Panama
PETROCHEM LTD.

Corporate Office & Communication Address :
401 Aza House, 24 Turner Road, Bandra (West), Mumbai - 400 050. Website : www.panamapetro.com
Phone : 91-22-42177777 | Fax : 91-22-42177788 | E-mail : ho@panamapetro.com
CIN No. L23209GJ1982PLC005062

September 27, 2016

To, **The General Manager- CRD** Bombay Stock Exchange Limited Pjiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001 **Scrip Code: 524820**	**To,** **The Listing Head** National Stock Exchange of India Limited, Exchange Plaza,5th Floor, Plot No. C/1 G Block, Bandra-Kurla Complex Bandra (E) ,Mumbai-400 051 Mumbai 400 001 **Scrip Symbol :PANAMAPET**

Dear Sir,

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Company as approved and adopted in the 34th Annual General Meeting of the Company held on September 26, 2016.

Kindly find the same in order.

Thanking You.

Yours faithfully,
For **PANAMA PETROCHEM LIMITED**

Gayatri

Gayatri Sharma
Company Secretary

Panama
PETROCHEM LTD.

We provide

Consistency, Quality, Service, Economy

34th ANNUAL REPORT 2015-16

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. Mukesh Mehta	Independent Director
Mr. Dilip S. Phatarphekar	Independent Director
Mr. Madan Mohan Jain	Independent Director
Ms. Nargis Mirza Kabani	Independent Director

Chief Financial Officer

Mr. Pramod Maheshwari

Company Secretary & Compliance Officer

Ms. Gayatri Sharma

Auditors

Bhuta Shah & Co LLP
(previously known as M/s Bhuta Shah & Co.)
Chartered Accountants, Mumbai, India

Bankers

Citibank N.A.
IDBI Bank Limited
Standard Chartered Bank
DBS Bank Limited
Yes Bank Limited
D C B Bank Limited
HDFC Bank Limited
Indian Bank

Listed at

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

Corporate Office

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

Registered Office

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

Plants

Ankleshwar, Daman, Taloja, & Dahej

Registrar & Share Transfer Agents

Bigshare Services Private Limited
E -2, Ansa Industrial Estate,
Sakinaka, Saki - Vihar Road,
Andheri (E), Mumbai 400 072
Maharashtra, India.
Tel: 91-22-2847 3474 / 4043 0200
Fax: 91-22-2847 5207
E-mail: info@bigshareonline.com

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NOTICE

CIN : L23209GJ1982PLC005062

Notice is hereby given that the **THIRTY – FOURTH ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on Monday, September 26, 2016 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 Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2016 together with the Reports of the Board of Directors & Auditors thereon.

2. To declare dividend on Equity Shares.

3. To appoint a Director in place of Mr. Amin A. Rayani (DIN 00002652), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

4. To ratify the appointment of Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of "Bhuta Shah & Co LLP" Chartered Accountants (Firm Registration No. 101474W /W100100), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company to be held in 2017 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors".

Special Business:

5. To appoint Mr. Hussein V. Rayani (DIN: 00172165) as Director and in this regard to consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 161 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Hussein V. Rayani (DIN: 00172165), who was appointed as an Additional Director by the Board of Directors of the Company w.e.f. October 31, 2015 and who holds office till the date of this AGM, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

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

6. To appoint Mr. Hussein V. Rayani (DIN: 00172165) as Joint managing Director and in this regard to consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and in accordance with the provisions of Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee of the Board, approval of the Company be and is hereby accorded for the appointment of Mr. Hussein V. Rayani (DIN: 00172165) as Joint Managing Director of the Company, for a period of 5 (Five) years with effect from October 31, 2015, on the terms and conditions including remuneration as per below details, with liberty to the Board of Directors on the recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit, subject to the same not exceeding the limits specified under Section 197, read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

A. SALARY: ₹ 1,50,000/- per month with annual increment at such rate as may be approved by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee based on merit and taking into account the Company's performance .

B. BONUS: As may be decided by the Board of Directors.

C. PERQUISITES & ALLOWANCE :

i. In addition to the salary, Mr. Hussein V. Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; telephone expenses at residence, club fees and personal accident insurance, accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing and repairs or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the Company. For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.

ii. Company's contribution to provident fund, superannuation fund and annuity fund to the extent these are, either singly or put together, not taxable under the Income tax act; gratuity as per the Rules of the Company and encashment of leave at the end of the tenure will not be included for the purpose of computation of the overall ceiling of remuneration.

