provisions of Clause 4 (iii) (f) & (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

(v) **In respect of the contracts or arrangements referred to in section 301 of the Act:**

- (a) In our opinion and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and as per information and explanations given to us, the transaction entered into by the company with parties covered u/s 301 of the Act and exceeding the value of ₹ five lakhs in respect of each party during the year has been made at prices which appear reasonable as per information available with the company.

- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause 4 (vi) of the Order are not applicable to the company.

- (vii) As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Act, related to manufacture of speciality petroleum products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) **In respect of statutory dues:**
- (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except:

Nature of the	Nature of Dues	Amount (₹ in lakhs)	Amount paid (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Statute Service Tax	Service tax demand raised on certain items	58.25	-	FY 2007-08 to FY 2011-12	Hon'ble Commissioner of Central Excise (Appeals) – IV, Mumbai

- (x) The Company does not have any accumulated losses and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any borrowings from financial institutions or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from a bank or financial institution.
- (xvi) According to the information and explanations given to us and the records examined, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31 March 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company does not have any outstanding debentures during the year.
- (xx) The Company has not raised any monies by way of public issues during the year.
- (xxi) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

**For Bhuta Shah & Co.  
Chartered Accountants  
Firm Reg. No.: 101474W**

**CA. Mitesh Kothari  
Partner  
Membership No.: 110822**

**Mumbai, 21 May, 2014**

**Balance Sheet as at March 31st, 2014**

<b>Particulars</b>	<b>Notes</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	<b>806.57</b>	860.75
Reserves and surplus	4	<b>22,590.78</b>	22,338.67
		<b>23,397.35</b>	23,199.42
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	<b>251.46</b>	220.84
Long-term provisions	6	-	-
		<b>251.46</b>	220.84
<b>Current liabilities</b>			
Short-term borrowings	7	<b>1,678.04</b>	2,189.89
Trade payables	8	<b>17,348.23</b>	16,076.64
Other current liabilities	8	<b>455.89</b>	106.12
Short-term provisions	6	<b>803.37</b>	409.10
		<b>20,285.53</b>	18,781.75
<b>TOTAL</b>		<b>43,934.34</b>	42,202.01
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	<b>7,661.89</b>	7,297.00
Intangible assets	10	-	-
Non-current investments	11	<b>5,188.97</b>	2,707.10
Long-term loans and advances	12	<b>31.73</b>	30.48
Trade receivables	13.1	-	-
Other non-current assets	13.2	<b>19.34</b>	110.09
		<b>12,901.93</b>	10,144.67
<b>Current assets</b>			
Inventories	14	<b>13,098.75</b>	12,786.46
Trade receivables	13.1	<b>13,309.22</b>	11,902.66
Cash and bank balances	15	<b>2,413.56</b>	5,434.61
Short-term loans and advances	12	<b>2,184.47</b>	1,904.56
Other current assets	13.2	<b>26.41</b>	29.05
		<b>31,032.41</b>	32,057.34
<b>TOTAL</b>		<b>43,934.34</b>	42,202.01
Summary of significant accounting policies	2.1		
Notes to the financial statement	3-44		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Bhuta Shah & Co.**  
Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**  
Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**Statement of profit and loss for the year ended March 31st, 2014**

<b>Particulars</b>	<b>Notes</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
<b>Income</b>			
Revenue from operations (gross)	16	<b>64,546.53</b>	69,365.52
Less : excise duty		<b>5,409.47</b>	5,890.56
Revenue from operations (net)		<b>59,137.06</b>	63,474.96
Other income	17	<b>121.22</b>	335.93
<b>Total (I)</b>		<b>59,258.28</b>	63,810.89
<b>Expenses</b>			
Cost of material consumed	18	<b>51,113.51</b>	55,674.76
Purchase of traded goods	19	<b>1,987.14</b>	2,072.64
(Increase)/decrease in inventories of traded goods and finished goods	20	<b>(495.32)</b>	87.45
<b>Employee benefits expense</b>	21	<b>359.67</b>	318.67
Other expenses	22	<b>3,429.85</b>	3,294.04
<b>Total (II)</b>		<b>56,394.85</b>	61,447.56
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		<b>2,863.44</b>	2,363.33
Depreciation and amortization expense	23	<b>249.56</b>	223.11
Finance costs	24	<b>569.02</b>	846.32
<b>Profit/(loss) before tax</b>		<b>2,044.86</b>	1,293.90
<b>Tax expenses</b>			
Current tax		<b>429.00</b>	260.00
MAT credit utilised / (entitlement)		<b>47.66</b>	(311.66)
Deferred tax		<b>30.62</b>	165.57
Short/(Excess) Provision of tax relating to earlier years		<b>(2.80)</b>	(8.12)
<b>Total tax expense</b>		<b>504.48</b>	105.79
<b>Profit/(loss) for the year</b>		<b>1,540.38</b>	1,188.11
Earnings per equity share [nominal value of share ₹ 10] (31 March 2013 ₹ 10)	25		
<b>Basic</b>		₹ 18.32	₹ 13.78
<b>Diluted</b>		₹ 18.32	₹ 13.78
Summary of significant accounting policies	2.1		
Notes to the financial statement	3-44		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Bhuta Shah & Co.**  
Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**  
Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

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**Notes to the financial statement for the year ended March 31st, 2014****1. Corporate Information**

Panama Petrochem Limited (the company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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.

**2. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 Summary of significant accounting policies****a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

**b) Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**c) Depreciation/Amortization**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act 1956 whichever is higher.

Leasehold land is amortized on a straight line basis over the period of lease.

Fixed assets costing ₹ 5,000 or less are depreciated fully in the year of acquisition.

**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 statement of profit and loss when the asset is derecognized.

**e) Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. 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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

**f) Leases**

Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**g) Investments**

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**h) Inventories**

Inventories are valued as follows:

Raw Material : 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 and other cost in bringing the inventory to their present location and condition excluding Cenvat credit / Countervailing duty. Customs duty on stock lying in bonded warehouse is included in cost.

Work-in-progress : Lower of cost and net realizable value. Cost includes direct materials and labour and Finished goods and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. 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 Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the reporting date.

**j) Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

**k) Foreign currency translation****(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 previous 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 amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**l) Retirement and other employee benefits**

- i. 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.
- ii. Gratuity liability is a defined benefit obligation. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method.
- iii. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

**m) Income taxes**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are



recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

**n) Segment Reporting Policies**

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.

**o) Earnings 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.

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

**p) Provisions**

A provision is recognised 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

**q) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**r) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**s) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

**Notes to the financial statement for the year ended March 31st, 2014**
**3. Share capital**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Authorized share capital		
25,550,000 (31 March 2013 : 25,550,000) equity shares of ₹ 10/- each	<b>2,555</b>	2,555
Issued, subscribed and fully paid-up share capital		
8,065,813 (31 March 2013 : 8,607,570) equity shares of ₹ 10/- each	<b>806.57</b>	860.75
	<b>806.57</b>	860.75

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

Equity shares

	<b>31 March 2014</b>		31 March 2013	
	<b>No of Shares</b>	<b>₹ In lakhs</b>	<b>No of Shares</b>	₹ In lakhs
At the beginning of the year	<b>8,607,570</b>	<b>860.75</b>	8,619,335	861.93
Buy-back of shares during the year (refer note 41)	<b>(541,757)</b>	<b>(54.18)</b>	(11,765)	(1.18)
Outstanding at the end of the year	<b>8,065,813</b>	<b>806.57</b>	8,607,570	860.75

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10 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 (Refer Note 40). The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend recognized as distributions to equity shareholders is ₹ 6/-(31 March 2013 : ₹ 4/-)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets in proportion to the number of equity shares held by the shareholders.

**c. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	<b>31 March 2014</b>	31 March 2013
	<b>No of shares</b>	No of shares
Equity shares allotted in pursuant to the scheme of amalgamation of Monaco Petroleum Private Limited	<b>321,750</b>	321,750
Equity shares allotted in pursuant to the scheme of amalgamation of Mobil Petrochem Private Limited	<b>1,078,240</b>	1,078,240
Equity shares bought back by the Company	<b>553,522</b>	11,765

**d. Details of shareholders holding more than 5% shares in the company**

	<b>31 March 2014</b>		31 March 2013	
	<b>No of Shares</b>	<b>% holding in the class</b>	No of Shares	% holding in the class
Equity Shares of Rs 10 each fully paid up				
Ms. Shelina Arifali Rayani	<b>557,655</b>	<b>6.91%</b>	557,655	6.48%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	<b>2,457,345</b>	<b>30.47%</b>	2,457,345	28.55%

**Notes to the financial statement for the year ended March 31st, 2014**
**4. Reserves and surplus**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
<b>Other Reserves</b>		
Investment Allowance Reserve		
Balance as per the last financial statements	<b>0.24</b>	0.24
	<b>0.24</b>	0.24
<b>Capital Redemption Reserves</b>		
Balance as per the last financial statements	<b>1.18</b>	-
Add : Transfer from statement of profit & loss on buy back of shares	<b>54.18</b>	1.18
	<b>55.36</b>	1.18
<b>Securities Premium Account</b>		
Balance as per the last financial statements	<b>9,377.91</b>	9,377.91
Add : Premium on issue of GDR ( Refer Note 40 )	-	-
Less:- Expense incurred on issue of GDR (Refer Note 40 )	<b>(11.49)</b>	-
	<b>9,366.42</b>	9,377.91
<b>General reserve</b>		
Balance as per the last financial statements	<b>1,612.52</b>	1,508.41
Add : amount transferred from surplus balance in the statement of profit & loss	<b>154.04</b>	118.81
Less:- Premium paid on buy back of equity shares	<b>(717.91)</b>	(14.70)
	<b>1,048.65</b>	1,612.52
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	<b>11,346.82</b>	10,678.85
Add : Profit for the year	<b>1,540.38</b>	1,188.11
Less : Appropriations		
Dividend of previous year written back of shares bought back	<b>(7.34)</b>	-
Proposed final equity dividend (amount per share ₹ 6 (March 13 ₹ 4))	<b>483.95</b>	344.30
Tax on proposed final equity dividend	<b>82.25</b>	55.85
Transfer to capital redemption reserve on buy back of shares	<b>54.18</b>	1.18
Transfer to general reserve	<b>154.04</b>	118.81
Total appropriations	<b>767.08</b>	520.14
Net surplus in the statement of profit and loss	<b>12,120.11</b>	11,346.82
Total reserves and surplus	<b>22,590.78</b>	22,338.67

**5. Deferred tax liabilities (Net)**

Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	<b>301.17</b>	238.82
Gross deferred tax liability	<b>301.17</b>	238.82
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the Current year but allowed for tax purposes on payment basis	<b>62.07</b>	-
Provision for doubtful debt	<b>(12.36)</b>	17.98
	<b>49.71</b>	17.98
Net deferred tax liability	<b>251.46</b>	220.84

**Notes to the financial statement for the year ended March 31st, 2014**
**6. Provisions**

	Long-term		Short-term	
	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>Provision for employee benefits</b>				
Provision for gratuity (Note 27 )	-	-	<b>12.14</b>	7.59
	-	-	<b>12.14</b>	7.59
<b>Other provisions</b>				
Provision for Income Tax (Net of advance tax)	-	-	<b>222.77</b>	-
Proposed equity dividend	-	-	<b>483.95</b>	344.30
Provision for tax on proposed equity dividend	-	-	<b>82.25</b>	55.85
Provision for Wealth Tax	-	-	<b>2.26</b>	1.36
	-	-	<b>791.23</b>	401.51
	-	-	<b>803.37</b>	409.10

**7. Short-term borrowings**

	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
Cash credit from banks (secured)	<b>1,678.04</b>	2,189.89
	<b>1,678.04</b>	2,189.89
<b>The above amount includes</b>		
Secured borrowings	<b>1,678.04</b>	2,189.89

**Terms of Securities and repayment**

Cash credit from banks is secured against the hypothecation of Stocks, Book debts and Plant & Machineries (both present & future), Pledge of Fixed Deposit Receipts, Further secured by Equitable Mortgage of Company's present Immoveable Property situated at Ankleshwar, Daman, Marol industrial estate, property of group companies situated at Navi Mumbai, property belonging to the Directors and corporate guarantee given by Anirudh Distributors Pvt. Ltd. (Refer Note 35). The cash credit is repayable on demand and carried an interest rate of 12% to 16% p.a

**8. Current liabilities**
**Trade payables**

(refer note 33 for details of dues to micro and small enterprises) **17,348.23** 16,076.64

**Other current liabilities**

Creditors for capital goods	<b>23.53</b>	-
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	<b>17.45</b>	17.11
Other payables		
Statutory Dues payable	<b>267.97</b>	43.85
Forward Contract (net)	<b>128.46</b>	13.76
Advance received against orders	<b>17.48</b>	30.90
Deposits	<b>1.00</b>	0.50
	<b>455.89</b>	106.12
	<b>17,804.12</b>	16,182.76.

