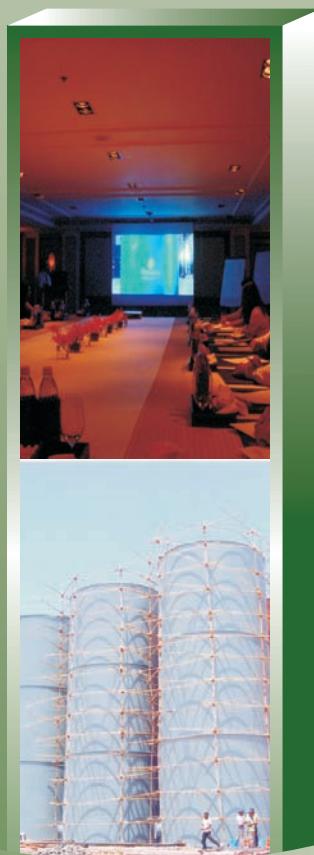




We provide - Consistency, Quality, Service, Economy

SUSTAINING GROWTH...



29th Annual Report 2010-2011

Board of Directors

MR. AMIRALI E. RAYANI	Chairman
MR. AMIN A. RAYANI	Managing Director & CEO
MR. HUSSEIN V. RAYANI	Joint Managing Director
MR. SAMIR A. RAYANI	Whole-Time Director
MR. DILIP S. PHATARPHEKAR	Independent Director
MR. MADAN MOHAN JAIN	Independent Director
MR. MUKESH T. MEHTA	Independent Director
MR. MOIZ H. MOTIWALA	Independent Director

Company Secretary

MS.GAYATRI SHARMA

Auditors

M/S. S. R. BATLIBOI & CO.
Chartered Accountants, Mumbai, India

Bankers

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

Listed at

BOMBAY STOCK EXCHANGE LIMITED
LUXEMBOURG STOCK EXCHANGE (GDRs)

Registered Office

Plot No: 3303, G.I.D.C. Estate,
Ankleshwar 393 002, Gujarat, India.
Tel: 91-2646-221 068,
Fax: 91-2646-250281
Email: panamaoils@satyam.net.in

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
E-mail: panama@vsnl.com

Plants

Ankleshwar, Daman, Talaja,
Mumbai & Dahej

Registrar & Share Transfer Agents

Bigshare Services Private limited
E-2, Ansa Industrial Estate,
Sakinaka, Sakivihar Road,
Andheri (E), Mumbai 400 072
Maharashtra, India.
Tel: 91-22-2847 3474,
FAX: 91-22-2847 5207
E-mail: info@bigshareonline.com

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Notice

Notice is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on Monday, 26th September, 2011 at 11:30 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 business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Mukesh Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Moiz H. Motiwala, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 M/s S.R. Batliboi & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business:

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

"Resolved that Mr. Hussein V Rayani, who was appointed as an Additional Director of the Company to hold office till the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Ordinary Resolution**:

"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 and 317, read with Schedule XIII of the

Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, the consent of the members of the Company, be and is hereby accorded for the appointment of Mr. Hussein V. Rayani, as a Joint Managing Director of the Company for a period of 5 (five) years with effect from 30th May 2011 on a monthly remuneration of ₹ 150,000 (Rupees One Lac Fifty Thousand only) whether paid as salary, allowance(s), perquisites or a combination thereof, provided that any payment towards perquisites as mentioned under Para 2 of the Schedule XIII shall not be included in the aforesaid remuneration.

Provided further that payment/re-imbursement of telephone and/or mobile phone(s) bills, conveyance, fuel expenses or other out of pocket expenses incurred in course of the official duties will not be included in the aforesaid remuneration.

Resolved further that in the event of loss, absence or inadequacy of profits, the aforesaid remuneration shall be the minimum remuneration.

Resolved further that the Board of Directors of the Company (including any committee/sub-committee of the Board) be and is hereby authorised to assign and delegate, from time to time, such work, duties, power and authorities to the Joint Managing Director as it may deem fit and proper.

Resolved further that the Board of Directors and the Remuneration Committee of the Company be and are hereby severally authorised to fix such remuneration and to work out various components of the remuneration package as it may deem fit and proper within the overall limits of the remuneration as approved above.

Resolved further that the Board of Directors of the Company (including any committee/sub-committee of the Board) be and is hereby authorised to take all necessary steps to give effect to the aforesaid resolution."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special resolution**:

"Resolved that pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines") [including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force], the

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, if required, the Listing Agreements entered into with the Stock Exchanges where the Shares of the Company are listed or other relevant authorities, from time to time, to the extent applicable and subject to such other conditions and modifications as may be prescribed or imposed while granting such other approvals, permissions and sanctions, as may be required, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration Committee), consent and approval be and is hereby accorded to the Board to create, offer, grant, issue and allot at any time or from time to time such number of Options, exercisable into equity shares (hereinafter collectively referred to as "Shares") to or to the benefit of such person(s) who are in permanent employment of the Company, or directors of the Company, whether whole time or not, whether working in India or abroad or otherwise, except the Promoter or any member of the Promoter Group or a Director who either himself or through his relative or through any body corporate holds more than 10% of the outstanding shares of the Company, under Panama Petrochem Employee Stock Option Plan 2011 ('the Plan') and schemes notified thereunder which shall not exceed 800,000 Shares of the Company of Rs.10 each, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board.

RESOLVED FURTHER THAT the said Shares may either be granted/allotted directly to such employees/directors of the Company in accordance with the Plan and the notified schemes or through an Employee Welfare Trust by the name of Panama Petrochem Employee Welfare Trust for the benefit of the employees of the Company, which may be set up by the Board or Remuneration Committee in any permissible manner.

RESOLVED FURTHER THAT the issue of Shares to any non-resident employee(s), if any, shall be subject to such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard.

RESOLVED FURTHER THAT the equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the ESOP Guidelines.

RESOLVED FURTHER THAT subject to consents, approvals as may be required from any statutory or government authorities under applicable laws, an Employee Welfare Trust by the name of 'Panama

Petrochem Employee Welfare Trust' ('Trust') be formed for the benefit of employees of the Company and a loan not exceeding of ₹ 1,00,000 (Rupees One Lac only) be granted to the Trust for purchase / subscription of equity shares of the Company as the initial corpus of the Trust.

RESOLVED FURTHER THAT the objects of the Trust shall be to subscribe to or purchase and hold fully paid equity shares of the Company out of loan to be provided by the Company to the Trust, to be held solely for the benefit of the employees of the Company, to support the formulation and implementation of the Plan and the notified schemes and to transfer shares to the employees as per terms provided in the Plan and the notified schemes and to apply any surplus (remaining after repayment of the loan) towards benefit of the employees.

RESOLVED FURTHER THAT the Remuneration Committee shall have all the powers for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Shares under the Plan and the notified schemes or through the Trust, as may be decided by the Remuneration Committee and the Remuneration Committee be and is hereby authorized on behalf of the Company to decide upon and bring in to effect and make any modifications, changes, variations, alterations or revisions in the Plan and the notified schemes or to suspend, withdraw or revive the Plan and the notified schemes, within the framework of ESOP Guidelines, from time to time as per the discretion of the Board, take necessary steps for listing of the Shares allotted upon exercise under the Plan and the notified schemes, if required, on the Stock Exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the Stock Exchanges and other applicable guidelines, rules and regulations and seek all other approvals as may be required in this connection and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard, without having to seek any further approval of the shareholders of the Company."

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

**Place : Mumbai
Date : 8th August, 2011**

**Gayatri Sharma
Company Secretary**

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

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. Explanatory statement pursuant to Sections 173 (2) of the Companies Act, 1956, in respect of the special businesses proposed to be transacted at the Meeting is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 22nd day of September 2011 to Monday the 26th day of September 2011 (both days inclusive).
6. 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 22nd September, 2011. 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.
7. 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.
8. 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.
9. Members desirous of obtaining any information as regards 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.
10. Pursuant to MCA Circular No. 17/ 2011 dated 21.4.2011 and 18/2011 dated 29.4.2011, towards green initiatives, members are requested to provide their **E-mail address** to Registrar & Share Transfer Agents of the

Company in order to receive various notices & other communications from the Company through electronic mode.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Mr. Hussein V Rayani was appointed as an additional director of the Company by the Board of Directors w.e.f 30th May, 2011 and his tenure of office comes to an end at this Annual General Meeting but is eligible for appointment as Director. Notice under Section 257 of the Act has been received from a Member signifying his intention to propose Mr. Hussein's appointment as a Director.

Mr. Hussein V Rayani holds Masters Degree in chemical engineering from University of Southern California and is associated with the Company for more than 7 years. He has vast experience and expertise in production and marketing fields.

Hence your Board of Directors recommends the passing of the said resolution in the interest of the Company.

None of the Directors except Mr. Hussein V Rayani (directly interested) and Mr. Amirali E Rayani, Mr. Amin A Rayani and Mr. Samir Rayani (indirectly interested) is concerned or interested in the said resolution.

Item No. 7

Taking into consideration the experience and qualifications of Mr. Hussein V. Rayani, the Board of Directors in its meeting held on 30th May, 2011 appointed Mr. Hussein V Rayani as the Joint Managing Director of the company for a period of five (5) years with effect from 30th May, 2011 to 29th May, 2016 at a monthly remuneration of ₹ 1,50,000/- subject to the approval of the members at the Annual General Meeting.

The abstract of the terms and conditions contained in the draft agreement as approved by the Board pursuant to the recommendation of Remuneration Committee is as follows:

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 subject to the ceiling of 25% of basic salary.

B. PERQUISITES:

- i. In addition to the salary and commission, Mr. Hussein V Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; club fees and personal accident

insurance or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the company, subject to the condition that total perquisites, including the cash compensation, will be restricted to an amount equivalent to twice his annual salary.

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 in the compensation of perquisites.
- iii. Car used on the company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year, Mr. Hussein V Rayani shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule XIII of the companies Act, 1956, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Hussein V Rayani.

C. OTHERS:

Reimbursement of actual entertainment expenses, actual traveling and hotel expense for the company's business and/or allowances as per the company's rules.

D. NATURE OF DUTIES:

He shall devote his whole time and attention to the business of the company, perform his duties truly and faithfully and comply with the directives given to him from time to time by the Board, and further not disclose to any person, firm or company any confidential information.

E. TERMINATION:

The Agreement may be terminated

Forthwith by notice in writing on his vacation of office of Director by virtue of section 283,284 and other applicable provisions of the Companies Act,1956 Or By giving 6 months notice in writing by either party.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. Hussein V Rayani (directly interested) and Mr. Amirali E Rayani, Mr. Amin A Rayani and Mr. Samir Rayani (indirectly interested) is concerned or interested in the said resolution.

This Explanatory statement is and should be treated as an abstract under Section 302 of the Companies Act. 1956.

Item No. 8

The Company intends to introduce Panama Petrochem Employee Stock Option Plan 2011 ('Plan') and the notified schemes thereunder for the purpose of motivating and rewarding its employees who perform well, attracting suitable talent and for retaining appropriate personnel. This will also give them a chance to participate in the Company's future growth and prospects. In view of the above, the Board has formulated the Plan and the notified schemes in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") to offer Options exercisable into equity shares (hereinafter collectively referred to as "Shares") to the employees of the Company under the Plan and the notified schemes.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and the ESOP Guidelines, the Board seeks the approval of the shareholders by way of a special resolution.