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

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

D. REIMBURSEMENT OF EXPENSES: Reimbursement of actual entertainment expenses, expenses incurred for travelling, boarding and lodging including for their respective spouses and attendant(s) during business trips, any medical assistance provided including for their respective family members; and provision of cars for use on the Company's business and, fuel expenses, insurance premium or other out of pocket expenses incurred in course of the official duties shall be reimbursed at actual and not considered as perquisites.

E. NATURE OF DUTIES:

(i) He will perform his duties with regard to all work of the Company and he will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Whole-time Director will be under the overall authority of the Managing Director.

(ii) He will act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

(iii) He will adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

F. TERMINATION: The office of Mr. Hussein V. Rayani will be terminated forthwith by notice in writing on the vacation of office of Director by virtue of section 167,169 and other applicable provisions of the Companies Act, 2013 or by giving 6 months notice in writing by either party.

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

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

7. To approve the remuneration of the Cost Auditor for the financial year ending March 31, 2017 and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 2.00 lakhs (Rupees Two Lakhs only) per annum plus out-of-pocket expenses payable to Mr. Girikrishna S. Maniar, who is appointed as the Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017.

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

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the Meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organization. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

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. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

4. Members/ Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Annual General Meeting, along with their copy of the Annual Report. Copies of the Annual Report will not be distributed at the Meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 22nd day of September 2016 to Monday, the 26th day of September 2016 (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 the closing of September 21, 2016. 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 two weeks from the date of declaration of dividend.

7. To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided National Electronic Clearing Service (NECS) facility to the Members for remittance of dividend. NECS facility is available at locations identified by Reserve Bank of India from time to time. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFS Code), along with their Folio Number, to the Company's Share Registrar and Transfer Agents. Members holding shares in electronic form are requested to provide the details to their respective Depository Participants.

8. Members holding shares in physical form are requested to advise any change of address/ mandate/bank details immediately to the Company's Share Registrar and Transfer Agents (M/s Bigshare Services Pvt. Ltd). Members holding shares in electronic form must send the advice about change in address mandate/bank details to their respective Depository Participant only and not to the Company or the Company's Share Registrar and Transfer Agents.

9. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website, *www. panamapetro.com*

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Share Registrar and Transfer Agents.

12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Share Registrar and Transfer Agents for assistance in this regard.

13. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

14. Members desirous of obtaining any information as regards to the accounts and operations of the Company are requested to write at least one week before the meeting so that the same could be complied in advance.

15. Members wishing to claim dividends, which has remain unclaimed, are requested to make their claim. Members are requested to note that the amounts of dividend remaining unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Consequently no claim shall lie against the Company in respect of any such amounts.

16. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

17. In terms of and in compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-voting facility as an alternate to all its Members to enable them to cast their vote electronically instead of casting the vote at the Meeting. The Members who have cast their vote by remote e-voting may participate in the Meeting even after exercising their right to vote through remote e-voting but shall not be allowed to cast vote again at the Meeting. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their vote electronically. The Company is also providing facility for voting by Ballot at the Annual General Meeting apart from providing remote e-voting facility for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.

18. The remote e-voting facility shall be opened from, Friday, September 23, 2016 at 9.00 A.M. to Sunday, September 25, 2016 till 5.00 P.M., both days inclusive. The remote e-voting facility shall not be allowed beyond 5.00 P.M., on Sunday, September 25, 2016. During the period when facility for remote e-voting is provided, the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date/entitlement date, may opt for remote e-voting. Provided that, once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again.

19. The Company has fixed Monday, September 19, 2016, as the cut off date for identifying the Shareholders for determining the eligibility to vote by electronic means or in the Meeting by Ballot. Instructions for exercising voting rights by remote e-voting are attached herewith and forms part of this Notice. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off/ entitlement date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting.

20. Any person who becomes a member of the Company after the dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e., September 19, 2016, may obtain the User ID and Password by sending an email request at cs@panamapetro.com. Members may also send a request to Ms. Gayatri Sharma, Company Secretary, by writing to her at, 401, Aza House, 24 Turner Road, Bandra (W), Mumbai-400050 .