**Notes to the financial statement for the year ended March 31st, 2014**
**09. Tangible assets**

	Freehold land	Leasehold Land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total
<b>Cost or valuation</b>										
<b>At 1 April 2012</b>	6.19	2,539.21	1,213.01	1,030.67	1,378.02	29.90	56.66	120.85	301.00	6,675.51
Additions	-	73.30	52.53	1,347.18	92.22	14.25	2.55	121.45	39.62	1,743.10
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>6.19</b>	<b>2,612.51</b>	<b>1,265.54</b>	<b>2,377.85</b>	<b>1,470.24</b>	<b>44.15</b>	<b>59.21</b>	<b>242.30</b>	<b>340.62</b>	<b>8,418.61</b>
Additions	-	100.96	39.89	-	339.55	6.96	3.10	4.88	129.00	624.34
Other adjustments	-	-	-	-	-	-	-	-	(32.85)	(32.85)
<b>At 31 March 2014</b>	<b>6.19</b>	<b>2,713.47</b>	<b>1,305.43</b>	<b>2,377.85</b>	<b>1,809.79</b>	<b>51.11</b>	<b>62.31</b>	<b>247.18</b>	<b>436.77</b>	<b>9,010.10</b>
<b>Depreciation</b>										
<b>At 1 April 2012</b>	-	190.06	131.79	44.28	353.31	8.15	36.98	35.03	98.90	898.50
Charge for the year	-	33.82	43.08	27.80	66.85	3.63	5.44	11.35	31.14	223.11
<b>At 31 March 2013</b>	<b>-</b>	<b>223.88</b>	<b>174.87</b>	<b>72.08</b>	<b>420.16</b>	<b>11.78</b>	<b>42.42</b>	<b>46.38</b>	<b>130.04</b>	<b>1,121.61</b>
Charge for the year	-	33.92	43.91	38.76	74.33	2.03	5.19	15.12	36.30	249.56
Other adjustments	-	-	-	-	-	-	-	-	(22.96)	(22.96)
<b>At 31 March 2014</b>	<b>-</b>	<b>257.80</b>	<b>218.78</b>	<b>110.84</b>	<b>494.49</b>	<b>13.81</b>	<b>47.61</b>	<b>61.50</b>	<b>143.38</b>	<b>1,348.21</b>
<b>Net Block</b>										
<b>At 31 March 2013</b>	<b>6.19</b>	<b>2,388.63</b>	<b>1,090.67</b>	<b>2,305.77</b>	<b>1,050.08</b>	<b>32.37</b>	<b>16.79</b>	<b>195.92</b>	<b>210.58</b>	<b>7,297.00</b>
<b>At 31 March 2014</b>	<b>6.19</b>	<b>2,455.67</b>	<b>1,086.65</b>	<b>2,267.01</b>	<b>1,315.30</b>	<b>37.30</b>	<b>14.70</b>	<b>185.68</b>	<b>293.39</b>	<b>7,661.89</b>

**Notes:-**

- Factory Building includes those constructed on leasehold land:  
 Gross block ₹ 1,235.42 lakhs (31 March 2013: ₹ 1,195.53 lakhs)  
 Depreciation charge for the year ₹ 41.58 lakhs (31 March 2013: ₹ 40.75 lakhs)  
 Accumulated depreciation ₹ 195.31 lakhs (31 March 2013: ₹ 153.73 lakhs)  
 Net book value ₹ 1,040.12 lakhs (31 March 2013: ₹ 1,041.80 lakhs)
- Non Factory Building includes those constructed on leasehold land:  
 Gross block ₹ 35.69 lakhs (31 March 2013: ₹ 35.69 lakhs)  
 Depreciation charge for the year ₹ 0.58 lakhs (31 March 2013: ₹ 0.58 lakhs)  
 Accumulated depreciation ₹ 5.05 lakhs (31 March 2013: ₹ 4.47 lakhs)  
 Net book value ₹ 30.63 lakhs (31 March 2013: ₹ 31.22 lakhs)
- Gross block includes fixed assets in research & development (R&D) unit  
 Furniture ₹ 4.08 lakhs (31 March 2013: ₹ 4.08 lakhs)  
 Lab Equipments ₹ 53.15 lakhs (31 March 2013: ₹ 52.26 lakhs)  
 Computer ₹ 00.55 lakh (31 March 2013: ₹ 00.55 lakh)  
 Air Conditioner ₹ 1.14 lakhs (31 March 2013: ₹ 1.14 lakhs)
- Addition to fixed assets includes capital assets of ₹ 0.89 lakh  
 (31 March 2013: ₹ 0.31 lakh) incurred at approved R&D centre

**Notes to the financial statement for the year ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
<b>10. Intangible Assets</b>		
Software		
<b>Cost or valuation</b>		
<b>At 1 April 2012</b>	<b>7.11</b>	7.11
Additions	-	-
Disposals	-	-
<b>At 31 March 2013</b>	<b>7.11</b>	7.11
Additions	-	-
<b>At 31 March 2014</b>	<b>7.11</b>	7.11
<b>Depreciation</b>		
<b>At 1 April 2012</b>	<b>7.11</b>	7.11
Charge for the year	-	-
Disposals	-	-
<b>At 31 March 2013</b>	<b>7.11</b>	7.11
Charge for the year	-	-
<b>At 31 March 2014</b>	<b>7.11</b>	7.11
<b>Net Block</b>		
At 31 March 2013	-	-
At 31 March 2014	-	-
<b>11. Non-current investments</b>		
<b>Non Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity Instruments</b>		
1,850 (31 March 2013 : 1,850) fully paid equity shares of ₹.10/- each of Bharuch Enviro Infrastructure Ltd.	<b>0.19</b>	0.19
975 (31 March 2013 : 975) Fully paid equity shares of ₹ 100/- each of Marol Co -Op Ind. Estate	<b>0.98</b>	0.98
<b>Quoted equity instruments</b>		
6,200 (31 March 2013 : 6,200) fully paid equity shares of face value of ₹ 10/- each of Development Credit Bank Ltd. (Market Value as on 31.03.2014 ₹ 3.78/-, 31 March 2013 : ₹ 2.79/-)	<b>2.18</b>	2.18
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity Instruments</b>		
33,018 (31 March 2013 : 18,338) Fully Paid Equity Shares of AED 1000/- each of Panol Industries RMC FZE, UAE	<b>5,185.62</b>	2,703.75
	<b>5,188.97</b>	2,707.10
Aggregate amount of quoted investments ( Market Value ₹ 3.78) (As on March 2013- ₹2.64)	<b>2.18</b>	2.18
Aggregate amount of unquoted investments	<b>5,186.79</b>	2,704.92

**Notes to the financial statement for the year ended March 31st, 2014**

	Non -current		Current	
	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In Capital
<b>12. Loans and advances</b>				
<b>Capital advances</b>				
Unsecured, considered good	<b>12.00</b>	<b>5.00</b>	-	-
(A)	<b>12.00</b>	<b>5.00</b>	-	-
<b>Security deposit</b>				
Unsecured, considered good	<b>13.58</b>	<b>20.19</b>	<b>107.09</b>	52.79
(B)	<b>13.58</b>	<b>20.19</b>	<b>107.09</b>	52.79
<b>Advances recoverable in cash or kind</b>				
<b>Unsecured, considered good</b>	-	-	<b>256.47</b>	157.59
(C)	-	-	<b>256.47</b>	157.59
<b>Other loans and advances</b>				
(Unsecured, considered good)				
Prepaid expenses	-	-	<b>115.74</b>	98.48
Current Tax ( net of provisions)	-	-	-	161.97
MAT credit entitlement (Refer note 42)	-	-	<b>264.00</b>	311.66
Interest receivable from Subsidiary (Refer note 35)	-	-	<b>6.65</b>	-
Loan to employees	<b>6.15</b>	<b>5.29</b>	<b>8.14</b>	6.55
Balance with statutory/government authorities	-	-	<b>1,426.38</b>	1,115.52
(D)	<b>6.15</b>	<b>5.29</b>	<b>1,820.91</b>	1,694.18
<b>Total (A+B+C+D)</b>	<b>31.73</b>	<b>30.48</b>	<b>2,184.47</b>	1,904.56
<b>13. Trade receivables and other assets</b>				
<b>13.1 Trade receivables</b>				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	<b>368.14</b>	447.72
Doubtful	-	-	<b>112.51</b>	12.78
	-	-	<b>480.65</b>	460.50
Provision for doubtful receivables	-	-	<b>112.51</b>	12.78
(A)	-	-	<b>368.14</b>	447.72
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	-	-	<b>12,941.08</b>	11,454.94
(B)	-	-	<b>12,941.08</b>	11,454.94
<b>Total (A+B)</b>	-	-	<b>13,309.22</b>	11,902.66
<b>13.2 Other assets</b>				
Balance with banks in deposit accounts (Note 15) (A)	<b>10.15</b>	<b>88.18</b>	-	-
<b>Unamortized expenditure</b>				
Unamortized premium on forward contract	-	-	<b>12.79</b>	9.10
(B)	-	-	<b>12.79</b>	9.10
<b>Others</b>				
Interest accrued on fixed deposits	<b>9.19</b>	<b>21.91</b>	<b>13.62</b>	19.95
(C)	<b>9.19</b>	21.91	<b>13.62</b>	19.95
<b>Total (A+B+C)</b>	<b>19.34</b>	110.09	<b>26.41</b>	29.05
<b>14. Inventories (valued at lower of cost and net realizable value)</b>			<b>31 March 2014</b>	31 March 2013
			<b>₹ In lakhs</b>	₹ In lakhs
Raw Material (Refer Note 18) [Includes Goods In transit ₹ 284.04, 31 March 2013: ₹ 390.68]			<b>11,602.73</b>	11,837.92
Finished Goods ( Refer Note 20)			<b>888.33</b>	274.24
Traded Goods ( Refer Note 20)			<b>500.06</b>	618.83
Packing Material (Refer Note 18) [Includes Goods In transit ₹ 5.63, 31 March 2013: ₹ 3.36]			<b>107.63</b>	55.47
			<b>13,098.75</b>	12,786.46

**Notes to the financial statement for the year ended March 31st, 2014**

	Non -current		Current	
	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In Capital
<b>15. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
<b>Balance with banks:</b>				
In current accounts	-	-	<b>1,990.92</b>	5,014.18
In deposits accounts with original maturity of less than three months	-	-	<b>100.00</b>	-
In unpaid dividend account	-	-	<b>17.45</b>	17.11
<b>Cash on hand</b>	-	-	<b>4.78</b>	3.32
(A)	-	-	<b>2,113.15</b>	5,034.61
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	<b>10.15</b>	88.18	-	100.00
Deposits with original maturity for more than 3 months but less than 12 months	-	-	<b>300.41</b>	300.00
	<b>10.15</b>	88.18	<b>300.41</b>	400.00
Amount disclosed under " non current asset" ( Note 13.2)	<b>(10.15)</b>	(88.18)	-	-
(B)	-	-	<b>300.41</b>	400.00
<b>Total (A+B)</b>	-	-	<b>2,413.56</b>	5,434.61

	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>16. Revenue from operations</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Finished Goods	<b>62,971.95</b>	67,615.65
Traded Goods	<b>1,574.58</b>	1,749.87
Other Operating revenue	-	-
Revenue from operations (gross)	<b>64,546.53</b>	69,365.52
Less : Excise duty #	<b>5,409.47</b>	5,890.56
Revenue from operations (net)	<b>59,137.06</b>	63,474.96

# Excise duty on sales amounting to ₹ 5,409.47 lakhs (31 March 2013 : ₹ 5,890.56 lakhs) has been reduced from sales in statment of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 39.54 lakhs (31 March 2013 : ₹ 9.68 lakhs) has been considered as (income)/expense in note 22 of financial statements.