The aforesaid Shares may be offered either directly to the eligible employees or through Panama Petrochem Employee Welfare Trust ('Trust'), which the Remuneration Committee/ Board may constitute for the purpose of welfare of the employees. The said Trust will in-turn allot the Shares to the eligible employees under the Plan and the notified schemes.

Disclosures as per Clause 6.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as mentioned below:

Sr. No.	Particulars	Disclosures
1	Total no. of Options/ Shares that could be issued under the Plan and the notified schemes	The total number of shares that can be issued under the Plan and the notified schemes pursuant to exercise of options shall not exceed 800,000 Shares of ₹ 10 each of the Company, to eligible employees. The Remuneration Committee constituted by the Board reserves the right to increase or reduce the numbers of shares as it deems fit
2	Identification of classes of employees entitled to participate in the Plan and the notified schemes	All employees and directors (including whole-time directors) of the Company subject to such criteria as may be decided by the Remuneration Committee constituted for the purpose shall be entitled to participate in the Plan and the notified schemes.

3	Requirement of vesting and period of vesting	Requirement of vesting and period of vesting will be in accordance with the Plan and the Scheme notified thereunder. Except in case of death of the employee, for a valid vesting, an employee is required to be in service with the Company on the Vesting Date and must neither be serving his notice for termination of service nor be subject to any disciplinary proceedings pending against him on the Vesting Date.
4	Maximum period within which the options shall be vested	The maximum period within which the options shall be vested shall be 3 years from the Grant Date.
5	Exercise Price or Pricing formula	The Exercise Price of an option shall be as per Plan
6	Exercise Period and the process of exercise	Subject to the conditions laid down for terminal events (death, permanent incapacitation of the employee etc.), the vested options shall be exercisable within a period of 5 years from the Grant Date. Exercise of the options shall take place at the time and place designated by the Remuneration Committee and by executing such documents as may be required under the applicable laws to pass a valid title to the relevant Shares to the employee or beneficiary, free and clear of any liens, encumbrances and transfer restrictions. An option shall be deemed to be exercised only when the Remuneration Committee receives written and signed notice of exercise and the Exercise Price (in accordance with the Plan and the notified schemes) from the employee/beneficiary
7	Appraisal process for determining the eligibility of the employees for options	The appraisal process for determining the eligibility of the employees will be in accordance with the Plan or as may be determined by the Remuneration Committee at its sole discretion.

8	Maximum number of options/shares to be issued per employee and in the aggregate	The maximum aggregate number of Shares that may be allotted under the Plan and the notified schemes shall not exceed 800,000 Shares of ₹10 each of the Company. However, the Remuneration Committee reserves the right to increase or reduce such number of shares as it deem fit. Maximum number of shares to be allotted individually to each employee shall be decided by the Remuneration Committee at its own discretion. During any one year, no employee shall be granted options equal to or exceeding 1% of the issued share capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.
9	Method of Accounting	The Company shall use Intrinsic Value to value its options.
10	Disclosure and Accounting policies	The Company will comply with the disclosure and accounting policies, as applicable. In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used Fair Value of the options shall be disclosed in the Directors' Report and also the impact of this difference on profits and Earning Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report.

The Board recommends the Resolution for approval.

None of the Directors is in any ways related or interested in the proposed resolution except to the extent of his holding of equity shares in the Company.

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

**Place : Mumbai
Date : 8th August, 2011**

**Gayatri Sharma
Company Secretary**

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

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the **Twenty Ninth** Annual Report of the company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2011 for your consideration and approval.

FINANCIAL HIGHLIGHTS

(₹ In Thousands)

Particulars	As on March 31, 2011	As on March 31, 2010
Net Profit before Tax	502,782	323,323
Less: Provision for Taxes	134,725	84,123
Net Profit After Tax	368,057	239,200
Less: Transfer to Reserves	36,806	23,920
Less: Proposed Dividend including Corporate Dividend Tax	35,808	34,164
Net Profit After Appropriations	295,443	181,116
Profit Brought Forward	558,915	377,799
Profit Carried Forward to Balance Sheet	854,358	558,915

OPERATIONS

The Company had a sales turnover of ₹ 46406.81 lac during the financial year 2010-11 as against ₹ 31925.61 lac in the financial year 2009-10. Profit before Interest, Depreciation and tax was ₹ 5795.10 lac as against ₹ 3872.11 lac during the previous year showing a growth of around 50% as compared to the last year. The Company posted a Net Profit of ₹ 3680.57 lac as against ₹ 2392.00 lac in the previous year showing a growth of 54% as compared to the last year.

Dahej Unit

Panama has set up a state-of-the-art manufacturing facility located in the Special Economic Zone in Dahej. The plant is being developed in two Phases. Construction of Phase I of the Dahej plant with a capacity of 30,000 metric tonnes was completed in August 2010. The Phase I facility is equipped with the latest technology to manufacture various petroleum fractions suitable to feed the requirements of the Drilling & Mining Industries. The Dahej plant will rapidly grow to become a major logistic hub for the Import & Export of bulk liquids & containers, which will help Panama Petrochem Ltd. to expand its businesses with the international markets and subsequently reduce logistic costs. This phase houses the Distillation & Refining Units.

Construction for Phase II of the Dahej Plant which has a capacity of 70,000 metric tonnes will commence soon.

MANAGEMENT DISCUSSION & ANALYSIS

The detailed Management Discussion & Analysis Report is attached hereto with the Directors' Report and should be read as part of this Report.

DIVIDEND

In view of the continual satisfactory performance of the Company during the Financial Year 2010-11, your Directors are pleased to recommend a dividend @ 50% i.e. ₹ 5/- per share (previous year ₹ 5/- per share) for the year ended March 31, 2011.

Underlying Equity Shares allotted towards the GDR issue of the Company before the Book Closure for payment of dividend will rank pari passu with the existing shares and be entitled to receive the dividend.

CREDIT RATING

We are glad to announce that your Company got conducted the credit rating from one of the leading credit rating agency CARE and is assigned a "CARE A+" rating to the Long Term Facilities and "PR1+" rating to the Short Term Facilities.

MERGER & AMALGAMATION

The Hon'ble High Court of Gujarat, vide its order dated 23rd March, 2011 approved the Scheme of Amalgamation of Monaco Petroleum Pvt. Ltd. with Panama Petrochem Ltd. copies of the Hon'ble High Court Order have already been filed with the Registrar of Companies, Gujarat, and the Transferor Company was dissolved without the process of winding-up.

Pursuant to the Scheme of Amalgamation as approved by the High Court of Gujarat, the Company has issued and allotted 321,750 equity shares to the shareholders of the Transferor Company- Monaco Petroleum Pvt Ltd. in the Board Meeting held on 30th May 2011.

Requisite information about the amalgamation is given in '**Note 16 of Schedule 18**' of '**Notes on Accounts**'.

GLOBAL DEPOSITORY RECEIPTS (GDRS).

Company's GDR Issue closed successfully on, 20 July 2011 and Company received orders for 491,469 GDRs at a price of US\$ 28.486 per GDR. The Board of Directors of the Company, at its meeting held on 20 July 2011, allotted 2,457,345 equity shares of ₹10 each in favour of the overseas Depository.

Each GDR represents five underlying equity share in the Company. The GDRs have been listed on the Luxembourg Stock Exchange.

LISTING OF SHARES

Your Company's shares are listed on the Bombay Stock Exchange Ltd. The Company has paid the listing fees for the year 2010-2011. The GDRs of the Company are listed on Luxembourg Stock Exchange. The Company has also applied for listing of shares with National Stock Exchange. The application for listing is under process.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with the Bombay Stock Exchange Limited the following have been made a part of the Annual Report:

- Management discussion and Analysis Report
- Corporate Governance Report
- Auditors Certificate regarding compliance of conditions of Corporate Governance.
- Declaration on compliance with code of Conduct.

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.

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

A. CONSERVATION OF ENERGY:

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

Particulars	Amount (₹ In Thousands)
Capital	2,458
Revenue	8,156
Total R&D Expenditure	10,614
Total Turnover	4,640,681
Total R&D Expenditure as a Percentage of total turnover	0.23%

C. Foreign exchange earnings and outgo:

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

(Amount in ₹ Thousands)	
Total Foreign Exchange Inflow	1,597,071
Total Foreign Exchange outflow	3,686,374

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 hence no particulars are required to be disclosed in this Report

DIRECTORS

After the last Annual General Meeting, Mr. Hussein V. Rayani has been appointed as an Additional Director & Joint managing Director of the Company. His appointment as a Director and as a Joint Managing Director of the Company is placed before the members for consideration.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Mukesh Mehta and Mr. Moiz H. Motiwala are liable to retire by rotation and being eligible offer themselves for re-appointment. Directors recommend their re-appointment.

AUDITORS

M/s S.R. Batliboi & Co., Chartered Accountants, 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 certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

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 save 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, 2011 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

ACKNOWLEDGEMENTS

We thank our Clients, Investors, Dealers, Suppliers and Bankers for their continued support during the year. We place on record our appreciation of the contribution 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 : 8th August, 2011**

**Amirali E. Rayani
Chairman**

FORM 'A'

(Amount in ₹)

Particulars	As on March 31, 2011	As on March 31, 2010
A) Power & Fuel Consumption		
1. Electricity		
a) Purchase of Units	293,647	346,908
Total Cost	1,897,270	2,279,461
Rate per Unit	6.46	6.57
b) Own Generation		
1) Through Diesel Generator	NIL	NIL
2) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Diesel Oil	NIL	NIL
5. Others (Gas)		
Quantity	31,332	63,930
Total Cost	381,513	640,529
Rate per Unit	12.18	10.02

Management Discussion and Analysis Report

Industry overview

The global economy continued to stage recovery during 2010-11, led by BRICs nations. The growth in developed economies such as US and European countries remained elusive and slow on account of higher unemployment, phasing out of stimulus packages and rising oil prices. However, the developing economies had to face their own challenges in terms of rising inflation, increased interest rates and impact of oil price volatility.

Weathering the turbulent global slowdown, the Indian economy managed commendable expansion of 8.00 per cent in 2009-10 and 6.80 per cent in 2008-09. During the financial year ended March 31, 2011, the growth has been reported as over 8.60 per cent. It is now widely believed that India could well be on course to be the third largest economy in the world in a couple of years, overtaking Japan. Besides, it is expected that, after 2020, India's growth would be faster than that of even China.

Petroleum products derived from crude oil include:

- Light distillates — LPG, mogas, naphtha, natural gas liquids (NGL)
- Middle distillates — kerosene
- Heavy ends — furnace and lube oils, bitumen, petroleum coke, paraffin wax

The production of petroleum products was 151.9 MMT (including 2.2 MMT of LPG production from natural gas) in 2009-10, a decrease of 0.5 per cent over last year's production (152.7 MMT). Production of petroleum products is expected to reach 904.8 MMT by the end of the Eleventh Plan period.

With the overall improvement in the Indian economy, the general demand for petroleum products has been steadily improving. The Company has captured a significant share in the market for the various grade of petroleum specialty.