21. The Voting Rights will be reckoned on the paid-up value of shares registered in the name of shareholders on Monday, September 19, 2016, the cut-off date/entitlement date for identifying the Shareholders for determining the eligibility to vote by electronic means or at the Meeting by Ballot.

22. The Notice of the Meeting is being placed on the website of the Company viz., *www.panamapetro.com* and on the website of CDSL viz., *www.cdslindia.com.*

23. Mr. Milind Nirkhe, Company Secretary in Whole Time Practice, (CP No. 2312) has been appointed as a Scrutinizer for conducting the voting by Ballot at the Meeting and remote e-voting process in a fair and transparent manner.

24. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at *www.panamapetro.com* and on the website of CDSL at *www.cdslindia.com*, immediately after the results are declared by the Chairman.

25. The instructions for members for voting electronically are as under:-

The voting period begins on Friday, September 23, 2016 at 9.00 A.M. and ends on Sunday, September 25, 2016 till 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, September 19, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

A. In case of members receiving e-mail:

(i) Log on to the e-voting website *www.evotingindia.com*

(ii) Click on "Shareholders" tab.

(iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to *www.evotingindia.com* and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker /mail) in the PAN field • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

B. In case of members receiving the physical copy:

(a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

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

Date : May 21, 2016
Place : Mumbai

Gayatri Sharma
Company Secretary

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

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

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

Item No. 5 & 6

Mr. Hussein V. Rayani was appointed as an additional director of the Company by the Board of Directors w.e.f October 31, 2015 and his tenure of office comes to an end at this Annual General Meeting but is eligible for appointment as Director.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Hussein V. Rayani for the office of Director of the Company.

Further, the Board of Directors of the Company, at its meeting held on October 31, 2015 has, subject to the approval of members, also appointed Mr. Hussein V. Rayani as Joint Managing Director, for a period of 5 (Five) years at the remuneration recommended by Nomination and Remuneration Committee of the Board and approved by the Board.

Mr. Hussein V. Rayani satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The Resolution No. 6 may be treated as a written memorandum setting out the terms of appointment of Mr. Hussein V. Rayani under section 190 of the Companies Act 2013.

A brief resume of Mr. Hussein V. Rayani nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the notice convening this meeting.

Mr. Hussein V. Rayani interested in the resolutions set out at Item Nos. 5 and 6 of the Notice, which pertain to his appointment and remuneration payable to him.

The relatives of Mr. Hussein V. Rayani may be deemed to be interested in the resolutions set out respectively at Item Nos. 5 and 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 5 and 6 of the Notice for approval by the shareholders.

Item No. 7

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Mr. Girikrishna S. Maniar as the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 on remuneration of ₹ 2.00 lakhs (Rupees Two Lakhs only) per annum plus out of pocket expenses, if any.

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders

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

Date : May 21, 2016
Place : Mumbai

Gayatri Sharma
Company Secretary

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

Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting

Name of Director	Mr. Amin A. Rayani	Mr. Hussein V. Rayani
Date of Birth	17.05.1972	16.01.1978
Date of Appointment	01.12.2000	31.10.2015
Expertise in specific functional area	Mr. Amin A. Rayani holds bachelor's degree in Commerce and is associated with the Company for over 17 years. He is currently Managing Director & CEO of the Company. He has a vast experience and expertise in finance, production and marketing and thus oversees the same with respect of the Company.	Mr. Hussein V. Rayani holds Masters Degree in chemical engineering from University of Southern California and has been associated with the Company for more than ten years. He has a vast experience and expertise in the fields of production and marketing. Mr. Hussein V. Rayani led multiple initiatives to accelerate production and sales of the Company.
Qualification	Bachelor's degree in commerce	Masters Degree in chemical engineering from University of Southern California
Directorship held in other Indian public limited Companies	Nil	Nil
Chairman/ Member of the Committee Board of Directors of the other Indian public limited Companies	Nil	Nil
No. of shares held in the Company	955000	553700
Disclosure of Relationship	Mr. Amin A. Rayani is directly related to Mr. Amirali Rayani	Mr. Hussein V. Rayani is not directly related to any Director.