Details of product sold

**Finished Goods**

Panoil	<b>58,309.00</b>	65,778.64
Others	<b>4,662.95</b>	1,837.01
	<b>62,971.95</b>	67,615.65

**Traded goods**

Wax	<b>1,530.90</b>	1,476.62
Others	<b>43.68</b>	273.25
	<b>1,574.58</b>	1,749.87

**17. Other income**

Interest income on		
Bank deposits	<b>48.19</b>	158.62
Others	<b>41.70</b>	7.20
Dividend income on		
Long - term investment	<b>0.04</b>	0.03
Reversal of provision for doubtful debts	-	103.29
Others	<b>31.29</b>	66.79
	<b>121.22</b>	335.93



**Notes to the financial statement for the year ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013	
	<b>₹ In lakhs</b>	₹ In lakhs	
<b>18. Cost of material consumed</b>			
Raw material consumed			
Inventory at the beginning of the year	<b>11,837.92</b>	13,793.21	
Add : Purchases	<b>49,753.63</b>	52,773.70	
	<b>61,591.55</b>	66,566.91	
Less : Inventory at the end of the year	<b>11,602.73</b>	11,837.92	
Cost of raw material consumed	<b>49,988.82</b>	54,728.99	
Packing material consumed			
Inventory at the beginning of the year	<b>55.47</b>	54.27	
Add : Purchases	<b>1,176.85</b>	946.97	
	<b>1,232.32</b>	1,001.24	
<b>Less : Inventory at the end of the year</b>	<b>107.63</b>	55.47	
Cost of packing material consumed	<b>1,124.69</b>	945.77	
<b>Total material consumed</b>	<b>51,113.51</b>	55,674.76	
<b>Details of raw material consumed</b>			
Base Oil	<b>39,986.96</b>	48,638.89	
Others	<b>10,001.86</b>	6,090.10	
	<b>49,988.82</b>	54,728.99	
<b>Details of inventory</b>			
Base oil	<b>11,602.73</b>	11,837.92	
Packing material	<b>107.63</b>	55.47	
	<b>11,710.36</b>	11,893.39	
<b>19. Purchase of traded goods</b>			
Wax	<b>1,954.86</b>	1,820.49	
Others	<b>32.28</b>	252.15	
	<b>1,987.14</b>	2,072.64	
<b>20. (Increase)/decrease in inventories of traded goods and finished goods</b>			
	<b>31 March 2014</b>	31 March 2013	(Increase)/ decrease
	<b>₹ In lakhs</b>	₹ In lakhs	₹ in lakhs
<b>Inventories at the end of the year</b>			
Traded goods	<b>500.06</b>	618.83	118.77
Finished goods	<b>888.33</b>	274.24	(614.09)
	<b>1,388.39</b>	893.07	(495.32)
<b>Inventories at the beginning of the year</b>			
Traded goods	<b>618.83</b>	525.64	(93.19)
Finished goods	<b>274.24</b>	454.88	180.64
	<b>893.07</b>	980.52	87.45
	<b>(495.32)</b>	87.45	
	<b>31 March 2014</b>	31 March 2013	
	<b>₹ In lakhs</b>	₹ In lakhs	
<b>Details of inventory of traded goods and finished goods</b>			
<b>Traded goods</b>			
Wax & Others	<b>500.06</b>	618.83	
	<b>500.06</b>	618.83	
<b>Finished Goods</b>			
Panoil	<b>888.33</b>	274.24	
	<b>888.33</b>	274.24	

**Notes to the financial statement for the year ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
<b>21. Employee benefit expense</b>		
Salaries, wages and bonus	<b>336.88</b>	296.09
Contribution to provident and other funds	<b>11.59</b>	11.72
Gratuity expense (note 27 )	<b>5.71</b>	5.32
Staff welfare expenses	<b>5.49</b>	5.54
	<b>359.67</b>	318.67
<b>22. Other expenses</b>		
Power and fuel	<b>56.58</b>	63.85
Water Charges	<b>2.88</b>	4.37
Increase/(decrease) of excise duty on inventory	<b>39.54</b>	9.68
Repairs and maintenance		
Buildings	<b>9.67</b>	19.77
Machinery	<b>37.29</b>	41.84
Others	<b>34.80</b>	39.18
Insurance	<b>77.60</b>	92.85
Rent	<b>47.45</b>	47.06
Rates & Taxes	<b>6.76</b>	21.68
Communication costs	<b>29.85</b>	31.15
Legal and professional fees	<b>73.44</b>	71.58
Payment to auditor (Refer details below)	<b>12.50</b>	12.50
Clearing and Forwarding Expenses	<b>1,073.75</b>	1,211.51
Freight Outwards	<b>571.66</b>	449.91
Travelling and Conveyance	<b>191.02</b>	165.32
Advertising and Sales Promotion	<b>45.24</b>	38.68
Brokerage and Commission	<b>142.52</b>	125.71
Security Charges	<b>18.89</b>	18.73
Bad Debts and Sundry balances Written Off	<b>175.58</b>	29.53
Provision for Doubtful Debts	<b>99.73</b>	-
Donation & Charity	<b>72.10</b>	28.56
Premium on forward exchange contract amortized	<b>190.94</b>	141.75
Exchange Loss (net )	<b>258.10</b>	475.47
Miscellaneous expenses	<b>161.96</b>	153.37
	<b>3,429.85</b>	3,294.04
<b>Payment to auditor (excluding service tax)</b>		
<b>As auditor:</b>		
Statutory audit fees	<b>11.50</b>	11.50
Tax audit fees	<b>1.00</b>	1.00
	<b>12.50</b>	12.50
<b>23. Depreciation and amortization expense</b>		
Depreciation of tangible assets ( refer note 9)	<b>249.56</b>	223.11
Amortization of intangible assets (refer note 10)	-	-
	<b>249.56</b>	223.11
<b>24. Finance costs</b>		
Interest	<b>293.29</b>	416.93
Bank charges	<b>275.73</b>	429.39
	<b>569.02</b>	846.32
<b>25. Earnings per share ( EPS)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax	<b>1,540.38</b>	1,188.11
<b>Net profit for calculation of basic and diluted EPS</b>	<b>1,540.38</b>	1,188.11
	<b>No of shares</b>	No of shares
Weighted average number of equity shares in calculating basic EPS	<b>8,409,522</b>	8,619,088
Basic Earnings per share	<b>18.32</b>	13.78
Diluted Earnings per share	<b>18.32</b>	13.78
<b>26. Expenses on Scientific Research</b>		
Capital (Refer Note 9)	<b>0.89</b>	0.31
Revenue	<b>30.57</b>	29.13
	<b>31.46</b>	29.44

**Notes to the financial statement for the year ended March 31st, 2014**
**27. Employee Benefits**
**General Description of Defined Benefit plan**
**Gratuity**

The Company operates single type of Gratuity plans wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining and eligibility terms. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	Gratuity 31 March 2014	31 March 2013
	₹ In lakhs	₹ In lakhs
<b>Statement of Profit &amp; Loss</b>		
Net Employee Benefit Expense recognized in the employee cost		
Current service cost	5.19	4.65
Interest cost on benefit obligation	3.31	2.80
Past service Cost	-	-
Expected return on plan assets	(3.04)	(2.76)
Net actuarial( gain) / loss recognized in the year	0.26	0.63
<b>Net Benefit Expense</b>	<b>5.72</b>	<b>5.32</b>
Actual Return on Plan Assets	(2.79)	(2.79)
<b>Balance sheet</b>		
Benefit assets/(liability)		
Present Value of defined benefit obligation	48.18	41.39
Fair value of plan assets	36.05	33.79
<b>Plan assets/(liability)</b>	<b>(12.13)</b>	<b>(7.60)</b>
<b>Changes in Present Value of Defined Benefit Obligation are as follows:</b>		
Opening defined benefit obligation	41.39	32.97
Current service cost	5.19	4.65
Interest cost	3.30	2.80
Actuarial (gains) / losses on obligation	(0.53)	1.07
Past Service Cost	-	-
Benefits paid	(1.17)	(0.10)
<b>Closing defined benefit obligation</b>	<b>48.18</b>	<b>41.39</b>
<b>Changes in Fair Value of Plan Assets are as follows:</b>		
<b>Opening fair value of planned assets</b>	<b>33.79</b>	30.70
Expected return	3.05	2.76
Actuarial gain / (loss)	(0.79)	0.44
Contributions by employer	-	-
Benefits paid	-	(0.11)
<b>Closing fair value of plan assets</b>	<b>36.05</b>	<b>33.79</b>
The company expects to contribute ₹ 3.04 lakhs to gratuity in the next year ( 31 March 2013: ₹ 2.76 lakhs)		
<b>The major category of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
Policy of Insurance	<b>100%</b>	100%
<b>The principal assumptions used in determining gratuity for the Company's plans are shown below :</b>		
Discount rate	<b>8.80%</b>	8.10%
Expected rate of return on assets	<b>9%</b>	9%
Age of Retirement	<b>58</b>	58
Annual increase in salary cost	<b>6%</b>	6%

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

The over all expected rate of return on assets is determined based on the market prices prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

**Notes to the financial statement for the year ended March 31st, 2014**

Amounts for the current and previous three reporting periods are as follows:

<b>Gratuity:</b>	<b>31 March 2014</b>	31 March 2013	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In Capital
Defined Benefit Obligation	<b>48.18</b>	41.40	<b>32.98</b>	25.98
Plan Assets	<b>36.05</b>	33.81	<b>30.72</b>	29.64
Surplus/(deficit)	<b>(12.13)</b>	(7.60)	<b>(2.28)</b>	3.65
Experience adjustment on plan liabilities (gain)/loss	<b>1.66</b>	1.07	<b>1.05</b>	7.42
Experience adjustment on plan assets loss/(gain)	<b>0.79</b>	(0.03)	<b>(1.60)</b>	0.83

**28. Leases**

Operating Lease: company as lessee

The Company has entered into arrangements for taking on leave and license basis certain office premises and warehouses. The specified disclosure in respect of these agreements is given below :

	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ In lakhs
Lease payments recognized in the statement of profit and loss for the year	<b>31.18</b>	27.25

Notes:

- There is no escalation clause in the lease agreement
- There are no restrictions imposed by lease arrangements
- There are no subleases

**29. Segment Information**

*Business Segments:*

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 accounting standard 17.

*Geographical Segments :*

The following table shows the distribution of the Company's sales by geographical market, regardless of where the goods were produced:

<b>Year ended 31 March 2014</b>	<b>Within India</b>	<b>Outside India</b>	<b>Total</b>
<b>Revenue</b>			
Sales to external customers	38,242.66	20,894.40	59,137.06
<b>Other segment information</b>			
Segment assets	40,145.85	3,524.49	43,670.34
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	624.34	-	624.34
<b>Year ended 31 March 2013</b>	<b>Within India</b>	<b>Outside India</b>	<b>Total</b>
<b>Revenue</b>			
Sales to external customers	41,325.36	22,149.60	63,474.96
<b>Other segment information</b>			
Segment assets	39,546.03	2,182.35	41,728.38
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	1,743.10	-	1,743.10

**Notes :**

**Geographical Segment :**

- For the purpose of geographical segment the sales are divided into two segments - within India and outside India.
- The accounting policies of the segments are the same as those described in Note 2.1

	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ In lakhs

**30. Capital and other commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

**8.00** 40.98

**31. Contingent Liabilities**

- Service tax Matter disputed with the Deputy Commissioner of Service Tax (Dispute regarding demand raised on service tax payable on interest on usance charges for the period September 2008 to March 2014) **58.25** 10.88
- Bank Gurantees **339.60** 259.86  
(The contingent liabilities, if materialized, shall entirely be borne by the company, as there is no likely reimbursement from any other party.)

**Notes to the financial statement for the year ended March 31st, 2014**
**32. Derivative Instruments and unhedged foreign currency exposure**
**a) Forward contract outstanding as at Balance Sheet date**
**₹ In lakhs**

Particulars	Purpose
Forward Contract to buy US \$	
US \$ 37.87 lakhs (31 March 2013: US \$ 40.84 lakhs)	Hedge of expected future payments to trade payable
₹ 2,276.07 lakhs (31 March 2013: ₹ 2,236.94 lakhs)	

**b) Particulars of unhedged foreign currency exposure as at the reporting date**

	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In Capital
Trade Receivables	58.64	3,524.49	40.12	2,182.35
Advance from Trade Receivables	1.14	68.50	0.52	28.10
Trade Payables	222.37	13,364.52	240.94	13,088.74
Balance with Banks	9.11	547.59	76.78	4,176.28
			<b>31 March 2014</b>	31 March 2013
			₹ In lakhs	₹ In Capital

**33. Details of dues to micro and small enterprises as defined under the MSMED Act 2006 \***

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 Enterprise Development Act, 2006.	-	-

\*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 balance sheet date.