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 include 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. It's five manufacturing units, all located in western India, namely in Ankleshwar (Gujarat), Daman (Union Territory), Marol (Mumbai, Maharashtra), 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 customised products as per client specification in the field of petroleum and feeds to various industries like Printing Ink, Resin, Cosmetics, Rubber products, Pharmaceuticals, Engineering, Texturising, Chemicals including Petro Chemicals.

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

Performance

In the wake of improved demand for its products, the Company reported robust results for the financial year ended 31st March, 2011. The net sales increased by 45% to ₹ 46,406.81 lac in 2010-11 from ₹ 31,925.61 lac in 2009-10. The Company has performed consistently well during the financial year 1st April 2010 to 31st March, 2011. The profit after tax increased by 54% to ₹ 3680.57 lac in 2010-11 from ₹ 2392.00 lac in 2009-10.

The input cost during the year under review remained high on account of rising oil prices. However, the Company's focus on niche speciality products resulted in better realisations that enabled it to pass the incidence of higher input prices to its clients. The Company's EBIDTA (Earnings before interest, depreciation and taxation allowance) improved by 50% to ₹ 5795.10 lac in 2010-11 from ₹ 3872.11 lac in 2009-10. In 2010-11, the EBIDTA margin stood at 12.4% (up 30 basis points against 2009-10) and PAT margin was at 7.9% (up 40 basis points against 2009-10). EPS (basic) increased by 54% to ₹ 63.02 in 2010-11 from ₹ 40.96 in 2009-10.

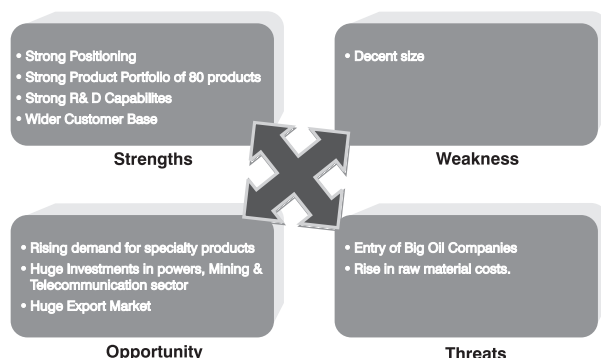
Business outlook

The aggregate demand of all the key segments in the petrochemical industry is likely to regain a sharp positive trajectory over the next 12 months, with key players aiming scale up capacities.

The Company is planning to expand its operations to mitigate emerging risks in a globalised economy. There are considerable profits from all the five plants of the Company and 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 the 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



With increasing industrialisation, 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 petrochemicals. This will result in a significant growth for this industry. Growing demand from the plastic industry will lead to a strong demand in petrochemicals. The relationship established by the Company with the clientele would augur further growth in its business. Moreover, the Company has been increasing its presence in the export markets of USA, Africa, Europe and Asia.

The Company has launched a new product i.e. Drilling Fluid. This product is manufactured in the plant situated at Dahej. The Dahej plant will rapidly grow to become a major logistic hub for the Import & Export of bulk liquids & containers. Drilling Fluid has become a highly demanded product among petroleum majors for their drilling operations.

Base oil prices remain a concern

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 material compliance with current applicable environmental 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 the 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.

Human resource / Industrial relations

The Company recognises the importance and contribution of its human resources for its growth & development and values their talent, integrity and dedication. The Company offers a highly entrepreneurial culture with a team based approach that we believe encourages growth and motivates its employees. The Company has been successful in attracting and retaining key professionals and intend to continue to seek fresh talent to further enhance and grow our business. The Company also plans to incentivise its promising and performing employees across the organisational hierarchy with attractive ESOP schemes – thereby linking the vision of corporate growth with personal aspirations.

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 the ability to implement the strategies.

For Panama Petrochem Ltd.

Amirali E. Rayani
Chairman

Place : Mumbai
Date : 8th August, 2011

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.

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

As of the year ended 31st March, 2011, the Board had a composition of total 7 directors, 3 Executive Directors and 4 Non Executive (Independent) Directors. The chairman of the Board is an Executive Director.

(b) Meetings and attendance during the year

5 Board Meetings were held during the financial year 1st April, 2010 to 31st March, 2011. 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, 2010 to 31st March, 2011 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	80	Yes
2	Mr. Amin A. Rayani	ED	5	100	Yes
3	Mr. Samir A. Rayani	ED	5	100	Yes
4	Mr. Mukesh T. Mehta	NED	4	80	No
5	Mr. Rajendra V. Thakkar (resigned w.e.f. 12 th August, 2010)	NED	1	33	No
6	Mr. Dilip S. Phatarphekar	NED	5	100	No
7	Mr. Madan Mohan Jain	NED	5	100	Yes
8	Mr. Moiz H. Motiwala (appointed w.e.f. 12 th August, 2010)	NED	2	67	No

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, 2010 to March 31, 2011, 5 (Five) meetings were held on the following dates:

31st May, 2010, 21st June, 2010, 12th August, 2010, 12th November, 2010 and 11th February, 2011

(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	
			Member-ship	Chairman-ship
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
Mr Dilip Sobhag 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
Mr Rajendra V Thakkar ¹	Independent & Non Executive Director	Nil	Nil	Nil
Mr. Moiz H. Motiwala ²	Independent & Non Executive Director	Nil	Nil	Nil

¹ Mr Rajendra V Thakkar resigned from directorship of the Company w.e.f. 12th August, 2010.

² Mr. Moiz Motiwala was appointed as an Additional Director of the Company on 12th August, 2010 and appointed as an ordinary Director of the Company in AGM held on 25th September, 2010.

3. AUDIT COMMITTEE

a) Terms of Reference of Audit Committee

The Audit Committee of the Company has been constituted as per the requirements of clause 49 of the Listing Agreement. The Audit Committee shall have the authority to investigate into any matter that may be prescribed and the matters listed below and for this purpose the Audit Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary:

- To review financial reporting process, all financial statements.
- To recommend appointment/ re-appointment/ replacement/removal/Audit fees/any other fees of Statutory Auditor.
- Reviewing along with management, the

listing compliances, related party disclosures, qualifications in draft audit report, matters required to be included in Directors Responsibility Statement, quarterly financial statements before its submission to the Board, changes in accounting policies, major accounting entries based on estimate of management.

- iv. To look into all matters relating to internal control system, internal audit system and the reasons for substantial defaults in the payment to the depositors.
- v. To review Management Discussion and Analysis of financial condition and results of operation, statement of significant Related Party Transactions as submitted by management.

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

4 meetings were held during the financial year April 1, 2010 to March 31, 2011. The attendance of each member of the committee is given below:

Name of the Member	Attendance at the Audit Committee Meeting	% of total meetings attended during the tenure as a Director/ Secretary
Mr. Moiz H. Motiwala (Chairman w.e.f. 12 th November, 2010)	2	67
Mr. Madan Mohan Jain (Resigned from Chairmanship w.e.f. 12 th November, 2010)	4	100
Mr. Rajendra V Thakkar (resigned w.e.f. 12 th August, 2010)	1	50
Mr. Mukesh Mehta	3	75
Mr. Amin A. Rayani (resigned w.e.f. 12 th November 2010)	3	100
Company Secretary		
Ms. Nidhi Gupta (resigned w.e.f. 7 th December, 2010)	3	100
Ms. Gayatri Sharma (Appointed w.e.f. 8 th December, 2010)	1	100

4. REMUNERATION COMMITTEE

(a) Terms of Reference of Remuneration Committee

The Remuneration Committee shall have the power to determine the Company's policy on specific remuneration packages including pension rights and other compensation for executive directors and for this purpose, the Remuneration Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

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

2 meetings on 31st May, 2010 and 11th February, 2010 were held during the financial year 1st April, 2010 to 31st March, 2011. The attendance of each member of the committee is given below.

Name of the Member	Attendance at the Remuneration Committee Meeting	% of total meetings attended during the tenure as a Director
Mr. Dilip Phatarphekar (Chairman)	2	100
Mr. Moiz H. Motiwala (appointed w.e.f. 12 th August, 2011)	1	100
Mr. Rajendra V Thakkar (resigned w.e.f. 12 th August, 2010)	1	100
Mr. Mukesh Mehta	2	100
Company Secretary		
Ms. Nidhi Gupta (resigned w.e.f. 7 th December, 2010)	1	100
Ms. Gayatri Sharma (appointed w.e.f. 8 th December, 2010)	1	100

(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 and approved by the members as per the provisions of the Companies Act, 1956. No remuneration is paid to any Non-Executive Directors during the financial year 1st April 2010 to 31st March 2011 except sitting fee for attending Board meetings and committee meetings.

(d) Details of the Executive Directors Remuneration for the financial year ended 31st March, 2011

(₹ in '000)

	REMUNERATION	DIRECTORS			
		Executive Directors			Non-Executive Directors (₹)
		Mr. Amirali E Rayani (₹)	Mr. Amin A Rayani (₹)	Mr. Samir A Rayani (₹)	
a)	Salary & Allowances (fixed)	2100	1850	1600	NIL
b)	Benefits & Perquisites	1103	545	NIL	NIL
c)	Bonus / Commission Additional Salary	NIL	NIL	NIL	NIL
d)	Pension, Contribution to Provident fund & Superannuation Fund	NIL	NIL	NIL	NIL
e)	Stock Option Details (if any)	The Company has not offered any Stock Options to its employees.			

Note:

- i. The agreement with each Executive Director is for a period of 5 years.
- ii. There are no performance linked incentive paid to the directors for the year 2010-11.

(e) Details of the Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2011

Name of the Non-Executive Director	Amount of Sitting Fees Paid
Mr. Madan Mohan Jain	₹ 65,000
Mr. Dilip Phatarphekar	₹ 85,000
Mr. Moiz Motiwala	₹ 45,000
Mr. Mukesh Mehta	₹ 15,000

(f) Shareholdings of Non-Executive Directors

Details of Shares held by Non-Executive Directors as on 31st March, 2011

Name	No. of Shares held
Mr. Moiz H. Motiwala	100

5. SHAREHOLDERS GRIEVANCE COMMITTEE

(a) Terms of Reference of Shareholders' Grievance Committee

In compliance with the requirement of the clause 49 of Listing Agreement, the Company has constituted an "Shareholders Grievance Committee" to look into redressing the 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.

(b) Composition of Shareholders' Grievance Committee

Sr. No.	Name of the Director	Category & Designation
1	Mr. Dilip Phatarphekar	Independent & Non Executive Director- Chairman of the committee
2	Mr. Mukesh Mehta	Independent & Non Executive Director- Member
3	Mr. Amin A Rayani	Managing Director & CEO- Member
4	Mr. Amiral E Rayani	Executive Director- Member
5.	Ms. Gayatri Sharma	Secretary of the Committee

(c) Meetings of the Committee

4 meetings were held during the financial year April 1, 2010 to March 31, 2011.

(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 22 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 2011. There are no transfer requests pending at as on 31st March, 2011.

6. GENERAL BODY MEETINGS

(a) Particulars of past three Annual General Meetings of the Company

Year	Date	Venue	Time	No. of Special Resolution(s) passed
2008	29th Sept., 2008	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:30 A.M.	Nil
2009	29th Sept., 2009	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:30 A.M.	4
2010	25th Sept., 2010	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:00 A.M.	1

No resolution was put through Postal Ballot in the last year and there is no resolution, which is proposed to be passed by Postal Ballot at present.