	31 March 2014	31 March 2013
	₹ In lakhs	₹ In Capital
<b>34. Value of imports calculated on CIF basis (accrual)</b>		
Raw materials (Includes Goods in transit)	35,729.71	41,686.31
Traded goods	1,580.79	1,590.98
	<b>37,310.50</b>	<b>43,277.29</b>

**35. Related party disclosures as required under AS-18, "Related Party Disclosures", are given below:**
**(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 (Resigned w.e.f. 25/03/2013)

**Relatives of key management personnel**

Akbarali Rayani (Brother of Mr. Amirali E Rayani)

Vazirali Rayani (Brother of Mr. Amirali E Rayani)

Salimali Rayani (Brother of Mr. Amirali E Rayani)

**Notes to the financial statement for the year ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Arif Rayani (Brother of Mr. Amin Rayani)		
Nilima Kheraj (Sister of Mr. Samir Rayani)		
Munira Rayani (Wife of Hussein Rayani)		
Iqbal Rayani (Brother of Mr. Hussein Rayani)		
<b>Subsidiary</b>		
Panol Industries RMC FZE, UAE		
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Anirudh Distributors Pvt. Ltd		
<b>(b) Transactions with Related Parties</b>		
<b>Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel</b>		
<b>Remuneration paid to Key Managerial Personnel</b>		
Amirali E Rayani	<b>24.00</b>	26.00
Amin A Rayani	<b>21.00</b>	22.75
Samir Rayani	<b>18.00</b>	19.50
Hussein Rayani	<b>NA</b>	19.50
<b>Remuneration paid to Relative of Key Managerial Personnel</b>		
Akbarali Rayani	<b>4.68</b>	1.17
Vazirali Rayani	<b>5.40</b>	5.85
Salimali Rayani	<b>4.68</b>	1.17
Nilima Kheraj	<b>4.69</b>	1.14
Munira Rayani	<b>NA</b>	1.24
Arif Rayani	<b>4.69</b>	1.24
Iqbal Rayani	<b>NA</b>	1.17
<b>Payment of Rent</b>		
<b>Rent paid to Key Managerial Personnel</b>		
Amin A Rayani	<b>6.64</b>	6.64
Samir Rayani	<b>7.84</b>	7.84
Hussein Rayani	<b>NA</b>	1.20
<b>Rent paid to Relative of Key Managerial Personnel</b>		
Vazir Rayani	<b>1.20</b>	1.20
Arif Rayani	<b>3.06</b>	3.06
<b>Transaction with Subsidiary</b>		
Investment in share capital	<b>2,481.88</b>	2,703.75
Advance Given	<b>658.99</b>	-
Repayment of Advance given	<b>(658.99)</b>	-
Interest Income	<b>6.65</b>	-
<b>Transaction with Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
<b>Corporate guarantee given on behalf of the Company</b>		
Anirudh Distributors Pvt. Ltd	<b>7,000.00</b>	4,000.00
<b>Balances at the end of the year</b>		
Subsidiary		
Interest Receivable	<b>6.65</b>	-
<b>36. Expenditure in foreign currency (accrual basis)</b>		
Sales Promotion Expenses	-	0.71
Brokerage & Commission	<b>31.36</b>	34.12
Bank Interest	<b>128.08</b>	271.45
Bank Charges	<b>43.32</b>	96.78
Others	<b>4.10</b>	0.76
Expenses related to GDR issue (adjusted against securities premium) (refer note 40)	<b>11.49</b>	-
	<b>218.35</b>	403.82

**Notes to the financial statement for the year ended March 31st, 2014**
**37. Imported and indigenous raw materials consumed**

	<b>% of total consumption</b>	<b>₹ In lakhs</b>	<b>% of total consumption</b>	<b>₹ In lakhs</b>
	<b>31 March 2014</b>	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2013</b>
Imported	<b>80%</b>	<b>39,954.68</b>	92%	48,638.89
Indigenous	<b>20%</b>	<b>10,034.14</b>	8%	4,134.81
	<b>100%</b>	<b>49,988.82</b>	<b>100%</b>	<b>52,773.70</b>

Consumption of raw materials includes consumption on account of manufacturing of samples

**38. Net dividend remitted in foreign exchange**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Period to which it relates	<b>April 1, 2013</b>	April 1, 2012
	<b>to 31 March 2014</b>	to 31 March 2013
Number of non resident shareholders	-	-
Number of equity shares in lakhs held on which dividend was due	-	-
Amount remitted in USD	-	-

**39. Earnings in foreign exchange (accrual basis)**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Exports at F.O.B Value	<b>20,223.82</b>	21,424.66
	<b>20,223.82</b>	21,424.66

**40. Global Depository Receipts ('GDRs') issue**

On July 20, 2011, the Company raised USD 13,999,985 (₹ 6,233.79 lakh) through issuance of 491,469 GDRs representing 2,457,345 equity shares of ₹10 each at a price of ₹ 253.68 per equity share of ₹ 10 each. The issue price of each GDR is USD 28.486 and the GDRs are listed on the Luxembourg Stock Exchange. The holders of GDR do not have voting rights with respect to the shares represented by the GDRs, but rank pari passu with the existing share holders in all respect including entitlement of dividend declared. The Company has paid ₹ 11.49 (31 March 2013 : ₹ Nil) on account of issue expenses towards the issue of Global Depository Receipts, which has been incurred for issue of GDR, and same has been adjusted against Securities Premium during the year.

**Given below are the details of utilization of proceeds from issue of Global Depository Receipts**
**I Sources of Funds**

Opening Balance in banks in Current Account outside India	<b>3,724.91</b>	7,033.52
Proceeds from issue of GDR's	-	-
Issue expenses	<b>11.49</b>	-
Net Proceeds	<b>3,713.42</b>	7,033.52

**II Utilization of funds**

**3,713.42**      3,308.61

**III Unutilized funds**

**(0.00)**      3,724.91

**IV Interim Utilization of Balance Funds**

Balance in banks in Current Account outside India #	Nil	3,724.91
# After adjustment of exchange gain		

**41.** In accordance with section 77A, 77AA and 77B of the Companies Act, 1956 and pursuant to the buy back announcement made by the Company on 1st March 2013, the Company has bought back from open market through stock exchanges 541,757 (31 March 2013 : 11,765) equity shares of ₹ 10 each during the year for a total consideration of ₹ 772.08 lakhs (31 March 2013 : ₹ 15.88 lakhs) of this, the Company has extinguished 550,322 (31 March 2013 : 3,200) equity shares have been extinguished. Consequently, an amount of ₹ 32.90 lakhs (31 March 2013 : ₹ 1.18 lakhs) being the nominal value of equity shares bought back has been transferred to Capital Redemption Reserve from profit & loss account. An amount of ₹ 717.91 lakhs (31 March 2013 : ₹ 14.70 lakhs) being the premium on buyback has been appropriated from General Reserve.

**Notes to the financial statement for the year ended March 31st, 2014**
**42. Taxation**

Minimum Alternate Tax (MAT) :-The Company has during the year, provided the current year tax liability of ₹ 429 lakhs (previous year ₹ 260 lakhs) calculated in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961. The MAT credit entitlement of ₹ 47.66 lakhs has been reversed during the year and availed ₹ 311.66 lakhs has been availed for the year ended March 31 2013, which is disclosed under 'Loans and advances'.

**43. Disclosure as per clause 32 of the Listing Agreement**

Name of the company	Balance as at		Maximum outstanding during the year	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Panol Industries RMC FZE, UAE	6.65	-	658.99	-

**44. Previous year figures**

The company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 44 of the financial statement

As per our report of even date attached

**For Bhuta Shah & Co.**

Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**

Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014



**Cash flow statement for the year ended 31 March 2014**

<b>Particulars</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
Cash Flow from operating activities		
Profit before tax	<b>2,044.86</b>	1,293.90
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	<b>249.56</b>	223.11
Provision for bad and doubtful debt	<b>99.73</b>	(103.29)
<b>Unrealized foreign exchange loss/(gain)</b>	<b>(415.11)</b>	1,542.85
Interest expense	<b>569.02</b>	846.32
Interest income	<b>(89.89)</b>	(165.82)
Loss on sale of fixed assets	<b>3.50</b>	-
Dividend Income	<b>(0.04)</b>	(0.03)
<b>Operating profit before working capital changes</b>	<b>2,461.62</b>	3,637.06
(Increase)/decrease in Trade Receivables	<b>(1,506.29)</b>	(1,410.45)
(Increase)/decrease in Inventory	<b>(312.29)</b>	2,041.54
(Increase)/decrease in Loans and advances and other assets	<b>(493.55)</b>	(391.90)
Increase/(decrease) in Trade Payables	<b>1,786.73</b>	(9,383.58)
Increase/(decrease) in other liabilities and provisions	<b>577.65</b>	(495.32)
Cash generated from/(used in) operations	<b>2,513.87</b>	(6,002.65)
Direct taxes paid (Net of refunds)	<b>264.23</b>	268.77
<b>Net cash flow from/(used in) operating activity (A)</b>	<b>2,249.64</b>	(6,271.41)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	<b>(631.34)</b>	(422.22)
Sales of Fixed Assets	<b>6.39</b>	-
Investment in Subsidiary	<b>(2,481.87)</b>	(2,703.75)
Redemption/maturity of bank deposits (having original maturity of more than three months)	<b>190.34</b>	1,705.39
Advances given to subsidiary	<b>658.99</b>	-
Repayment of Advance given to subsidiary	<b>(658.99)</b>	-
Interest received	<b>102.30</b>	208.64
Dividend received	<b>0.04</b>	0.03
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(2,814.14)</b>	(1,211.91)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital less exp.	<b>(11.49)</b>	-
Buy back of Shares	<b>(772.09)</b>	(15.88)
Proceeds/ (Repayment) from/of short-term borrowing (net)	<b>(511.85)</b>	1,141.18
Interest paid	<b>(569.02)</b>	(846.32)
Dividend and tax on dividend paid on Equity Shares	<b>(392.48)</b>	(201.31)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(2,256.93)</b>	77.66

**Cash flow statement (Cont.....**

<b>Particulars</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(2,821.43)</b>	(7,405.66)
Effect of exchange differences on cash & cash equivalents held in foreign currency	<b>(100.02)</b>	(903.02)
Cash and cash equivalents at the beginning of the year	<b>5,034.61</b>	13343.29
Cash and cash equivalents at the end of the year	<b>2,113.15</b>	5,034.61
Components of Cash and Cash Equivalents		
Cash on hand	<b>4.78</b>	3.32
With banks		
- on current account	<b>1,990.92</b>	5,014.18
- on deposit account	<b>100.00</b>	-
- on unpaid dividend account *	<b>17.45</b>	17.11
Total Cash and Cash Equivalents (refer note 15)	<b>2,113.15</b>	5,034.61
* The company can utilize these balances only towards the settlement of the respective unpaid dividend.		
<b>Note :</b>		
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 'Cash Flow Statements' specified in Companies (Accounting Standards) Rules, 2006		

As per our report of even date attached

**For Bhuta Shah & Co.**

Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**

Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

## **Independent Auditors' Report**

**To the Board of Directors of  
Panama Petrochem Limited**

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

We have audited the accompanying consolidated financial statements of Panama Petrochem Limited ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility on Consolidated Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors on the financial statements of the subsidiary, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matters**

1. Financial statements of the subsidiary which reflects total assets (net) of ₹ 7,362.10 lakhs as at 31 March 2014 (31 March 2013 : ₹ 2,713.02 lakhs), total revenue (net) of ₹ 4,365.26 lakhs (31 March 2013 : ₹ Nil) and net cash flows aggregating to ₹ 23.46 lakhs (31 March 2013 : ₹ 16.38 lakhs) for the year then ended, have been audited by other auditors.
2. Our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements of the subsidiary not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors.
3. Our opinion is not qualified in respect of this matter.