(b) Disclosure Regarding Re-appointment of Directors in the ensuing AGM

Mr. Mukesh Mehta and Mr. Moiz H. Motiwala, Directors who shall be retiring in this AGM, being eligible have offered themselves for re-appointment. Brief particulars of these gentlemen are as follows:

i Mr. Moiz H Motiwala:

Mr. Moiz Motiwala is a qualified Chartered Accountant from the Institute of Chartered Accountants in India. He also has a bachelors Degree in Commerce from Mumbai University. He was earlier associated with Aventis Pharma Limited as Associate Director handling Accounts and Taxation.

ii Mr. Mukesh Mehta:

Mr. Mukesh Mehta holds a Bachelors degree in Commerce from Mumbai University. He has vast experience of 20 years in the field of exports. He is an expert in business planning and for export strategy and guides the Company in this regard.

Particulars	Mr. Mukesh Mehta	Mr. Moiz H. Motiwala
DIN	00002702	03296264
Father's Name	Trambaklal Mehta	Hashim K. Motiwala
Date of Birth	20/07/1958	22/12/1949
Address	202/B, Oliva Apartment, G.P. Chaudhary Marg, Off Juhu Church Road, Juhu, Mumbai - 400049, Maharashtra, India	515/C, Bunyaan Sheth Motisha Lane, Love Lane, Cross Road, Byculla, Mumbai - 400027, Maharashtra, India
Designation	Independent Director	Independent Director
Education	B.Com	B.Com, Chartered Accountant
Companies in which holds Directorship	Nil	Nil
Companies in which holds membership of committees	Nil	Nil
Shareholding in the Company (No. & %)	NIL	100 equity shares (0.0017%)

7. 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, 2011. The Chairman and Managing Director has also confirmed and certified the same. The certification is annexed at the end of this Report.

8. 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 note 11 of the 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, structures imposed on the Company by the Stock Exchange 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 and adoption of non mandatory requirements of clause 49 of the Listing Agreement

The Company has complied with all mandatory requirements as mandated under Clause 49 of the Listing Agreement. A certificate from the statutory auditors of the Company to this effect has been included in this report.

9. CEO Certification

In terms of the requirements of Clause 49(v) of the Listing Agreement, the CEO has submitted necessary certificate to the Board at its meeting held on August 8th, 2011 stating the particulars specified under the said clause.

10. 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 Economic times (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

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

11. GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting

Day & Date : Monday, September 26, 2011

Time : 11.30 A.M.

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

(b) Financial Year: April 2011 to March 2012

Financial Calendar

Events	Tentative time frame
Financial Reporting for the first quarter ended 30 th June, 2011	2 nd week of August, 2011
Financial Reporting for the second quarter ending 30 th September, 2011	2 nd week of November, 2011
Financial Reporting for the third quarter ending 31 st December, 2011	2 nd week of February, 2012
Financial Reporting for the fourth quarter ending 31 st March, 2012	Last Week of May, 2012

(c) Dates of Book Closure:

22nd Sept., 2011 to 26th Sept., 2011 (Both days inclusive)

(d) Dividend Payment Date:

Interim - Not Applicable

Final - within 30 days from the declaration of the dividend

(e) Listing on Stock Exchanges:

The Shares of the Company are listed on the Bombay Stock Exchange.

(f) Stock Code:

Physical: 524820 at the Bombay Stock Exchange

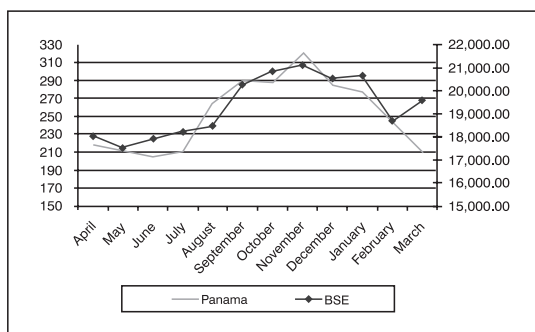
Demat ISIN Number for NSDL & CDSL:
INE305C01011

(g) Market Price Data:

High/ low of market price of the Company's equity shares traded on BSE during the last financial year 1st April 2010 to 31st March 2011 were as follows:

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April	218.70	195.75	October	287.80	260.05
May	211.50	180.00	November	319.95	261.00
June	205.00	172.65	December	286.00	234.00
July	211.95	185.35	January	277.80	231.45
August	264.70	192.50	February	243.95	182.05
September	290.00	243.70	March	209.50	187.30

Source: www.bseindia.com

(h) Performance in comparison to BSE SENSEX

(i) Registrar and Share Transfer Agent & Share Transfer System

The Company has constituted Registrar & Share Transfer Agent Committee which normally meets twice in a month to process the share transfer. 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.

Name	Bigshare Services Pvt. Ltd.
Address	E-2, Ansa Industrial Estates, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400 072
Telephone No.	91-22-2847 0652 91-22-4043 0200
E mail	info@bigshareonline.com

(j) Share Transfer System

The Company's shares are traded in the Stock Exchange, Mumbai 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.

(k) Distribution of Shareholding as on 31st March, 2011:

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In ₹	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Up to 5,000		4,243	89.27	47,20,270	8.08
5,001	10,000	185	3.89	14,76,450	2.53
10,001	20,000	138	2.90	21,55,200	3.69
20,001	30,000	49	1.03	12,22,330	2.09
30,001	40,000	28	0.59	9,96,270	1.71
40,001	50,000	18	0.38	8,40,120	1.44
50,001	100,000	27	0.57	18,76,480	3.21
100,001 and Above		65	1.37	4,51,15,280	77.25
Total		4,753	100	5,84,02,400	100

(l) Dematerialization of shares and liquidity:

As on 31st March, 2011 about 94.46% 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.

(m) 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.

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

There are no outstanding GDRs / ADRs / Warrants as at 31st March, 2011.

(o) Plant Locations:

The Company has the following units located at:

1. Plot No: 3303, GIDC Industrial Estate, Ankleshwar-393 002, Gujarat.
Tel: 91-2646-221 068 / 250 281
Email: panamaoils@satyam.net.in
2. 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
3. Plot No: 127/128, Marol Co-op. Industrial Estate, M.V. Road, Saki Naka, Andheri (E), Mumbai - 400 059.
Tel: 91-22-2850 1486
Email: marol@panamapetro.com
4. Plot No. H-12, M.I.D.C., Talaja, Navi Mumbai - 410208.
Tel: 91-22-27411456
Email: taloja@panamapetro.com

5. Plot No. 23 & 24 SEZ ,
Dahej, Bharuch District,
Gujarat-392110.
Tel:91-22-2741156
Email: dahej@panamapetro.com

(p) 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,
Opp. Andhra Bank, Bandra (W),
Mumbai 400 050
Phone: 022- 42177777
Fax: 022- 42177788, e-mail: cs@panamapetro.com

On behalf of the Board of Directors

Amirali E Rayani
Chairman

Place : Mumbai
Date : 8th August, 2011

CEO Certificate on Corporate Governance

To
The Members of Panama Petrochem Ltd.

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, 2011.

For PANAMA PETROCHEM LIMITED

**Place : Mumbai
Date : 8th August, 2011**

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

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

Auditor's Certificate on Corporate Governance

To
The Members of Panama Petrochem Ltd.

We have examined the compliance of conditions of corporate governance by Panama Petrochem Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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 S. R. Batliboi & Co.
Firm Registration number: 301003E
Chartered Accountants**

**Place : Mumbai
Date : 8th August, 2011**

**per Ravi Bansal
Partner
Membership No.: 49365**

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, 2011 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

Place : Mumbai
Date : 8th August, 2011

Pramod Maheshwari
CFO

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

Auditors' Report

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

1. We have audited the attached Balance Sheet of Panama Petrochem Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Ravi Bansal
Partner

Place: Mumbai
Date : May 30, 2011. Membership No.: 49365

Annexure to the Auditors Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a 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) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted loans to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹11,148 (thds) and the year- end balance of loans granted to such parties is ₹11,148 (thds).
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted are re-payable on demand. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had taken loan from two persons covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,475 (thds) and the year-end balance of loans taken from such parties was ₹ 275 (thds).
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) The loans taken are re-payable on demand and have been paid regularly and thus, there has been no default on the part of the company. The loans taken are interest free.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and 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 Companies Act, 1956, 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) (a) Undisputed statutory dues including income tax, provident fund, investor education and protection fund, employees' state insurance, wealth-tax, customs duty, service tax, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with appropriate authorities *though there has been a slight delays in few cases of income tax, provident fund, service tax, profession tax and sales tax.*
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax,

customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable

- (c) According to the information and explanations given to us, there are no dues of sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except in case of income-tax which has not been deposited. The details are given as under:

Name of the Statute	Nature of dues	Amount (₹ thds)	Amount paid (₹ thds)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Dispute relating to provisions of Section 145A and others	2,496	1,248	AY 06-07	Income Tax Appellate Tribunal

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to 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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the period. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

Place: Mumbai
Date : May 30, 2011.

per Ravi Bansal
Partner
Membership No.: 49365

Balance Sheet as at 31st March, 2011

(₹ in '000)

PARTICULARS	Schedule No.	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	58,402	58,402
Share capital suspense	2	3,218	-
Share Application Money		-	217
Reserves and surplus	3	1,324,210	951,343
		1,385,830	1,009,962
Loan Funds			
Secured Loan	4	70,942	131,803
Unsecured Loans	4	8,310	40,452
		79,252	172,255
Deferred Tax Liabilities (Net) (Refer Note 4 of Schedule 18)		9,176	-
Total		1,474,258	1,182,217
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		653,702	441,985
Less: Accumulated depreciation/Amortisation		79,896	57,643
Net block		573,806	384,342
Capital work-in-progress including capital advances		85,423	88,607
		659,229	472,949
Investments	6	334	6,861
Deferred Tax Asset (Net) (Refer Note 4 of Schedule 18)		-	2,398
Current Assets, Loans and Advances			
Inventories	7	1,505,376	977,164
Sundry debtors	8	906,972	768,958
Cash and bank balances	9	206,319	308,529
Loans and advances	10	142,446	166,005
		2,761,113	2,220,656
Less:			
Current Liabilities and Provisions			
Current Liabilities	11	1,902,171	1,462,701
Provisions	12	44,247	57,946
		1,946,418	1,520,647
Net Current Assets		814,695	700,009
Total		1,474,258	1,182,217
Notes to accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Balance sheet
As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No : 49365

Place : Mumbai
Date : 30th May, 2011

For and on behalf of the Board
Panama Petrochem Ltd.