**For Bhuta Shah & Co.  
Chartered Accountants  
Firm Reg. No.: 101474W**

**CA. Mitesh Kothari  
Partner  
Membership No.: 110822**

**Mumbai, 21 May, 2014**

**Consolidated Balance Sheet as at March 31st , 2014**

Particulars	Notes	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	<b>806.57</b>	860.75
Reserves and surplus	4	<b>23,088.98</b>	22,347.94
		<b>23,895.55</b>	23,208.69
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	<b>251.46</b>	220.84
Long-term provisions	6	-	-
		<b>251.46</b>	220.84
<b>Current liabilities</b>	7	<b>1,678.04</b>	2,189.89
Short-term borrowings	8	<b>19,019.87</b>	16,076.63
Trade payables	8	<b>455.89</b>	106.12
Other current liabilities	6	<b>803.37</b>	409.10
Short-term provisions		<b>21,957.17</b>	18,781.74
<b>TOTAL</b>		<b>46,104.18</b>	42,211.27
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	<b>7,661.89</b>	7,297.00
Intangible assets	10	-	-
Capital work-in-progress		<b>3,966.96</b>	562.54
Non-current investments	11	<b>3.35</b>	3.35
Long-term loans and advances	12	<b>31.73</b>	249.44
Trade receivables	13.1	-	-
Other non-current assets	13.2	<b>19.34</b>	110.09
		<b>11,683.27</b>	8,222.42
<b>Current assets</b>			
Inventories	14	<b>13,098.75</b>	12,786.46
Trade receivables	13.1	<b>16,651.50</b>	11,902.66
Cash and bank balances	15	<b>2,453.41</b>	5,450.99
Short-term loans and advances	12	<b>2,190.83</b>	1,916.74
Other current assets	13.2	<b>26.42</b>	1,932.00
		<b>34,420.91</b>	33,988.85
<b>TOTAL</b>		<b>46,104.18</b>	42,211.27
Summary of significant accounting policies	2.1		
Notes to the financial statement	3-43		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Bhuta Shah & Co.**  
Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**  
Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**Consolidated Statement of Profit and loss for the year ended 31 March 2014**

<b>Particulars</b>	<b>Notes</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
<b>Income</b>			
Revenue from operations (gross)	16	<b>68,911.79</b>	69,365.52
Less : excise duty		<b>5,409.47</b>	5,890.56
Revenue from operations (net)	17	<b>63,502.32</b>	63,474.96
Other income		<b>120.98</b>	335.93
<b>Total (I)</b>		<b>63,623.30</b>	63,810.89
<b>Expenses</b>			
Cost of material consumed	18	<b>51,113.51</b>	55,674.76
Purchase of traded goods	19	<b>6,028.43</b>	2,072.64
<b>(Increase)/decrease in inventories of traded goods and finished goods</b>	20	<b>(495.32)</b>	87.45
Employee benefits expense	21	<b>359.67</b>	318.67
<b>Other expenses</b>	22	<b>3,434.10</b>	3,294.04
<b>Total (II)</b>		<b>60,440.39</b>	61,447.56
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		<b>3,182.92</b>	2,363.33
<b>Depreciation and amortization expense</b>	23	<b>249.56</b>	223.11
Finance costs	24	<b>589.26</b>	846.32
Profit/(loss) before tax		<b>2,344.10</b>	1,293.90
Tax expenses			
Current tax		<b>429.00</b>	260.00
<b>MAT credit utilised / (entitlement)</b>		<b>47.66</b>	(311.66)
<b>Deferred tax</b>		<b>30.62</b>	165.57
Short/(Excess) Provision of tax relating to earlier years		<b>(2.80)</b>	(8.12)
<b>Total tax expense</b>		<b>504.48</b>	105.79
<b>Profit/(loss) for the year</b>		<b>1,839.62</b>	1,188.11
Earnings per equity share [nominal value of share ₹ 10] (31 March 2013 ₹ 10)	25		
<b>Basic</b>		<b>₹ 21.88</b>	₹ 13.78
<b>Diluted</b>		<b>₹ 21.88</b>	₹ 13.78
Summary of Significant accounting policies	2.1		
Notes to the financial statement	3-43		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

**For Bhuta Shah & Co.**  
Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**  
Partner  
Membership No : 110822

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai  
Date : 21<sup>st</sup> May, 2014

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**1. Corporate Group Information**

Panama Petrochem Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Panama Petrochem Limited and its subsidiary (collectively referred as "the group"). The Group's principal operations are located in India and it has operation in Unite Emirates Arab. 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.

**2. Basis of preparation of consolidated financial statements**

These consolidated financial statements have been prepared and presented under the historical cost convention, except as disclosed in the financial statements, on the accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' to the extent applicable. The consolidated financial statements are presented in Indian rupees.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous.

**2.1 Summary of significant accounting policies**
**a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

**b) 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.
  - 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 companies 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	01/01/2013

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014****c) Tangible fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**d) Depreciation/Amortization**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act 1956 whichever is higher.

Leasehold land is amortized on a straight line basis over the period of lease.

Fixed assets costing ₹ 5,000 or less are depreciated fully in the year of acquisition.

**e) 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 statement of profit and loss when the asset is derecognized.

**f) Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. 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) net selling price and its value in use. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

**g) Leases**

Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014****h) Investments**

Investments that are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**i) Inventories**

Inventories are valued as follows:

Raw materials	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 and other cost in bringing the inventory to their present location and condition excluding Cenvat credit/ Countervailing duty. Customs duty on stock lying in bonded warehouse is included in cost.
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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 of finished goods includes excise duty. 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.

**j) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Sale of Goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

**Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividends**

Revenue is recognised when the shareholders' right to receive payment is established by the reporting date.

**k) Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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



**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014****l) Foreign currency translation****(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 previous 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 amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(v) Translation of overseas subsidiary**

The translation of functional currency of overseas subsidiaries into Indian Rupees is performed for assets and liabilities (excluding share capital) using the exchange rate as at the balance sheet date and for revenues, costs and expenses (except depreciation and opening and closing inventories) using average of exchange rates during the reporting year. Share capital are carried at historical cost. Depreciation is translated at the rates used for the translation of the values of the assets on which depreciation is calculated. Opening and closing inventories are translated at the rates prevalent at the commencement of the accounting year and at the balance sheet date respectively. Resultant currency translation exchange gain / loss is disclosed as "Translation Reserve" in reserves and surplus. Contingent liabilities are translated at the closing rate.

**m) Retirement and other employee benefits**

- i. 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.
- ii. Gratuity liability is a defined benefit obligation. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method.
- iii. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the statement of profit and loss.

**n) Income taxes**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

**o) Segment Reporting Policies**

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.

**p) Earnings 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.

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**

A provision is recognised 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

**r) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**s) Cash and Cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**t) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

**3. SHARE CAPITAL**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Authorized share capital	2,555	2,555
25,550,000 (31 March 2013 : 25,550,000) equity shares of ₹ 10/- each		
Issued, subscribed and fully paid-up share capital	806.57	860.75
8,065,813 (31 March 2013 : 8,607,570) equity shares of ₹ 10/- each	<u>806.57</u>	<u>860.75</u>

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

	<b>31 March 2014</b>		31 March 2013	
	<b>No of Shares</b>	<b>₹ In lakhs</b>	No of Shares	₹ In lakhs
Equity shares				
At the beginning of the year	8,607,570	860.75	8,619,335	861.93
Buy-back of shares during the year (refer note 41)	(541,757)	(54.18)	(11,765)	(1.18)
Outstanding at the end of the year	<u>8,065,813</u>	<u>806.57</u>	<u>8,607,570</u>	<u>860.75</u>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 10 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 (Refer Note 40) . The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend recognized as distributions to equity shareholders is ₹ 6/-(31 March 2013 : ₹ 4/-)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets in proportion to the number of equity shares held by the shareholders.

**c. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Equity shares allotted in pursuant to the scheme of amalgamation of Monaco Petroleum Private Limited	<b>321,750</b>	321,750
Equity shares allotted in pursuant to the scheme of amalgamation of Mobil Petrochem Private Limited	<b>1,078,240</b>	1,078,240
Equity shares bought back by the Company	<b>553,522</b>	11,765

**d. Details of shareholders holding more than 5% shares in the company**

	<b>31 March 2014</b>		31 March 2013	
	<b>No of Shares</b>	<b>₹ In lakhs</b>	No of Shares	₹ In lakhs
Equity Shares of Rs 10 each fully paid up				
Ms. Shelina Arifali Rayani	<b>557,655</b>	<b>6.91%</b>	557,655	6.48%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	<b>2,457,345</b>	<b>30.47%</b>	2,457,345	28.55%

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
<b>4. Reserves And Surplus</b>		
<b>Other Reserves</b>		
Investment Allowance Reserve		
Balance as per the last financial statements	0.24	0.24
	<u>0.24</u>	<u>0.24</u>
<b>Capital Redemption Reserves</b>		
Balance as per the last financial statements	1.18	-
Add : Transfer from statement of profit & loss on buy back of shares	54.18	1.18
	<u>55.36</u>	<u>1.18</u>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	<b>9,377.91</b>	9,377.91
Add : Premium on issue of GDR ( Refer Note 40 )	-	-
Less:- Expense incurred on issue of GDR (Refer Note 40 )	<b>(11.49)</b>	-
	<u><b>9,366.42</b></u>	<u>9,377.91</u>
<b>General reserve</b>		
Balance as per the last financial statements	<b>1,612.52</b>	1,508.41
Add : amount transferred from surplus balance in the statement of profit & loss	<b>154.04</b>	118.81
Less:- Premium paid on buy back of equity shares	<b>(717.91)</b>	(14.70)
	<u><b>1,048.65</b></u>	<u>1,612.52</u>
<b>Foreign currency translation reserve</b>		
Balance as per the last financial statements	<b>9.27</b>	-
Add:- Foreign Currency Translation during the year	<b>189.69</b>	9.27
	<u><b>198.96</b></u>	<u>9.27</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	<b>11,346.82</b>	10,678.85
Add : Profit for the year	<b>1,839.62</b>	1,188.11
Less : Appropriations		
Dividend of previous year written back of shares bought back	<b>(7.34)</b>	-
Proposed final equity dividend (amount per share ₹ 6 (March 13 ₹ 4))	<b>483.95</b>	344.30
Tax on proposed final equity dividend	<b>82.25</b>	55.85
Transfer to capital redemption reserve on buy back of shares	<b>54.18</b>	1.18
Transfer to general reserve	<b>154.04</b>	118.81
Total appropriations	<u><b>767.08</b></u>	<u>520.14</u>
Net surplus in the statement of profit and loss	<u><b>12,419.35</b></u>	<u>11,346.82</u>
Total reserves and surplus	<u><b>23,088.98</b></u>	<u>22,347.94</u>
<b>5. Deferred tax liabilities (net)</b>		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	<b>301.17</b>	238.82
Gross deferred tax liability	<u><b>301.17</b></u>	<u>238.82</u>
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the Current year but allowed for tax purposes on payment basis	<b>62.07</b>	-
Provision for doubtful debt	<b>(12.36)</b>	17.98
	<u><b>49.71</b></u>	<u>17.98</u>
Net deferred tax liability	<u><b>251.46</b></u>	<u>220.84</u>

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**6. Provisions**

	Long-term		Short-term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
Provision for employee benefits				
Provision for gratuity (Note 27)	-	-	<b>12.14</b>	7.59
	-	-	<b>12.14</b>	7.59
Other provisions				
Provision for Income Tax (Net of advance tax)	-	-	<b>222.77</b>	-
Proposed equity dividend	-	-	<b>483.95</b>	344.30
Provision for tax on proposed equity dividend	-	-	<b>82.25</b>	55.85
Provision for Wealth Tax	-	-	<b>2.26</b>	1.36
	-	-	<b>791.23</b>	401.51
	-	-	<b>803.37</b>	409.10

	31 March 2014	31 March 2013
	₹ In lakhs	₹ In lakhs
<b>7. Short-Term Borrowings</b>		
Cash credit from banks (secured)	<b>1,678.04</b>	2,189.89
	<b>1,678.04</b>	2,189.89
<b>The above amount includes</b>		
Secured borrowings	<b>1,678.04</b>	2,189.89

**Terms of Securities and repayment**

Cash credit from banks is secured against the hypothecation of Stocks, Book debts and Plant & Machineries (both present & future), Pledge of Fixed Deposit Receipts, Further secured by Equitable Mortgage of Company's present Immoveable Property situated at Ankleshwar, Daman, Marol industrial estate, property of group companies situated at Navi Mumbai, property belonging to the Directors and corporate guarantee given by Anirudh Distributors Pvt. Ltd. (Refer Note 35). The cash credit is repayable on demand and carried an interest rate of 12% to 16% p.a

**8. Current Liabilities.**

<b>Trade payables</b> (refer note 33 for details of dues to micro and small enterprises)	<b>19,019.87</b>	16,076.63
<b>Other current liabilities</b>		
Creditors for capital goods	<b>23.53</b>	-
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	<b>17.45</b>	17.11
Other payables		
Statutory Dues payable	<b>267.97</b>	43.85
Forward Contract (net)	<b>128.46</b>	13.76
Advance received against orders	<b>17.48</b>	30.90
Deposits	<b>1.00</b>	0.50
	<b>455.89</b>	106.12
	<b>19,475.76</b>	16,182.75

**Notes to the consolidated financial statement for the year ended March 31st, 2014**
**09. Tangible assets**

	Freehold land	Leasehold Land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total
<b>Cost or valuation</b>										
<b>At 1 April 2012</b>	6.19	2,539.21	1,213.01	1,030.67	1,378.02	29.90	56.66	120.85	301.00	6,675.51
Additions	-	73.30	52.53	1,347.18	92.22	14.25	2.55	121.45	39.62	1,743.10
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>6.19</b>	<b>2,612.51</b>	<b>1,265.54</b>	<b>2,377.85</b>	<b>1,470.24</b>	<b>44.15</b>	<b>59.21</b>	<b>242.30</b>	<b>340.62</b>	<b>8,418.61</b>
Additions	-	100.96	39.89	-	339.55	6.96	3.10	4.88	129.00	624.34
Other adjustments	-	-	-	-	-	-	-	-	(32.85)	(32.85)
<b>At 31 March 2014</b>	<b>6.19</b>	<b>2,713.47</b>	<b>1,305.43</b>	<b>2,377.85</b>	<b>1,809.79</b>	<b>51.11</b>	<b>62.31</b>	<b>247.18</b>	<b>436.77</b>	<b>9,010.10</b>
<b>Depreciation</b>										
<b>At 1 April 2012</b>	-	190.06	131.79	44.28	353.31	8.15	36.98	35.03	98.90	898.50
Charge for the year	-	33.82	43.08	27.80	66.85	3.63	5.44	11.35	31.14	223.11
<b>At 31 March 2013</b>	<b>-</b>	<b>223.88</b>	<b>174.87</b>	<b>72.08</b>	<b>420.16</b>	<b>11.78</b>	<b>42.42</b>	<b>46.38</b>	<b>130.04</b>	<b>1,121.61</b>
Charge for the year	-	33.92	43.91	38.76	74.33	2.03	5.19	15.12	36.30	249.56
Other adjustments	-	-	-	-	-	-	-	-	(22.96)	(22.96)
<b>At 31 March 2014</b>	<b>-</b>	<b>257.80</b>	<b>218.78</b>	<b>110.84</b>	<b>494.49</b>	<b>13.81</b>	<b>47.61</b>	<b>61.50</b>	<b>143.38</b>	<b>1,348.21</b>
<b>Net Block</b>										
<b>At 31 March 2013</b>	<b>6.19</b>	<b>2,388.63</b>	<b>1,090.67</b>	<b>2,305.77</b>	<b>1,050.08</b>	<b>32.37</b>	<b>16.79</b>	<b>195.92</b>	<b>210.58</b>	<b>7,297.00</b>
<b>At 31 March 2014</b>	<b>6.19</b>	<b>2,455.67</b>	<b>1,086.65</b>	<b>2,267.01</b>	<b>1,315.30</b>	<b>37.30</b>	<b>14.70</b>	<b>185.68</b>	<b>293.39</b>	<b>7,661.89</b>

**Notes:-**

- Factory Building includes those constructed on leasehold land:  
 Gross block ₹ 1,235.42 lakhs (31 March 2013: ₹ 1,195.53 lakhs)  
 Depreciation charge for the year ₹ 41.58 lakhs (31 March 2013: ₹ 40.75 lakhs)  
 Accumulated depreciation ₹ 195.31 lakhs (31 March 2013: ₹ 153.73 lakhs)  
 Net book value ₹ 1,040.12 lakhs (31 March 2013: ₹ 1,041.80 lakhs)
- Non Factory Building includes those constructed on leasehold land:  
 Gross block ₹ 35.69 lakhs (31 March 2013: ₹ 35.69 lakhs)  
 Depreciation charge for the year ₹ 0.58 lakhs (31 March 2013: ₹ 0.58 lakhs)  
 Accumulated depreciation ₹ 5.05 lakhs (31 March 2013: ₹ 4.47 lakhs)  
 Net book value ₹ 30.63 lakhs (31 March 2013: ₹ 31.22 lakhs)
- Gross block includes fixed assets in research & development (R&D) unit  
 Furniture ₹ 4.08 lakhs (31 March 2013: ₹ 4.08 lakhs)  
 Lab Equipments ₹ 53.15 lakhs (31 March 2013: ₹ 52.26 lakhs)  
 Computer ₹ 00.55 lakh (31 March 2013: ₹ 00.55 lakh)  
 Air-Conditioner ₹ 1.14 lakhs (31 March 2013: ₹ 1.14 lakhs)
- Addition to fixed assets includes capital assets of ₹ 0.89 lakhs  
 (31 March 2013: ₹ 0.31 lakhs) incurred at approved R&D centre

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	<b>31 March 2014</b> ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>10. Intangible Assets</b>		
Software		
<b>Cost or valuation</b>		
<b>At 1 April 2012</b>	<b>7.11</b>	7.11
Additions	-	-
Disposals	-	-
<b>At 31 March 2013</b>	<b>7.11</b>	7.11
Additions	-	-
<b>At 31 March 2014</b>	<b>7.11</b>	7.11
Depreciation		
<b>At 1 April 2012</b>	<b>7.11</b>	7.11
Charge for the year	-	-
Disposals	-	-
<b>At 31 March 2013</b>	<b>7.11</b>	7.11
Charge for the year	-	-
<b>At 31 March 2014</b>	<b>7.11</b>	7.11
<b>Net Block</b>		
At 31 March 2013	-	-
At 31 March 2014	-	-
<b>11. Non-Current Investments.</b>		
<b>Non Trade investments (valued at cost unless stated otherwise)</b>		
Unquoted Equity Instruments		
1,850 (31 March 2013 : 1,850) fully paid equity shares of ₹.10/- each of Bharuch Enviro Infrastructure Ltd.	<b>0.19</b>	0.19
975 (31 March 2013 : 975) Fully paid equity shares of ₹ 100/- each of Marol Co -Op Ind. Estate	<b>0.98</b>	0.98
<b>Quoted equity instruments</b>		
6,200 (31 March 2013 : 6,200) fully paid equity shares of face value of ₹ 10/- each of Development Credit Bank Ltd. (Market Value as on 31.03.2014 ₹ 3.78/-, 31 March 2013: ₹ 2.79/-)	<b>2.18</b>	2.18
	<b>3.35</b>	3.35
Aggregate amount of quoted investments ( Market Value ₹ 3.78) (As on March 2013- ₹ 2.64)	<b>2.18</b>	2.18
Aggregate amount of unquoted investments	<b>1.17</b>	1.17

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	<b>Non -current</b>		<b>Current</b>	
	<b>31 March 2014</b>	31 March 2013	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs	<b>₹ In lakhs</b>	₹ In lakhs
<b>12. Loans And Advances</b>				
<b>Capital advances</b>				
Unsecured, considered good	<b>12.00</b>	223.96	-	-
(A)	<b>12.00</b>	223.96	-	-
<b>Security deposit</b>				
Unsecured, considered good	<b>13.58</b>	20.19	<b>107.09</b>	52.79
(B)	<b>13.58</b>	20.19	<b>107.09</b>	52.79
<b>Advances recoverable in cash or kind</b>				
<b>Unsecured, considered good</b>				
	-	-	<b>256.47</b>	157.85
(C)	-	-	<b>256.47</b>	157.85
<b>Other loans and advances</b> (Unsecured, considered good)				
Prepaid expenses	-	-	<b>128.75</b>	110.40
Current Tax ( net of provisions)	-	-	-	161.97
MAT credit entitlement (Refer note 42)	-	-	<b>264.00</b>	311.66
Loan to employees	<b>6.15</b>	5.29	<b>8.14</b>	6.55
Balance with statutory/government authorities	-	-	<b>1,426.38</b>	1,115.52
(D)	<b>6.15</b>	5.29	<b>1,827.27</b>	1,706.10
<b>Total (A+B+C+D)</b>	<b>31.73</b>	249.44	<b>2,190.83</b>	1,916.74
<b>13. Trade Receivables And Other Assets</b>				
<b>13.1 Trade receivables</b>				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	<b>368.14</b>	447.72
Doubtful	-	-	<b>112.51</b>	12.78
	-	-	<b>480.65</b>	460.50
Provision for doubtful receivables	-	-	<b>112.51</b>	12.78
(A)	-	-	<b>368.14</b>	447.72
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	-	-	<b>16,283.36</b>	11,454.94
(B)	-	-	<b>16,283.36</b>	11,454.94
<b>Total (A+B)</b>	-	-	<b>16,651.50</b>	11,902.66



**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**13.2 Other assets**

Balance with banks in deposit accounts

 (Note 15) (A) **10.15** 88.18 - 1,902.95

**Unamortized expenditure**

Unamortized premium on forward contract

 (B) - - **12.79** 9.10  
 - - **12.79** 9.10

**Others**

Interest accrued on fixed deposits

 (C) **9.19** 21.91 **13.62** 19.95  
**9.19** 21.91 **13.62** 19.95

**Total (A+B+C)**
**19.34** 110.09 **26.42** 1,932.00

**14. Inventories (Valued At Lower Of Cost And Net Realizable Value)**

	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ In lakhs
Raw Material ( Refer Note 18) [Includes Goods In transit ₹ 284.04, 31 March 2013: ₹ 390.68]	<b>11,602.73</b>	11,837.92
Finished Goods ( Refer Note 20)	<b>888.33</b>	274.24
Traded Goods ( Refer Note 20)	<b>500.06</b>	618.83
Packing Material (Refer Note 18) [Includes Goods In transit ₹ 5.63, 31 March 2013: ₹ 3.36]	<b>107.63</b>	55.47
	<b>13,098.75</b>	12,786.46

**15. Cash And Bank Balances**

	<b>Non -current</b>		<b>Current</b>	
	<b>31 March 2014</b>	31 March 2013	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
<b>Cash and cash equivalents</b>				
Balance with banks:				
In current accounts	-	-	<b>2,030.77</b>	5,030.56
In deposits accounts with original maturity of less than three months	-	-	<b>100.00</b>	-
In unpaid dividend account	-	-	<b>17.45</b>	17.11
<b>Cash on hand</b>	-	-	<b>4.78</b>	3.32
(A)	-	-	<b>2,153.00</b>	5,050.99
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	<b>10.15</b>	88.18	-	100.00
Deposits with original maturity for more than 3 months but less than 12 months	-	-	<b>300.41</b>	2,202.95
	<b>10.15</b>	88.18	<b>300.41</b>	2,302.95
Amount disclosed under " non current asset" ( Note 13.2)	<b>(10.15)</b>	(88.18)	-	(1,902.95)
(B)	-	-	<b>300.41</b>	400.00
<b>Total (A+B)</b>	-	-	<b>2,453.41</b>	5,450.99

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**16. Revenue From Operations**

	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Finished Goods	62,971.95	67,615.65
Traded Goods	5,939.84	1,749.87
Other Operating revenue	-	-
Revenue from operations (gross)	68,911.79	69,365.52
Less : Excise duty #	5,409.47	5,890.56
Revenue from operations (net)	<u>63,502.32</u>	<u>63,474.96</u>

# Excise duty on sales amounting to ₹ 5,409.47 lakhs (31 March 2013 : ₹ 5,890.56 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 39.54 lakhs (31 March 2013 : ₹ 9.68 lakhs) has been considered as (income)/expense in note 22 of financial statements.

**Details of products sold**
**Finished Goods**

Panoil	58,309.00	65,778.64
Others	4,662.95	1,837.01
	<u>62,971.95</u>	<u>67,615.65</u>

**Traded goods**

Wax	1,530.90	1,476.62
Others	4,408.94	273.25
	<u>5,939.84</u>	<u>1,749.87</u>

**17. Other Income**

Interest income on		
Bank deposits	54.60	158.62
Others	35.05	7.20
Dividend income on		
Long - term investment	0.04	0.03
Reversal of provision for doubtful debts	-	103.29
Others	31.29	66.79
	<u>120.98</u>	<u>335.93</u>

**18. Cost Of Material Consumed**
**Raw material consumed**

Inventory at the beginning of the year	11,837.92	13,793.21
Add : Purchases	49,753.63	52,773.70
	61,591.55	66,566.91
Less : Inventory at the end of the year	11,602.73	11,837.92
Cost of raw material consumed	<u>49,988.82</u>	<u>54,728.99</u>

**Packing material consumed**

Inventory at the beginning of the year	55.47	54.27
Add : Purchases	1,176.85	946.97
	1,232.32	1,001.24
Less : Inventory at the end of the year	107.63	55.47
Cost of packing material consumed	1,124.69	945.77
Total material consumed	<u>51,113.51</u>	<u>55,674.76</u>

**Details of raw material consumed**

Base Oil	39,986.96	48,638.89
Others	10,001.86	6,090.10
	<u>49,988.82</u>	<u>54,728.99</u>

**Details of inventory**

Base oil	11,602.73	11,837.92
Packing material	107.63	55.47
	<u>11,710.36</u>	<u>11,893.39</u>

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**19. Purchase Of Traded Goods**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Wax	<b>1,954.86</b>	1,820.49
Others	<b>4,073.57</b>	252.15
	<b>6,028.43</b>	2,072.64