Amirali E. Rayani
Chairman

Amin A. Rayani
Managing Director

Gayatri Sharma
Company Secretary
30th May, 2011

Profit And Loss Account for the Year Ended March 31st, 2011

(₹ in '000)

PARTICULARS	Schedule No.	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
INCOME			
Gross sales		5,019,348	3,460,134
Less : Excise Duty		378,667	267,573
Net sales		4,640,681	3,192,561
Other Income	13	42,880	68,765
		4,683,561	3,261,326
EXPENDITURE			
Cost of Goods Sold	14	3,844,584	2,703,340
Personnel Cost	15	22,606	11,682
Operating and Other expenses	16	236,861	159,093
Depreciation / Amortisation	5	23,365	13,259
Finance expense	17	53,363	50,629
		4,180,779	2,938,003
Net Profit before taxation		502,782	323,323
Current tax charge		122,807	85,076
Deferred tax charge		11,727	314
Short/(Excess) Provision for tax in respect of earlier years		191	(1,267)
Profit after taxation		368,057	239,200
Balance brought forward from previous year		558,915	377,799
Profit available for appropriation		926,972	616,999
APPROPRIATIONS			
Proposed Final Dividend 50% (Previous year : @ 50%)		30,810	29,201
Tax on Dividend		4,998	4,963
Transfer to General Reserve		36,806	23,920
Surplus carried forward to Balance Sheet		854,358	558,915
		926,972	616,999
Earnings Per Share (Basic/Diluted) (₹)			
Basic		63.02	40.96
Diluted		59.73	40.96
Nominal value of share ₹ 10 P.Y. ₹ 10 (Refer note 10 of schedule 18) Notes to accounts	18		

The schedules referred to above and the notes to accounts form an integral part of the Profit & loss Account.
As per our report of even date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

per Ravi Bansal
Partner
Membership No : 49365

Place : Mumbai
Date : 30th May, 2011

For and on behalf of the Board
Panama Petrochem Ltd.

Amirali E. Rayani
Chairman

Amin A. Rayani
Managing Director

Gayatri Sharma
Company Secretary
30th May, 2011

**Schedules Annexed to and Forming Part of the Balance Sheet
as at 31st March, 2011**

(₹ in '000)

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
25,550,000 (Previous year 13,160,000) equity shares of Rs. 10 each (Refer- Note 16 of Schedule 18)	255,500	131,600
Issued, Subscribed and Paid up		
5,840,240 (Previous year 5,840,240) equity shares of ₹ 10 each fully paid-up	58,402	58,402
SCHEDULE 2 : SHARE CAPITAL SUSPENSE		
321,750 Equity Share of 10 each fully paid up to be issued pursuant to the scheme of amalgamation of Monaco Petroleum Pvt. Ltd. with the Company (Refer- Note 16 of Schedule 18)	3,218	-
	3,218	-
SCHEDULE 3 : RESERVES AND SURPLUS		
Securities Premium Account		
Per last balance sheet	310,073	310,073
Add : Balance Transferred pursuant to the scheme of amalgamation (Refer- Note 16 of Schedule 18)	37,323	-
Closing Balance	347,396	310,073
Investment Allowance Reserve		
Per last balance sheet	24	24
Closing Balance	24	24
General Reserve		
Per last balance sheet	82,331	58,411
Add : Transfer from profit and loss account	36,806	23,920
Add : Surplus Adjusted pursuant to the scheme of amalgamation (Refer- Note 16 of Schedule 18)	1,073	-
Closing Balance	120,210	82,331
Profit and loss account		
Balance as per profit and loss accounts	854,358	558,915
Add : Balance Transferred pursuant to the scheme of amalgamation (Refer- Note 16 of Schedule 18)	2,222	-
Closing Balance	856,580	558,915
	1,324,210	951,343

**Schedules Annexed to and Forming Part of the Balance Sheet
as at 31st March, 2011**

(₹ in '000)

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SCHEDULE 4 : LOAN FUNDS		
SECURED LOANS :		
From Banks		
Cash Credit & Overdraft Facilities (Refer Note below)	70,942	131,803
UNSECURED LOANS :		
Short term Loan		
From Bank Due within 1 year ₹ 8,035/- P.Y. (₹ 32,416)	8,035	40,452
Others Due within 1 year ₹ 275/- P.Y. (₹ Nil)	275	-
	79,252	172,255
Note:-		
(Secured against the hypothecation of Stocks, Bookdebts and Plant & Machineries (both present & future), Pledge of Fixed Deposit Receipts, Further secured by Equitable Mortgages of Company's present Immoveable Property situated at Daman, Marol industrial estate, property of associate company situated at Navi Mumbai, and property belonging to relatives of Directors and Personal 'guarantee directors of the company)		

SCHEDULE 5 : FIXED ASSETS AS ON 31ST MARCH, 2011

(₹ in '000)

SR. NO.	Fixed Assets Description of the Assets	Gross Block				Depreciation/Amortisation					Net Block	
		As at 1.4.2010	Additions during the year	Addition Pursuant to Amalgamation Scheme#	Sales/ Adjust-ment	As at 31.3.2011	As at 1.4.2010	Acc. Deprn Pursuant to Amalgamation Scheme#	Provided during the year	Deduction Adjust-ment on Sale	As at 31.03.2011	As at 31.3.2010
	Intangible Assets											
1	Software *	711	-	-	-	711	676	-	25	-	701	10
	Tangible Assets											
2	Freehold land	619	-	-	-	619	-	-	-	-	619	619
3	Leasehold Land	22,354	1,988	38,500	-	62,842	-	-	4,000	-	58,842	22,354
4	Factory Building	233,386	74,571	2,977	-	310,934	20,098	395	9,164	-	29,657	213,288
5	Non Factory Building	101,236	1,831	-	-	103,067	1,078	-	1,670	-	2,748	100,158
6	Plant & Machinery	49,479	80,407	-	150	129,736	23,871	-	5,183	47	29,007	25,608
7	Office Equipment	1,632	873	-	-	2,505	558	-	124	-	682	1,074
8	Computers	3,926	786	315	-	5,027	2,437	300	451	-	3,188	1,489
9	Furniture & Fixtures	10,195	1,296	-	-	11,491	2,084	-	686	-	2,770	8,111
10	Vehicles	18,447	10,797	-	2,474	26,770	6,841	-	2,061	1,759	7,143	11,606
	Total	441,985	172,549	41,792	2,624	653,702	57,643	695	23,364	1,806	79,896	384,342
	Previous Year	331,959	112,843	-	2,817	441,985	45,202	-	13,259	818	57,643	
11	Capital Work in Progress (Including Capital Advance Rs. 77,022/- P.Y. (₹ 51,055/-))											
	Total										85,423	88,607
											659,229	472,949

Notes : 1 Plant & Machinery includes Borrowing Cost amounting ₹ 456 P.Y. (₹ Nil).

* Balance unamortised period of software is less than one year.

Refer note 16 of schedule 18

(₹ in '000)

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SCHEDULE 6 : INVESTMENTS		
Long Term Investments (At Cost)		
In Shares (Other than Trade)		
QUOTED		
6,200 (Prev year 6,200) fully paid equity shares of face value of ₹ 10/- each of Development Credit Bank Ltd. (Market Value as on 31.03.2011 ₹ 284/-, P.Y. ₹200/-)	218	218
Nil (Prev. year 37,141) fully paid equity shares of face value of ₹ 10/- each of Indian Bank Ltd. (Market Value as on 31.03.2010 ₹ 6,529/-)	-	6,527
Trade Investment in Shares		
UNQUOTED		
1,850 (Prev year 1,850) fully paid equity shares of ₹10/- each of Bharuch Enviro Infrastructure Ltd.	18	18
975 (Prev year 975) Fully paid equity shares of ₹ 100/- each of Marol Co -Op Ind. Estate	98	98
	334	6,861
Note:		
Aggregate amount of quoted investments (Market value ₹ 284/- P.Y. 6,729/-)	218	6,745
Aggregate amount of unquoted investments	116	116
SCHEDULE 7 : INVENTORIES		
(At cost or net realisable value whichever is lower)		
Raw materials *	1,385,353	845,259
Finished goods *	34,535	35,179
Traded Goods	80,695	94,012
Packing materials	4,793	2,714
	1,505,376	977,164
* Includes goods in transit ₹ 28,357 (Previous Year ₹ 74,109)		
SCHEDULE 8 : SUNDRY DEBTORS		
Debts outstanding for period more than six months :		
Unsecured		
- considered good	10,499	77,773
- considered doubtful	6,191	544
	16,690	78,317
Less : Provision for doubtful debts	6,191	544
	10,499	77,773
Other debts :		
Unsecured		
- considered good	896,473	691,185
	896,473	691,185
	906,972	768,958

(₹ in '000)

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash on Hand	441	1,450
Balance with Scheduled Banks:		
On current accounts	150,969	179,513
On deposit accounts	53,517	126,507
On unpaid dividend account	1,392	1,059
	206,319	308,529
SCHEDULES 10 : LOANS AND ADVANCES (unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	22,761	37,052
Unamortised Premium on Forward Contract	2,161	-
Other Deposits	29,815	3,472
Balance with PPL Group Gratuity Trust (Net) (Refer Note 7 of Schedule 18)	364	-
Staff Loan	635	140
Interest Receivable on Fixed deposit receipts	1,364	1,533
Advance paid to suppliers	48,527	71,663
Balance with excise/customs Authorities	36,819	52,145
	142,446	166,005
Included in loans and advances are :-		
Dues from Companies under same management, given by Mobil Petrochem Pvt. Ltd. prior to amalgamation, in which directors are interested.		
Ittefaq Ice & Cold Storage Co. Pvt Ltd. (Maximum balance outstanding during the year ₹ 2,298 P.Y. (2,089)	2,298	2,089
Panama Builders & Developers Pvt Ltd. (Maximum balance outstanding during the year ₹ 8,850 P.Y. (8,045) (The Loans granted are repayable on demand.)	8,850	8,045
Total	11,148	10,134
Dues from Directors		
Amirali E. Rayani (Maximum balance Outstanding during the year ₹ 2,973 P.Y. ₹ (2,973))	-	2,973
Total	-	2,973

(₹ in '000)

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry creditors		
a) Total outstanding dues of Micro and Small enterprises (Refer to note 14 of Sch 18)	2,413	-
b) Total outstanding dues of other than Micro and Small enterprises	1,778,996	1,354,632
Advances from customers	6,246	15,970
Bank Overdraft as per books	9,844	-
Investor Education and Protection Fund:		
- Unpaid Dividend (represents Unclaimed Dividend) (To be transferred as and when due)	1,392	1,059
Forward Contract (Net)	6,387	-
Other Liabilities	96,893	91,040
	1,902,171	1,462,701
SCHEDULE 12 : PROVISIONS		
Gratuity (Refer note 7 of sch 18) (Net)	-	59
Provision for Taxation (Net)	8,439	23,723
Proposed dividend	30,810	29,201
Tax on Dividend	4,998	4,963
	44,247	57,946
SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011		(₹ in '000)
	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
SCHEDULES 13 : OTHER INCOME		
Interest on Inter-corporate deposits, bank deposits (Gross)	8,523	13,295
(Tax deducted at source : ₹ 1,137/- ; Previous year : ₹ 1,498/-)		
Processing Charges (TDS - P.Y. ₹ 39/-)	-	5,698
Exchange Gain (net)	25,800	40,955
Miscellaneous Income	8,557	8,817
	42,880	68,765

(₹ in '000)