**20. (Increase)/Decrease In Inventories Of Traded Goods And Finished Goods**

	<b>31 March 2014</b>	31 March 2013	(Increase)/decrease
	<b>₹ In lakhs</b>	₹ In lakhs	₹ in lakhs
			31 March 2013
<b>Inventories at the end of the year</b>			
Traded goods	<b>500.06</b>	618.83	118.77
Finished goods	<b>888.33</b>	274.24	(614.09)
	<b>1,388.39</b>	893.07	(495.32)
<b>Inventories at the beginning of the year</b>			
Traded goods	<b>618.83</b>	525.64	(93.19)
Finished goods	<b>274.24</b>	454.88	180.64
	<b>893.07</b>	980.52	87.4
	<b>(495.32)</b>	87.45	
	<b>31 March 2014</b>	31 March 2013	
	<b>₹ In lakhs</b>	₹ In lakhs	

**Details of inventory of traded goods and finished goods**

Traded goods		
Wax & Others	<b>500.06</b>	618.83
	<b>500.06</b>	618.83
Finished Goods		
Panoil	<b>888.33</b>	274.24
	<b>888.33</b>	274.24

**21. Employee Benefit Expense**

Salaries, wages and bonus	<b>336.88</b>	296.09
Contribution to provident and other funds	<b>11.59</b>	11.72
Gratuity expense (note 27 )	<b>5.71</b>	5.32
Staff welfare expenses	<b>5.49</b>	5.54
	<b>359.67</b>	318.67

**22. Other Expenses**

Power and fuel	<b>56.58</b>	63.85
Water Charges	<b>2.88</b>	4.37
Increase/(decrease) of excise duty on inventory	<b>39.54</b>	9.68
Repairs and maintenance		
Buildings	<b>9.67</b>	19.77
Machinery	<b>37.29</b>	41.84
Others	<b>34.80</b>	39.18
Insurance	<b>77.60</b>	92.85
Rent	<b>47.45</b>	47.06
Rates & Taxes	<b>6.76</b>	21.68
Communication costs	<b>29.85</b>	31.15
Legal and professional fees	<b>76.61</b>	71.58
Payment to auditor (Refer details below)	<b>12.97</b>	12.50
Clearing and Forwarding Expenses	<b>1,073.75</b>	1,211.51
Freight Outwards	<b>571.66</b>	449.91
Travelling and Conveyance	<b>192.13</b>	165.32
Advertising and Sales Promotion	<b>45.24</b>	38.68
Brokerage and Commission	<b>142.52</b>	125.71

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
	<b>No of shares</b>	No of shares
Security Charges	<b>18.89</b>	18.73
Bad Debts and Sundry balances Written Off	<b>175.58</b>	29.53
Provision for Doubtful Debts	<b>99.73</b>	-
Donation & Charity	<b>72.10</b>	28.56
Premium on forward exchange contract amortized	<b>190.94</b>	141.75
Exchange Loss (net)	<b>257.60</b>	475.47
Miscellaneous expenses	<b>161.96</b>	153.37
	<b>3,434.10</b>	3,294.04
<b>Payment to auditor (excluding service tax)</b>		
As auditor:		
Statutory audit fees	<b>11.97</b>	11.50
Tax audit fees	<b>1.00</b>	1.00
	<b>12.97</b>	12.50
<b>23. Depreciation And Amortization Expense</b>		
Depreciation of tangible assets ( refer note 9)	<b>249.56</b>	223.11
Amortization of intangible assets (refer note 10)	-	-
	<b>249.56</b>	223.11
<b>24. Finance Costs</b>		
Interest	<b>312.88</b>	416.93
Bank charges	<b>276.38</b>	429.39
	<b>589.26</b>	846.32
<b>25. Earnings Per Share ( Eps)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax	<b>1,839.62</b>	1,188.11
Net profit for calculation of basic and diluted EPS	<b>1,839.62</b>	1,188.11
	<b>No of shares</b>	No of shares
Weighted average number of equity shares in calculating basic EPS	<b>8,409,522</b>	8,619,088
Basic Earnings per share	<b>21.88</b>	13.78
Diluted Earnings per share	<b>21.88</b>	13.78
<b>26. Expenses On Scientific Research</b>		
Capital (Refer Note 9)	<b>0.89</b>	0.31
Revenue	<b>30.57</b>	29.13
	<b>31.46</b>	29.44

**27. Employee Benefits**
**General Description of Defined Benefit plan**
**Gratuity**

The Company operates single type of Gratuity plans wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending on the date of joining and eligibility terms. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service

The following tables summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	Gratuity	
	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
Statement of Profit & Loss		
Net Employee Benefit Expense recognized in the employee cost		
Current service cost	<b>5.19</b>	4.65
Interest cost on benefit obligation	<b>3.31</b>	2.80
Past service Cost	-	-

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	Gratuity	
	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
Expected return on plan assets	(3.04)	(2.76)
Net actuarial( gain) / loss recognized in the year	0.26	0.63
Net Benefit Expense	5.73	5.32
Actual Return on Plan Assets	(2.79)	(2.79)
Balance sheet		
Benefit assets/(liability)		
Present Value of defined benefit obligation	48.18	41.39
Fair value of plan assets	36.05	33.79
Plan assets/(liability)	(12.12)	(7.60)
<b>Changes in Present Value of Defined Benefit Obligation are as follows:</b>		
Opening defined benefit obligation	41.39	32.97
Current service cost	5.19	4.65
Interest cost	3.30	2.80
Actuarial (gains) / losses on obligation	(0.53)	1.07
Past Service Cost	-	-
Benefits paid	(1.17)	(0.10)
Closing defined benefit obligation	48.18	41.39
	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>₹ In lakhs</b>	<b>₹ In lakhs</b>

**Changes in Fair Value of Plan Assets are as follows:**

Opening fair value of planned assets	33.79	30.70
Expected return	3.05	2.76
Actuarial gain / (loss)	(0.79)	0.44
Contributions by employer	-	-
Benefits paid	-	(0.11)
Closing fair value of plan assets	36.05	33.79

The company expects to contribute ₹ 3.04 lakhs to gratuity in the next year ( 31 March 2013: ₹ 2.76 lakhs)

**The major category of plan assets as a percentage of the fair value of total plan assets are as follows:**

Policy of Insurance	100%	100%
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**The principal assumptions used in determining gratuity for the Company's plans are shown below:**

Discount rate	8.80%	8.10%
Expected rate of return on assets	9%	9%
Age of Retirement	58	58
Annual increase in salary cost	6%	6%

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

The over all expected rate of return on assets is determined based on the market prices prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

Gratuity	31 March 2014	31 March 2013	31 March 2012	31 March 2011
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
Defined Benefit Obligation	48.18	41.40	32.98	25.98
Plan Assets	36.05	33.81	30.72	29.64
Surplus/(deficit)	(12.13)	(7.60)	(2.28)	3.65
Experience adjustment on plan liabilities (gain)/loss	1.66	1.07	1.05	7.42
Experience adjustment on plan assets loss/(gain)	0.79	(0.03)	(1.60)	0.83

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**28. Leases**

Operating Lease: Company as lessee

The Company has entered into arrangements for taking on leave and license basis certain office premises and warehouses.

The specified disclosure in respect of these agreements is given below :

<b>31 March 2014</b>	31 March 2013
<u>₹ In lakhs</u>	<u>₹ In lakhs</u>
31.18	27.25

Lease payments recognized in the statement of profit and loss for the year

Notes:

- (i) There is no escalation clause in the lease agreement
- (ii) There are no restrictions imposed by lease arrangements
- (iii) There are no subleases

**29. Segment Information**

Business Segments:

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 accounting standard 17.

Geographical Segments :

The following table shows the distribution of the Group's consolidated sales by geographical market, regardless of where the goods were produced:

<b>Year ended 31 March 2014</b>	<u>Within India</u>	<u>Outside India</u>	<u>Total</u>
Revenue			
Sales to external customers	38,242.66	25,259.66	63,502.32
Other segment information			
Segment assets	34,953.59	10,886.59	45,840.18
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	624.34	3,966.96	4,591.30
<b>Year ended 31 March 2013</b>	<u>Within India</u>	<u>Outside India</u>	<u>Total</u>
Revenue			
Sales to external customers	41,325.36	22,149.60	63,474.96
Other segment information			
Segment assets	36,842.27	4,895.37	41,737.64
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	1,743.10	562.54	2,305.64

**Notes :**

**Geographical Segment :**

- a) For the purpose of geographical segment the sales are divided into two segments - within India and outside India.
- b) The accounting policies of the segments are the same as those described in Note 2.1

<b>31 March 2014</b>	31 March 2013
<u>₹ In lakhs</u>	<u>₹ In lakhs</u>

**30. Capital And Other Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

<b>8.00</b>	40.98
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**31. Contingent Liabilities**

- i) Service tax Matter disputed with the Deputy Commissioner of Service Tax (Dispute regarding demand raised on service tax payable on interest on usance charges for the period September 2008 to March 2014)
 

<b>58.25</b>	10.88
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- ii) Bank Gurantees
 

<b>339.60</b>	259.86
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(The contingent liabilities, if materialized, shall entirely be borne by the company, as there is no likely reimbursement from any other party.)

**32. Derivative Instruments And Unhedged Foreign Currency Exposure**
**a) Forward contract outstanding as at Balance Sheet date**

<u>Particulars</u>	<u>Purpose</u>
Forward Contract to buy US \$	Hedge of expected future payments to trade payable
US \$ 37.87 lakhs ( 31 March 2013: US \$ 40.84 lakhs)	
₹ 2,276.07 lakhs ( 31 March 2013: ₹ 2,236.94 lakhs)	

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**
**b) Particulars of unhedged foreign currency exposure as at the reporting date**

	<b>31 March 2014</b>	31 March 2013	31 March 2012	31 March 2011
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
Trade Receivables	<b>58.64</b>	3,524.49	40.12	2,182.35
Advance from Trade Receivables	<b>1.14</b>	68.50	0.52	28.10
Trade Payables	<b>222.37</b>	13,364.52	240.94	13,088.74
Balance with Banks	<b>9.11</b>	547.59	76.78	4,176.28

**33. Details Of Dues To Micro And Small Enterprises As Defined Under The Msmmed Act 2006 \***

	<b>31 March 2014</b>	31 March 2013
	₹ In lakhs	₹ 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 Enterprise Development Act, 2006.	-	-

\*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 balance sheet date.

**34. Value Of Imports Calculated On Cif Basis (Accrual)**

Raw materials (Includes Goods in transit)	<b>35,729.71</b>	41,686.31
Traded goods	<b>1,580.79</b>	1,590.98
	<b>37,310.50</b>	43,277.29

**35. Related Party Disclosures As Required Under As-18, "Related Party Disclosures", Are Given Below:**

(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 (Resigned w.e.f. 25/03/2013)

**Relatives of key management personnel**

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 Hussein Rayani)  
Iqbal Rayani (Brother of Mr. Hussein Rayani)

**Enterprises owned or significantly influenced by key management personnel or their relatives**

Anirudh Distributors Pvt. Ltd

**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
<b>(b) Transactions with Related Parties</b>		
<b>Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel</b>		
<b>Remuneration paid to Key Managerial Personnel</b>		
Amirali E Rayani	24.00	26.00
Amin A Rayani	21.00	22.75
Samir Rayani	18.00	19.50
Hussein Rayani	NA	19.50
<b>Remuneration paid to Relative of Key Managerial Personnel</b>		
Akbarali Rayani	4.68	1.17
Vazirali Rayani	5.40	5.85
Salimali Rayani	4.68	1.17
Nilima Kheraj	4.69	1.14
Munira Rayani	NA	1.24
Arif Rayani	4.69	1.24
Iqbal Rayani	NA	1.17
<b>Payment of Rent</b>		
<b>Rent paid to Key Managerial Personnel</b>		
Amin A Rayani	6.64	6.64
Samir Rayani	7.84	7.84
Hussein Rayani	NA	1.20
<b>Rent paid to Relative of Key Managerial Personnel</b>		
Vazir Rayani	1.20	1.20
Arif Rayani	3.06	3.06
<b>Transaction with Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
<b>Corporate gurantee given on behalf of the Company</b>		
Anirudh Distributors Pvt. Ltd	7,000.00	4,000.00
<b>36. Expenditure in foreign currency (accrual basis)</b>		
Sales Promotion Expenses	-	0.71
Brokerage & Commission	31.36	34.12
Bank Interest	128.08	271.45
Bank Charges	43.32	96.78
Others	4.10	0.76
Expenses related to GDR issue (adjusted against securities premium) (refer note 40)	11.49	-
	<b>218.35</b>	<b>403.82</b>

**37. Imported And Indigenous Raw Materials Consumed**

	% of total consumption		% of total consumption	
	31 March 2014	₹ In lakhs 31 March 2014	31 March 2013	₹ In lakhs 31 March 2013
Imported	80%	39,954.68	92%	48,638.89
Indigenous	20%	10,034.14	8%	4,134.81
	<b>100%</b>	<b>49,988.82</b>	<b>100%</b>	<b>52,773.70</b>

Consumption of raw materials includes consumption on account of manufacturing of samples

**38. Net Dividend Remitted In Foreign Exchange**

	31 March 2014 ₹ In lakhs	31 March 2013 ₹ In lakhs
Period to which it relates	<b>April 1, 2013 to 31 March 2014</b>	April 1, 2012 to 31 March 2013
Number of non resident shareholders	-	-
Number of equity shares in lakhs held on which dividend was due	-	-
Amount remitted in USD	-	-



**Notes To The Consolidated Financial Statement For The Year Ended March 31st, 2014**

	<b>31 March 2014</b>	31 March 2013
	<b>₹ In lakhs</b>	₹ In lakhs
<b>39. Earnings In Foreign Exchange (Accrual Basis)</b>		
Exports at F.O.B Value	<b>20,223.82</b>	21,424.66
	<b>20,223.82</b>	21,424.66

**40. Global Depository Receipts ('GDRs') issue**

On July 20, 2011, the Company raised USD 13,999,985 (₹ 6,233.79 lakh) through issuance of 491,469 GDRs representing 2,457,345 equity shares of ₹10 each at a price of ₹ 253.68 per equity share of ₹ 10 each. The issue price of each GDR is USD 28.486 and the GDRs are listed on the Luxembourg Stock Exchange. The holders of GDR do not have voting rights with respect to the shares represented by the GDRs, but rank pari passu with the existing share holders in all respect including entitlement of dividend declared. The Company has paid ₹ 11.49 (31 March 2013 : ₹ Nil) on account of issue expenses towards the issue of Global Depository Receipts, which has been incurred for issue of GDR, and same has been adjusted against Securities Premium during the year.