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
SCHEDULE 14 : COST OF GOODS SOLD		
Consumption of raw materials :		
Opening stock	845,259	244,266
Add : Purchases	4,141,209	3,064,892
	4,986,468	3,309,158
Less : Closing stock	1,385,353	845,259
Consumption of raw materials :	3,601,115	2,463,899
Consumption of packing materials		
Opening stock	2,714	3,297
Add : Purchases	64,439	70,104
Less : Closing stock	4,793	2,714
Consumption of packing materials	62,360	70,687
Purchase of Traded Finished Goods		
Opening stock	94,012	13,556
Add : Purchases	166,864	244,727
Less : Closing stock	80,695	94,012
Purchase of Traded Finished Goods	180,181	164,271
(Increase)/Decrease in Finished goods		
Opening stock		
Finished goods	35,179	41,524
	35,179	41,524
Less : Closing Stock		
Finished goods	34,535	35,179
Add/(Less) Variation in Excise duty on closing stock	(284)	1,862
	34,251	37,041
(Increase)/Decrease in Finished goods	928	4,483
	3,844,584	2,703,340
SCHEDULE 15 : PERSONNEL COST		
Salaries, wages and bonus (Refer Note 19 of Schedule 18)	22,103	11,029
Contribution to provident and other funds	308	294
Gratuity	(418)	64
Staff welfare expenses	613	295
	22,606	11,682

(₹ in '000)

	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
SCHEDULE 16 : OPERATING AND OTHER EXPENSES		
Power and fuel (Refer Note 19 of Schedule 18)	3,277	2,920
Water Charges	382	170
Repairs and maintenance		
- Buildings	183	609
- Machinery	348	630
- Others	3,463	2,498
	3,994	3,737
Insurance	11,384	6,208
Rent, Rates & Taxes	6,026	4,233
Loss on sale/theft of Asset	578	1,979
Postage and Telephone	2,118	2,165
Legal and professional charges (refer note 5 of sch 18)	13,429	3,797
Clearing and Forwarding Expenses	37,919	17,673
Freight Outwards	94,709	72,636
Travelling and Conveyance	10,206	8,052
Advertisement and Sales Promotion expenses	4,813	5,226
Brokerage and Commission	4,566	4,478
Other outside services	3,146	2,493
Bad Debts and Sundry balances Written Off	16,626	6,828
Provision for Doubtful Debts	5,647	-
Donation & Charity	2,883	2,918
Miscellaneous expenses	15,158	13,580
	236,861	159,093
SCHEDULE 17 : FINANCIAL EXPENSES		
Interest on :		
- Bank overdraft	2,461	-
- Others	23,881	22,107
Others	27,021	28,522
	53,363	50,629

Schedule Forming Part of the Accounts for the Year Ended March 31, 2011
Schedule 18: Notes to Accounts
1 (a) Nature of Operations

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

1 (b) Statement of Significant Accounting Policies
(a) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

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

(c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

(d) Depreciation/Amortisation

Depreciation of fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act 1956. Leasehold lands are amortised on straight line method over the period of lease.

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

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable

amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

(f) Intangible Assets
Computer Software

Computer software are amortised on straight line method over a period of three years.

(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

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

(h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(i) Inventories

Inventories are valued as follows:

Raw materials

Lower of cost and 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

Schedule Forming Part of the Accounts for the Year Ended March 31, 2011
Schedule 18: Notes to Accounts

Cenvat credit/Countervailing duty. Customs duty on stock lying in bonded warehouse is included in cost.

Work-in-progress and Finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost 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.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise Duty from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arising during the year.

Processing Income is accounted on the basis of completion of quantities processed as per job contract.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

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

(k) Borrowing Cost

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

(l) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate

between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were 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

(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 funds are due. There are no other obligations other than the contribution payable to the respective funds.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(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.

Schedule Forming Part of the Accounts for the Year Ended March 31, 2011
Schedule 18: Notes to Accounts

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

(o) Segment Reporting Policies
Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided. The analysis of geographical segments is based on the location of production facilities and customers of the Company.

Inter segment Transfers :

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Segment 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 period.

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) 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.

(₹`000)

2	Contingent Liabilities not provided for	31.03.2011	31.03.2010
	Claims against the Company not acknowledged as debts:		
	Service Tax Matter	-	930
	Income Tax Matter in appeal with tribunal (AY 06-07) (Amount paid ₹ 1,248)	2,496	2,496
	Bank Guarantee (The contingent liabilities, if materialised, shall entirely be borne by the company, as there is no likely reimbursement from any other party.)	14,722	8,631
3	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	53,113	72,060
4	Major Components of deferred tax assets/ (liabilities) arising on account of timing differences are :		
	Deferred Tax Asset :		
	a. Employee Retirement and other Long term benefits	843	907
	b. Provision for doubtful debt/advances	2,009	181
	c. Allowed in the Income tax on payment basis and other timing differences	-	2,691
		2,852	3,779

	Deferred Tax Liability : Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	12,028	1,381
		12,028	1,381
5	Net Deferred Tax Asset / (Liability)	(9,176)	2,398
	Legal & Professional charges includes Auditors' remuneration : (excluding service tax, where applicable) As auditor: - Audit fees - Limited Review fees - Out of Pocket expenses Tax audit Fees Others	1,100 600 48 20 -	500 - - 20 50
		1,768	570
6	Managerial remuneration under Section 198 of the Companies Act, 1956 Salary Perquisites	5,550 1,648	1,386 1,327
		7,198	2,713

Note: As the liabilities for gratuity are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above. Similarly group mediclaim insurance taken for all employees of the Company as a whole are not included above.

7 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 recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss Account

Net Employee Benefit Expense (Recognised in Employee Cost)

	₹ In '000 Gratuity (Funded) 31.03.2011	₹ In '000 Gratuity (Funded) 31.03.2010	₹ In '000 Gratuity (Funded) 31.03.2009
Current service cost	384	215	236
Interest cost on benefit obligation	225	220	144
Past service Cost	-	-	-
Expected return on plan assets	(367)	-	-
Net actuarial (gain) / loss recognised in the year	(660)	(494)	323
Net Benefit Expense	(418)	(59)	703
Actual Return on Plan Assets	284	-	-

Balance sheet Details of Provisions

	₹ In '000 Gratuity (Funded) 31.03.2011	₹ In '000 Gratuity (Funded) 31.03.2010	₹ In '000 Gratuity (Funded) 31.03.2009
Defined Benefit Obligation	2,598	2,731	2,667
Fair Value of Planned Assets	2,962	2,791	-
Less Unrecognised past Service cost	364	59	(2,667)
Plan Assets / (Liability)	364	59	(2,667)

Changes in Present Value of Defined Benefit Obligation are as follows:

	₹ In '000 Gratuity (Funded) 31.03.2011	₹ In '000 Gratuity (Funded) 31.03.2010	₹ In '000 Gratuity (Funded) 31.03.2009
Opening Defined Benefit Obligation	2,731	2,667	2,064
Current service cost	384	215	236
Interest cost	225	220	144
Actuarial (gain) / loss	(742)	(371)	323
Past Service Cost	-	-	-
Interest Guarantee	-	-	-
Contribution	-	-	-
Benefits paid	-	-	(100)

Closing Defined Benefit Obligation	2,598	2,731	2,667
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Changes in Fair Value of Plan Assets are as follows:

Particulars	₹ In '000 Gratuity (Funded) 31.03.2011	₹ In '000 Gratuity (Funded) 31.03.2010	₹ In '000 Gratuity (Funded) 31.03.2009
Opening Fair Value of Planned Assets	2,674	-	-
Expected return on plan assets	371	-	-
Actuarial gain / (loss)	(83)	123	-
Contributions	-	2,551	-
Benefits paid	-	-	-

Closing Fair Value of Planned Assets	2,962	2,674	-
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Contribution expected in 2011-12	371	-	-
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The major category of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	₹ In '000 Gratuity (Funded) 31.03.2011 %	₹ In '000 Gratuity (Funded) 31.03.2010 %	₹ In '000 Gratuity (Funded) 31.03.2009 %
Corporate Bonds	0	0	0
Government Securities	0	0	0
Banks	0	0	0
Policy of Insurance	100	100	0

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

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Company's plans are shown below			
Assumptions	2010-11	2009-10	2008-09
Discount rate	8.25%	8.25%	7%
Expected Rate of Return	9%	0%	0%
Age of Retirement	58	58	58
Annual increase in salary cost	6%	5%	5%
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.			
Experience Adjustment:	₹ In '000 Gratuity (Funded) 31.03.2011	₹ In '000 Gratuity (Funded) 31.03.2010	₹ In '000 Gratuity (Funded) 31.03.2009
Net Actuarial Gain/ (Loss) due to Experience	(871)	(119)	-
Net Actuarial Gain/ (Loss) due to Change in Assumption	129	(252)	-
Experience Adjustment on benefit obligation	(742)	(371)	-
Net Actuarial (Gain)/ Loss due to Experience	83	(123)	-
Net Actuarial (Gain)/ Loss due to Change in Assumption	-	-	-
Experience adjustment on plan assets	83	(123)	-

8a	The Company has availed the exemption as per the notification dated February 8, 2011 issued by Ministry of Corporate Affairs and accordingly, the additional information pursuant to the provision of paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b), 3(ii)(d), of Part II of Schedule VI to the Companies Act, 1956 has not been disclosed in the financial statement.		
8b	Capacities and Production		
	Licensed Capacity		
	Class of goods	Unit	31.03.2011 31.03.2010
	Panoil, Conning Oil, Lubricant oil, Transformer oil	'M.Tons	259,150 75,000
	@ Installed Capacity and Actual Production		
		@ Installed Capacity	Actual Production
	Class of goods	Unit	31.03.2011 31.03.2010 31.03.2011 31.03.2010
	Panoil, Conning Oil, Lubricant oil, Transformer oil	'M.Tons	100,000 75,000 81,715 74,454
	Notes: 1 @ Installed capacities are as certified by the Management, but not verified by the Auditors, being a technical matter. 2 Actual production includes: (i) Quantities of samples. (ii) Quantities for captive consumption.		

8C	Consumption of raw materials			
		01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010	
		% ₹ '000	% ₹ '000	
	(i) Imported	94% 3,375,182	92% 2,267,786	
	(ii) Indigenous	6% 225,933	8% 196,113	
		100% 3,601,115	100% 2,463,899	
	Notes : 1. Components and spare parts referred to in para 4D(c) of Part II of Schedule VI to the Companies Act 1956, are assumed to be those incorporated in the goods produced and not those used for maintenance of plant and machinery. 2. Consumption of raw materials includes: - Consumption on account of manufacturing of samples			

8d	Value of imports on CIF basis :	Rupees '000	
		01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
	Raw materials (Includes Goods in transit)	3,554,008	2,754,929
	Finished goods	103,201	226,099
	Capital goods	2,207	-
8e	Expenditure in foreign currency (on an accrual basis):		
	Sales Promotion Expenses	2,156	2,908
	Brokerage & Commission	886	-
	Bank Interest	22,645	23,664
	Professional Fees	67	266
	Others	1,204	866
8f	Earnings in foreign exchange (on an accrual basis):		
	Exports on FOB basis	1,597,071	927,609

9	Expenses on Scientific Research :		
	Capital	2,458	-
	Revenue	8,156	-
10	Earning Per Share		
	Particulars	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
	Basic Earning per share		
	Numerator used for calculating basic earnings per share		
	Profit after taxation (₹'000)	368,057	239,200
	Weighted average number of shares used as denominator for calculating basic earnings per share.	5,840,240	5,840,240
	Nominal value per share (₹)	10	10
	Basic earnings per share (₹) (Profit after tax divided by weighted average number of shares)	63.02	40.96
	Diluted Earning per share		
	Numerator used for calculating diluted earnings per share Profit after taxation (₹'000)	368,057	239,200

	Weighted average number of shares for calculation of Basic EPS	5,840,240	5,840,240
	Add:- Weighted average number of shares to be issued to MPPL	321,750	-
	Weighted average number of shares used as denominator for calculating diluted earnings per share.	6,161,990	5,840,240
	Nominal value per share (₹)	10	10
	Diluted earnings per share (₹)	59.73	40.96
	(Profit after tax divided by weighted average number of shares)		
11	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		
1	Amirali E Rayani		
2	Amin A Rayani		
3	Samir Rayani		
	Relatives of key management personnel		
1	Akbarali Rayani (Brother of Mr. Amirali E Rayani)		
2	Vazirali Rayani (Brother of Mr. Amirali E Rayani)		
3	Salimali Rayani (Brother of Mr. Amirali E Rayani)		
4	Arif Rayani (Brother of Mr. Amin Rayani)		
5	Nilima Kheraj (Sister of Mr. Samir Rayani)		
6	Hussein Rayani (Brother of Mr. Amin Rayani)		
7	Iqbal Rayai (Brother of Mr. Amin Rayani)		
8	Munira Rayani (Daughter in law of Amirali E Rayani)		
	Enterprises owned or significantly influenced by key management personnel or their relatives		
1	Anirudh Distributors Pvt. Ltd.		
2	Ittefaq Ice & Cold Storage Co. Pvt. Ltd.		
3	Panama Petroleum Products		
4	Panama Builders & Developers Pvt. Ltd.		
5	Asiatic Corporation		
		₹ '000	
(b)	Transactions with Related Parties	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
	Recovery of Advance Anirudh Distributors Pvt. Ltd.	378	-
	Interest Received Ittefaq Ice & Cold Storage Co. Pvt. Ltd.	203	-
	Panama Builders & Developers Pvt. Ltd.	805	-
	Payment of Rent Panama Petroleum Products	120	120
	Anirudh Distributors Pvt. Ltd.	-	150
	Monaco Petroleum Pvt. Ltd.	-	500
	Ittefaq Ice & Cold Storage Co. Pvt. Ltd.	-	500
	Expense paid on behalf of amalgamating company (MPPL) Asiatic Corporation	767	-

Amount of expense reimbursed on behalf of amalgamating company (MPPL) Asiatic Corporation	767	-
Payment of Outstanding Amount Ittefaq Ice & Cold Storage Co. Pvt. Ltd.	438	-
Transaction with Key Managerial Persons and relatives of Key Managerial Person		
	₹ '000	
	01.04.2010 to 31.03.2011	01.04.2009 to 31.03.2010
Remuneration Paid to Directors Amirali E Rayani Amin A Rayani Samir Rayani	3,203 2,395 1,600	486 450 450
Remuneration Paid to others Akbarali Rayani Vazirali Rayani Salimali Rayani Nilima Kheraj Hussein Rayani Iqbal Rayai Munira Rayani	108 540 27 86 540 27 114	108 352 - - 324 - 180
Payment of Rent Amin A Rayani Samir Rayani Hussein Rayani Arif Rayani	664 784 120 306	663 784 120 306
Loans Taken by amalgamating company (MPPL) Salimali Rayani Arif Rayani	250 2,225	- -
Loans Repaid by amalgamating company (MPPL) Arif Rayani	2,200	-
Key Man Insurance Paid Amin A Rayani Samir Rayani	- -	600 607
Surrender Value of Keyman Insurance Policies amount received Amirali E Rayani Salimali E Rayani Vazirali E Rayani	2,973 1,363 1,727	- - -
Balance outstanding at the year end* Amirali E Rayani Salimali E Rayani Vazirali E Rayani Arif Rayani Ittefaq Ice & Cold Storage Co. Pvt. Ltd. Panama Builders & Developers Pvt. Ltd.	- (250) - (25) 2,298 8,850	2,973 1,363 1,727 - 2,089 8,045
* Balance in Brackets represent payable by Company.		

12	Disclosure for leases under Accounting Standard 19 - "Leases"		
(a)	Operating Leases	₹ '000	
		31.03.2011	31.03.2010
(1)	The Company has entered into arrangements for taking on leave and license basis certain residential / office premises and warehouses. The specified disclosure in respect of these agreements is given below : 1. Lease payments recognised in the profit and loss account for the year 2. (i) There is no escalation clause in the lease agreement (ii) There are no restrictions imposed by lease arrangements (iii) There are no subleases	3,695	2,000
13	Hedged and Unhedged Foreign Currency Exposure Particulars of Hedged Foreign Currency Forward contract outstanding as at Balance Sheet date Creditors Buy US \$ 6,338 ('000) INR 289,002 ('000) (Previous Year:- US \$ Nil, INR Nil ('000))	Purpose: Hedge of expected future payments	

The Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise are:-

Particulars		31.03.2011		31.03.2010	
		In Foreign Currency ('000)	In ₹ ('000)	In Foreign Currency ('000)	In ₹ ('000)
Debtors	USD	3,889	173,381	3,415	153,322
Advance from Debtors	USD	136	6,075	-	-
Creditors	USD	31,844	1,413,428	29,227	1,314,363
Advance to suppliers	USD	338	15,083	1,221	54,817
Balance with Banks	USD	2,340	104,340	977	43,843

14	Details of Dues to Micro and Small Enterprises as per MSMED Act, 2006*	₹ '000	
		31.03.2011	31.03.2010
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	2,404	-

		₹ '000	
		31.03.2011	31.03.2010
2	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.	-	-
3	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.	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year;	9	-
5	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.

15 Segment Information :

Business Segments:

As the Company is in the business of manufacturing of speciality petroleum products, the Company has considered petroleum products as the only business segment for disclosure in this context of accounting standard 17 issued by the institute of Chartered Accountants of India.

Geographical Segments :

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

	31.03.2011			31.03.2010		
	India	Outside India	Total	India	Outside India	Total
Segment Revenue						
External sales to customers	3,043,609	1,597,071	4,640,681	2,264,952	927,609	3,192,561
Total	3,043,609	1,597,071	4,640,681	2,264,952	927,609	3,192,561
Carrying amount of segment assets	3,247,295	173,381	3,420,676	2,537,478	165,386	2,702,864
Additions to tangible & intangible fixed assets (Including CWIP & advance)	211,157	-	211,157	198,950	-	198,950

Notes :

- Geographical Segment :
For the purpose of geographical segment the sales are divided into two segments -India and outside India.
- The accounting policies of the segments are the same as those described in the summary of Significant Accounting Policies as referred to in Note 1(b) to Schedule 18 to the accounts.

16	Amalgamation of Monaco Petroleum Private Limited with the Company		
a	Pursuant to the scheme of amalgamation (the Scheme) of the erstwhile Monaco Petroleum Private Limited (MPPL) (hereinafter referred to as transferor company) with Panama Petrochem Limited (PPL) (hereinafter referred as transferee company), as approved by the members at a court convened meeting approved by the shareholders of the Company and MPPL and subsequently sanctioned by the Hon'ble High Courts of Gujarat vide its order dated 23 rd March 2011, the assets and liabilities of MPPL have been transferred to and vested in the Company with retrospective effect from April 01, 2010 (the Appointed date). The Scheme has accordingly been given effect to in these accounts. The assets and liabilities of MPPL as on the 'Appointed date' are as set out below:		
	Particulars	Amt. in ('000)	Amt. in ('000)
	Assets Taken Over		
	Fixed Assets	41,792	
	Capital Work in Progress	4,723	
	Deferred Tax Assets	153	
	Cash & Bank Balance	858	
	Sundry Debtors	4,485	
	Loans and advance	482	52,493
	Liabilities & Reserves taken over		
	Accumulated Depreciation	695	
	Provision for Tax	813	
	Sundry Creditors	7,021	
	Other Current Liabilities	128	
	Profit & Loss A/c	2,222	
	Security Premium	37,323	48,202
	Net Assets taken over		4,291
	Consideration of 321,750 shares of ₹ 10 each as per scheme		3,218
	Surplus Adjusted in General Reserve		1,073
	In accordance with the scheme of amalgamation, the difference between the share capital issued and the net assets taken over is adjusted in general reserve. Had the treatment based on Accounting Standard 14 "Accounting for Amalgamation" been followed, Security Premium would have been higher by ₹ 102,271 thds and General Reserve would have been lower by ₹ 102,271 thds.		
b	Monaco Petroleum Private Limited (MPPL), (the amalgamating company) engaged in manufacturing of Petrochemicals, having plant in Talaja.		
c	The arrangement has been accounted for under the "pooling of interest" method as prescribed by Accounting Standard (AS 14), "Accounting for Amalgamation". Accordingly the assets, liabilities and other reserve of MPPL as on April 1, 2010 have been aggregated at their book value as specified in the Scheme. The difference between the amount recorded as share capital issued by the Company as consideration for the merger and the amount of share capital of the MPPL has been adjusted in the General Reserve Account of the Company in accordance with the scheme.		
d	321,750 Equity Shares of Rs 10/- each fully paid up are to be issued to the equity share holder of the MPPL whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Share Capital Suspense Account".		

e	From the effective date the authorized share capital will stand increased by ₹ 5,500 ('000) consisting of 5,50,000 Equity shares of Rs 10 each.
f	The figure for the current year includes figures of Monaco Petroleum Private Limited (MPPL) which is amalgamated with the Company with effect from April 1, 2010 and are therefore to that extent not comparable with those of previous year.

17 Excise duty on sales amounting to ₹ 378,667 P.Y. (₹267,573) has been reduced from sales in profit & loss account and excise duty on decrease/(increase) in stock amounting to ₹ 284 P.Y. (₹ (1,862)) has been considered as expense/(Income) in Schedule 14 of financial statements.