Given below are the details of utilization of proceeds from issue of Global Depository Receipts

I	Sources of Funds		
	Opening Balance in banks in Current Account outside India	<b>3,724.91</b>	7,033.52
	Proceeds from issue of GDR's	-	-
	Issue expenses	<b>11.49</b>	-
	Net Proceeds	<b>3,713.42</b>	7,033.52
II	Utilization of funds	<b>3,713.42</b>	3,308.61
III	Unutilized funds	<b>(0.00)</b>	3,724.91
IV	Interim Utilization of Balance Funds		
	Balance in banks in Current Account outside India #	<b>Nil</b>	3,724.91
	# After adjustment of exchange gain		

**41.** In accordance with section 77A, 77AA and 77B of the Companies Act, 1956 and pursuant to the buy back announcement made by the Company on 1st March 2013, the Company has bought back from open market through stock exchanges 541,757 (31 March 2013 : 11,765) equity shares of ₹ 10 each during the year for a total consideration of ₹ 772.08 lakhs (31 March 2013 : ₹ 15.88 lakhs) of this, the Company has extinguished 550,322 (31 March 2013 : 3,200) equity shares have been extinguished. Consequently, an amount of ₹ 32.90 lakhs (31 March 2013 : ₹ 1.18 lakhs) being the nominal value of equity shares bought back has been transferred to Capital Redemption Reserve from profit & loss account. An amount of ₹ 717.91 lakhs (31 March 2013 : ₹ 14.70 lakhs) being the premium on buyback has been appropriated from General Reserve.

**42. Taxation**

"Minimum Alternate Tax (MAT) :-The Company has during the year, provided the current year tax liability of ₹ 429 lakhs (previous year ₹ 260 lakhs) calculated in accordance with the provisions of Section 115JAA of the Income Tax Act, 1961. The MAT credit entitlement of ₹ 47.66 lakhs has been reversed during the year and availed ₹ 311.66 lakhs has been availed for the year ended March 31 2013, which is disclosed under 'Loans and advances'."

**43. Previous year figures**

The company has reclassified previous year figures to conform to this year's classification.

Signature to Notes 1 to 43 of the financial statements

As per our report of even date attached

**For Bhuta Shah & Co.**

Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**

Partner  
Membership No : 110822

Place : Mumbai

Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of Panama Petrochem Ltd.**
**Amirali E. Rayani**

Chairman

**Amin A. Rayani**

Managing Director & CEO

**Gayatri Sharma**

Company Secretary

Place : Mumbai

Date : 21<sup>st</sup> May, 2014

**Consolidated Cash flow statement for the year ended 31 March 2014**

<b>Particulars</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
Cash Flow from operating activities		
Profit before tax		
Non-cash adjustment to reconcile profit before tax to net cash flows	<b>2,344.10</b>	1,293.90
Depreciation/amortization		
<b>Provision for bad and doubtful debt</b>	<b>249.56</b>	223.11
Unrealized foreign exchange loss/(gain)	<b>99.73</b>	(103.29)
Interest expense	<b>(415.11)</b>	1,542.85
Interest income	<b>589.26</b>	846.32
Foreign currency translation reserve	<b>(89.65)</b>	(165.82)
<b>Loss on sale of fixed assets</b>	<b>189.69</b>	9.27
Dividend Income	<b>3.50</b>	-
Operating profit before working capital changes	<b>(0.04)</b>	(0.03)
(Increase)/decrease in Trade Receivables	<b>2,971.03</b>	3,646.31
(Increase)/decrease in Inventory	<b>(4,848.57)</b>	(1,410.45)
(Increase)/decrease in Loans and advances and other assets	<b>(312.29)</b>	2,041.54
Increase/(decrease) in Trade Payables	<b>1,408.56</b>	(2,525.99)
Increase/(decrease) in other liabilities and provisions	<b>3,458.38</b>	(9,383.58)
<b>Cash generated from/(used in) operations</b>	<b>577.65</b>	(495.32)
<b>Direct taxes paid (Net of refunds)</b>	<b>3,254.76</b>	(8,127.49)
<b>Net cash flow from/(used in) operating activity (A)</b>	<b>264.23</b>	268.77
	<b>2,990.53</b>	(8,396.26)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances		
Sales of Fixed Assets	<b>(3,816.80)</b>	(984.76)
Redemption/maturity of bank deposits	<b>6.39</b>	-
(having original maturity of more than three months)	<b>190.34</b>	1,705.39
Interest received		
Dividend received	<b>108.70</b>	208.64
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>0.04</b>	0.03
	<b>(3,511.33)</b>	929.30
<b>Cash flows from financing activities</b>		
<b>Proceeds from issuance of share capital less exp.</b>	<b>(11.49)</b>	-
Buy back of Shares	<b>(772.09)</b>	(15.88)
Proceeds/ (Repayment) from/of short-term borrowing (net)	<b>(511.85)</b>	1,141.18
Interest paid	<b>(589.26)</b>	(846.32)
Dividend and tax on dividend paid on Equity Shares	<b>(392.48)</b>	(201.31)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(2,277.17)</b>	77.67

**Consolidated Cash flow statement (Cont.....)**

<b>Particulars</b>	<b>31 March 2014 ₹ In lakhs</b>	<b>31 March 2013 ₹ In lakhs</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(2,797.97)</b>	(7,389.29)
Effect of exchange differences on cash & cash equivalents held in foreign currency	<b>(100.02)</b>	(903.01)
Cash and cash equivalents at the beginning of the year	<b>5,050.99</b>	13343.29
<b>Cash and cash equivalents at the end of the year</b>	<b>2,153.00</b>	5,050.99
Components of Cash and Cash Equivalents		
Cash on hand	<b>4.78</b>	3.32
With banks		
- on current account	<b>2,030.77</b>	5,030.56
- on deposit account	<b>100.00</b>	-
-on unpaid dividend account *	<b>17.45</b>	17.11
Total Cash and Cash Equivalents (refer note 15)	<b>2,153.00</b>	5,050.99
* The company can utilize these balances only towards the settlement of the respective unpaid dividend.		
<b>Note :</b>		
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 'Cash Flow Statements' specified in Companies (Accounting Standards) Rules, 2006		

As per our report of even date attached

**For Bhuta Shah & Co.**

Firm Registration No. 101474W  
Chartered Accountants

**CA. Mitesh Kothari**

Partner  
Membership No : 110822

Place : Mumbai

Date : 21<sup>st</sup> May, 2014

**For and on behalf of the Board of Directors of  
Panama Petrochem Ltd.**

**Amirali E. Rayani**  
Chairman

**Amin A. Rayani**  
Managing Director & CEO

**Gayatri Sharma**  
Company Secretary

Place : Mumbai

Date : 21<sup>st</sup> May, 2014

**Statement regarding subsidiary company Panol Industries RMC FZE,UAE  
Persuant to section 212 of the Companies Act,1956**

1	<b>Name of the Subsidiary</b>	<b>Panol Industries RMC FZE,UAE</b>
2	Financial Year Ended	March 31,2014
3	Holding Comapany Interest Equity Capital Number of shares (AED 1000/- Each) Extent of holding	  33,018 100%
4	The net aggregate profit and loss of the subsidiary company as is so far it concerns the members of the holding company.	
a.	Not dealt with the accounts of the company for the year ended 31 March 2014	Nil
(i)	For the subsidiary financial year ended March 31,2014	Nil
(ii)	For the previous financial year of the company	
b.	dealt with the accounts of the company for the year ended 31 March 2014	29,924,000
(i)	For the subsidiary financial year ended March 31,2014	Nil
(ii)	For the previous financial year of the company	

**Information of the subsidiary company Panol Industries RMC FZE,UAE  
For the financial year ended March 31,2014**

<b>Sr. No</b>	<b>Particulars</b>	<b>Amount</b>
1	Issued and subscribed share capital	5185.62
2	Reserves	498.20
3	Total assets	7362.1
4	Total liabilities	1678.28
5	Details of investments	Nil
6	Turnover	4365.26
7	Profit before taxation	299.24
8	Provision for taxation	Nil
9	Profit after taxation	299.24
10	Proposed dividend	Nil

Balance sheet Items converted into Indian rupees at the exchange rate AED 1 = INR 16.2651

Profit & Loss Items converted into Indian rupees at the exchange rate AED 1 = INR 15.5298



# PANAMA PETROCHEM LIMITED

Regd. Office : Plot No. 3303, GIDC Estate, Ankleshwar – 393 002,  
 Tel: 91-2646-221068, Fax: 91-2646-225907, Website: www.panamapetro.com  
 CIN No. L23209GJ1982PLC005062 Email: ho@panamapetro.com

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : .....  
 Registered address : .....  
 E-mail : .....  
 Folio no./Client id/Dp Id : .....  
 No. of shares : .....

I/We, being the member(s) of the above company, hereby appoint

Name : ..... E-mai : .....  
 Address : .....  
 Signature : .....

Or failing him/her

Name : ..... E-mai : .....  
 Address : .....  
 Signature : .....

Or failing him/her

Name : ..... E-mai : .....  
 Address : .....  
 Signature : .....

As my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 32nd Annual General Meeting of the Company, to be held on Thursday, 4th September 2014 at 11.00 a.m. at Plot No. 3303, GIDC Estate, Ankleshwar-393002, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
<b>Ordinary business</b>	
1.	Adoption of Audited financial statement of Accounts for FY 2013-14
2.	Declare dividend on equity shares.
3.	Reappointment of Mr. Amirali E. Rayani who retires by rotation
4.	Appoint Auditors and fix their remuneration
<b>Special business</b>	
5.	Appointment of Mr. Amirali E. Rayani as Whole-time Director
6.	Appointment of Mr. Amin A. Rayani as Managing Director & Chief Executive officer
7.	Appointment of Mr. Samir A. Rayani as Whole-time Director
8.	Appointment of Ms. Vaishali Dholakia as an Independent Director
9.	Appointment of Mr. Mukesh Mehta as an Independent Director
10.	Appointment of Mr. Dilip S. Phatarphekar as an Independent Director
11.	Appointment of Mr. Madan Mohan Jain as an Independent Director
12.	Approval of Remuneration of the Cost Auditors
13.	Approval of borrowing limits of the Company
14.	Creation of Charge on the assets of the Company
15.	Approval of Sub Division of Shares
16.	Alteration in Memorandum of Association
17.	Adoption of new Articles of Association.

Signed this.....day of.....2014

Affix  
Revenue  
Stamp

Signatures of the proxy holder(s)

Signature of the member

Notes: The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting

*If undelivered please return to:*



*We provide - Consistency, Quality, Service, Economy*

**Corp. Office:** 401, Aza House, 24, Turner Road, Bandra (W), Mumbai 400 050.

**Tel.:** +91 (22) 4217 7777 • **Fax:** +91 (22) 4217 7788

**Email:** [ho@panamapetro.com](mailto:ho@panamapetro.com) • **website:** [www.panamapetro.com](http://www.panamapetro.com)