18 Net Dividend remitted in Foreign Exchange.

Particulars	(₹ '000) 31.03.2011	(₹'000) 31.03.2010
Net Dividend remitted in Foreign Exchange	-	-
19 Amounts Capitalized in the respective project cost and excluded from	(₹ '000) 31.03.2011	(₹ '000) 31.03.2010
Personnel Cost	341	-
Power & Fuel	3,429	-
Others	692	-
	4,462	-

20. The figures of the previous year were audited by a Firm of Chartered Accountants other than S.R. Batliboi & Co. The figures in respect of the previous year have been regrouped, wherever necessary to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & CO.
Firm registration No.: 301003E
Chartered Accountants

For and on behalf of
Board of Director of
PANAMA PETROCHEM LTD.

per Ravi Bansal
Partner
Membership No.: 49365

Amirali E Rayani
Chairman

Amin A Rayani
Managing Director

Gayatri Sharma
Company Secretary
30th May, 2011

Place : Mumbai
Date : 30th May, 2011

Cash Flow Statement for the Year Ended on 31st March 2011

(₹ '000)

PARTICULARS	01.04.2010 to 31.03.2011 (₹)	01.04.2009 to 31.03.2010 (₹)
A Cash flow from Operating Activities:		
Net profit before tax	502,782	323,323
Adjustments for :		
Add: Depreciation	23,365	13,259
Interest expenses	53,363	50,629
Provision for bad and doubtful debt and advances	5,647	-
Unrealised exchange loss/(gain) (net)	27,490	(44,722)
Less: Dividend Income	2	95
Interest on inter-corporate deposits, bank deposits etc.	8,523	13,295
Forfeiture of Share warrant application Money	-	6,375
Profit/(loss) on current non trade investments (net)	1,049	(99)
Profit/(loss) on fixed assets sold/discarded (net)	(578)	(1,979)
Operating profit before working capital changes	603,651	324,802
Movements in working capital :		
(Increase)/ Decrease in Sundry Debtors and Loans and advances (excluding taxation)	(112,283)	(313,262)
(Increase)/Decrease in inventories	(528,212)	(674,522)
(Decrease)/Increase in Current Liabilities and Provisions (excluding dividend & tax on distributed profits)	398,858	958,981
Cash generated from operations	362,014	295,999
Income tax paid	(138,282)	(60,634)
Net cash flow from operating activities	223,732	235,365
B Cash flow from investing activities		
Acquisition of fixed assets (including advances against capital expenditure)	(163,948)	(198,950)
Proceeds from sale of fixed assets	240	20
Sale / (Purchase) of current investments (net)	7,575	(6,724)
Dividend received	2	95
Interest received on inter-corporate deposits, bank deposits etc.	8,692	14,240
Investment/ Realisation of Fixed Deposit for more than 3 months	87,988	(126,507)
Net cash from /(used) in investing activities	(59,449)	(317,826)
C Cash flow from financing activities		
(Decrease) / Increase in short term borrowings	(60,861)	124,567
Addition in Term Loan	-	38,346
Repayment of Term Loan	(32,141)	-
Interest paid	(53,363)	(50,629)
Dividend paid	(28,868)	(23,222)
Tax on Dividend	(4,961)	(3,970)
Refund of share application money	(217)	-
Net cash used in financing activities	(180,411)	85,092
Net change in cash and cash equivalents	(16,128)	2,631
Cash and cash equivalents at the beginning of the year	184,340	181,709
Add: Cash and cash equivalents due to merger of MPPL	858	-
Cash and cash equivalents at the end of the year (see note 1 below)	169,070	184,340
	(16,128)	2,631

Cash Flow Statement (Cont....)

(₹ '000)

PARTICULARS	As at 31/03/2011 (₹)	As at 31/03/2010 (₹)
Note:		
(1) Cash and cash equivalents comprise of :		
Cash on hand	441	1,450
With scheduled banks :		
On current accounts	150,969	179,513
On deposit accounts	53,517	126,507
On unpaid dividend account*	1,392	1,059
Cash and cash balances as per schedule 9	206,319	308,529
Less:- Fixed deposits not consider as cash and cash equivalents	38,517	126,507
Sub Total	167,802	182,022
Add: Effect of exchange difference on cash and cash equivalents held in foreign currency	1,268	2,318
Cash and cash equivalents in Cash flow Statement	169,070	184,340
(2) The figures in respect of the previous year have been regrouped, wherever necessary.		
(3) Cash Flow statements are prepared in accordance with "Indirect Method" as explained in the Accounting Standards on Cash Flow Statements (AS 3) notified under the Companies (Accounting Standards) Rules, 2006.		
* These balances are not available for use by the company as the represent corresponding unpaid dividend liabilities		

As per our report of even date.

**For and on behalf of Board of Directors of
Panama Petrochem Limited**
**For S.R.Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants**
**(Amirali E. Rayani)
Chairman**
**(Amin A. Rayani)
Managing Director**
**per Ravi Bansal
Partner
Membership No : 49365**
**(Gayatri Sharma)
Company Secretary**
**Place : Mumbai
Date : 30th May, 2011**
Date : 30th May, 2011

Information Required as per Part IV of Schedule VI to The Companies Act, 1956

(Balance Sheet Abstract and Company's Business Profile)

I. Registration Details

Registration No.

0	0	0	0	5	0	6	2
---	---	---	---	---	---	---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

Day Month Year

 State Code

0	4
---	---

II. Capital Raised During the year (Amt. Rs. In '000)

Public Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Share Capital Suspense

0	0	0	0	0	3	2	1	8
---	---	---	---	---	---	---	---	---

Right Issue

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Private Placement

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount Rs. In '000)

Sources of Funds

Total Liabilities

0	0	1	4	7	4	2	5	8
---	---	---	---	---	---	---	---	---

Paid-Up Capital

0	0	0	0	5	8	4	0	2
---	---	---	---	---	---	---	---	---

Secured Loans

0	0	0	0	7	0	9	4	2
---	---	---	---	---	---	---	---	---

Share Capital Suspense

0	0	0	0	0	3	2	1	8
---	---	---	---	---	---	---	---	---

Total Assets

0	0	1	4	7	4	2	5	8
---	---	---	---	---	---	---	---	---

Reserves & Surplus

0	0	1	3	2	4	2	1	0
---	---	---	---	---	---	---	---	---

Unsecured Loans

0	0	0	0	0	8	3	1	0
---	---	---	---	---	---	---	---	---

Deferred Tax Liabilities

0	0	0	0	0	9	1	7	6
---	---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

0	0	0	6	5	9	2	2	9
---	---	---	---	---	---	---	---	---

Net Current Assets

0	0	0	8	1	4	6	9	5
---	---	---	---	---	---	---	---	---

Accumulated Losses

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Investment

0	0	0	0	0	0	3	3	4
---	---	---	---	---	---	---	---	---

Miscellaneous Expenditure

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

Deferred Tax Assets

-	-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

0	0	4	6	8	3	5	6	1
---	---	---	---	---	---	---	---	---

Profit before Tax

0	0	0	5	0	2	7	8	2
---	---	---	---	---	---	---	---	---

Earning Per Share in Rs.

0	0	0	0	6	3	.	0	2
---	---	---	---	---	---	---	---	---

Total Expenditure

0	0	4	1	8	0	7	7	9
---	---	---	---	---	---	---	---	---

Profit after Tax

0	0	0	3	6	8	0	5	7
---	---	---	---	---	---	---	---	---

Dividend Rate %

0	5	0
---	---	---

 (+ for Profit, - for Loss) ☒ ☐
 + -

☒ ☐
 + -

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

(HC Code)

-	-	-	-	-	-	2	7	1	0	1	9	9	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

P	A	N		O	I	L	-	-	-	-	-	-	-	-	-	-	-
---	---	---	--	---	---	---	---	---	---	---	---	---	---	---	---	---	---

(HC Code)

-	-	-	-	-	-	2	7	1	2	1	0	9	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

P	E	T	R	O	L	E	U	M		J	E	L	L	Y	-	-	-	-	-
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	---

(HC Code)

-	-	-	-	-	-	2	7	1	0	1	9	9	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

T	R	A	N	S	F	O	R	M	E	R		O	I	L					
---	---	---	---	---	---	---	---	---	---	---	--	---	---	---	--	--	--	--	--

For and on behalf of the Board
Panama Petrochem Ltd.

Amirali Rayani
 Chairman

Amin A. Rayani
 Managing Director

Gayatri Sharma
 Company Secretary

Place: Mumbai
Date : 30th May, 2011

Ecs Mandate Form

BIGSHARE SERVICES PRIVATE LIMITED

Unit : **PANAMA PETROCHEM LIMITED**

E-2, Ansa Industrial Estate,
Saki-Vihar Road, Sakinaka,
Andheri (E), Mumbai : 400 072.

Dear Sir,

Payment of Dividend through Electronic Clearing System (ECS)

With reference to the circular date _____ received from Panama Petrochem Ltd., I/We hereby give my/our mandate to credit my/our Dividend on the shares held by me/us under the folio mentioned, directly to my/our bank account through the Electronic Clearing System (ECS). The details of the Bank Account are given below.

Name of the First / Sole Shareholder: (In block letters)	
Folio No:	
Name of the Bank in Full and Branch:	
Address and Telephone No. of the Bank:	
9 Digit Code No. of the Bank and Branch as appearing on the MICR Cheque issued by the Bank	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
Type of Account with Code	
Account No. as appearing on the Cheque book	
Bank Ledger No. / Bank Ledger Folio No. if any (as appearing in the Cheque book)	

I/We enclose a blank cancelled Cheque / photocopy to enable you to verify the details mentioned above.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or lost because of incomplete or incorrect information. I/We would not hold the Company / the user institution responsible.

Signature of First / Sole Holder

Place : _____

Date : _____

Important Communication to Members

The Ministry of Corporate Affairs undertook a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 stating that service of notice / documents including Annual Report can be sent by electronic mode to its members. To support this Green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses and changes therein from time to time along with their name, address and Folio No./Client Id No., in respect of their shareholding with :

- i) The Registrar and Share Transfer Agents Viz. Bigshare Services Pvt. Ltd. for shares held in physical form and;
- ii) The concerned Depository Participants in respect of shares held in electronic / demat mode

Upon registration of e-mail address(es), the Company would send Notices / Circulars / Documents including Annual Report and other communications via electronic mode.

In case any Member opts / insists for physical copies of above documents, the same would be sent to him by post free of cost at the address registered with the Company.

----- Cut here -----

Registration Form for Receiving Documents in Electronic Mode

Bigshare Services Private Limited

E-2, Ansa Industrial Estate,
Sakinaka, Sakivihar Road,
Andheri (East), Mumbai – 400 072.

I/We, am/ are member/s of PANAMA PETROCHEM LIMITED hereby exercise my/our option to receive the documents such as Notices / Circulars / Documents including Annual Reports and other communications in electronic mode pursuant to the circular Nos. 17/2011 dated 21-4-2011 and 18/2011 dated 29-4-2011 by the Ministry of Corporate Affairs. Please register my following e-mail id in your records for sending communication through electronic mode.

Name of First Member _____

Joint Holder-1 _____

Joint Holder-2 _____

E-mail id for registration _____

Date : _____ Signature (1st holder) _____

Regd.Folio/Client Id No. _____

PANAMA PETROCHEM LIMITED

Plot No. 3303, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat

Proxy Form

I/We _____

of _____

being a member / members of above named company, hereby appoint _____

of or failing him _____

of _____ or failing him _____

of _____

as my/our proxy to vote for me/us on my/our behalf at 29th Annual General Meeting of the Company to be held at 11.30 a.m. on Monday, 26th September, 2011 at the Conference Hall, Plot No. 3303, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat and any adjournment thereof.

Regd Folio No.: _____

Signed _____

Date _____

Please Affix
Re.1.
Revenue
Stamp

Note:

- a) The form should be signed across the stamp as per specimen signature registered with the Company.
- b) The Companies Act, 1956 lays down that the instrument, appointing a proxy shall be deposited at the Registered Office of the Company not less than Forty Eight Hours before commencement of the meeting.
- c) A Proxy need not be a member.

Attendance Slip

(To be handed over at the entrance of the Meeting Hall)

29th Annual General Meeting - September 26th, 2011.

I hereby record my presence at the Twenty Seventh Annual General Meeting of the Company held at the Registered Office of the Company at Conference Hall, Plot No. 3303, GIDC Industrial Estate, Ankleshwar - 393 002, Gujarat on Monday, September 26th 2011 at 11.30 a.m.

Full name of Member (In Block letters) _____

Regd. Folio No. _____

No. of Shares held _____

Full name of Proxy (In Block letters) _____

Member's / Proxy's Signature _____

Note: Persons attending the Annual General Meeting are requested to bring their copies of Annual Report, since no separate copies will be distributed at the Annual General Meeting.

Book Post

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

Email: panama@vsnl.com **website:** www.panamapetro.com