Route Map to the venu of the AGM

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the **Thirty – fourth** Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2016.

FINANCIAL HIGHLIGHTS **(₹ In lakhs)**

Particulars	Standalone		Consolidated	
	2015-2016	2014-2015	2015-2016	2014-2015
Net Profit before Tax	3,169.74	1,760.76	3,665.49	2,156.12
Less: Provision for Taxes	1,150.08	384.89	1,150.08	384.89
Net Profit After Tax	2,019.66	1,375.87	2,515.41	1771.23
Add: Profit Brought Forward	12,383.05	12,120.13	13,077.65	12,419.37
Profit available for appropriation	14,402.71	13,496.00	15,593.06	14,190.60
Dividend of previous year including Dividend distribution tax	2.61	0.00	2.61	0.00
Proposed Final Dividend	201.65	806.58	201.65	806.58
Dividend distribution tax	42.19	168.78	42.19	168.78
Less: Transfer to Reserves	0.00	137.59	0.00	137.59
Profit Carried Forward to Balance Sheet	14,156.26	12,383.05	15,346.61	13,077.65

OPERATIONAL PERFORMANCE

- Earnings before Interest, Depreciation, Tax & Amortization on a standalone basis increased by 54.45% to ₹ 4244.49 lakhs.
- Net Profit on a standalone basis increased by 46.79% to ₹ 2,019.66 lakhs.
- Revenue from Operations on a standalone basis decreased by 8.93% to ₹ 66,461.38 lakhs.
- The consolidated revenue from operations of the Company for the year ended March 31, 2016 was ₹ 75,172.19 lakhs a decrease of 6.65 % on a Year on Year basis.
- Net Profit on a consolidated basis increased by 42.01% to ₹ 2,515.41 lakhs.

The consolidated revenue from operations of the Company for year ended March 31, 2016 was down by 6.65% to ₹ 75,172.19 lakhs. The decline in revenue from operations reflects a sharp fall in crude oil prices during the year. Whereas, the volume variance of the Company is favorable, since the consolidated volume is increased by 21.8%.

The Company was able to capitalize on the market conditions through its operational excellence, higher efficiency and well executed strategies which led to increase in consolidated profit of the Company by 42.01% to ₹ 2,515.41 lakhs.

MANAGEMENT DISCUSSION & ANALYSIS

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

DIVIDEND

With a view to conserve funds for implementing of expansion plans of various plants of the Company, your Directors proposed to recommend a dividend at the rate of ₹ 0.50 per share (i.e. 25%) of ₹ 2/- each for the financial year 2015-16.

The dividend will be paid to the members, whose names appear in the Register of Members of the Company as on September 21, 2016. 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 two weeks from the date of declaration of dividend.

The total outflow towards dividend on Equity Shares for the year would be ₹ 243.84 lakhs (including dividend tax).

TRANSFER TO RESERVES

During the year under review, no amount from profit was transferred to General Reserve.

CREDIT RATING

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

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2016 was ₹ 806.58 lakhs. During the year under review, the Company has not issued any shares. The Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweats equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2016 your Company has only one subsidiary, Panol Industries RMC FZE.

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

The Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16 (1) (c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). The Policy, as approved by the Board, is uploaded on the Company's website at the web link:

http://panamapetro.com/wp-content/uploads/2015/12/Subsidiary-Policy.pdf

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PERFORMANCE AND FINANCIAL POSITION OF PANOL INDUSTRIES RMC FZE

Net sales of Panol Industries RMC FZE have increased from ₹ 7,548.85 lakhs in the previous year to ₹ 8,710.81 lakhs during 2015-16. Net profit during the period is ₹ 495.75 lakhs, as compared to a net profit of ₹ 395.36 lakhs in the previous year.

Panol Industries RMC FZE, UAE, is a wholly owned subsidiary of the Company. The Company has built a brand new manufacturing facility in Ras Al Khaimah (UAE). At this new facility the Company will manufacture petroleum specialty products to cater to the GCC & MENA regions.

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

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

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and the Listing Regulations. There were no materially significant Related Party Transactions made by the Company during the year.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at the web link: *http://panamapetro.com/wp-content/uploads/2016/01/Related-Party-Transactions.pdf*

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

RISK MANAGEMENT

Your Company has adopted a Risk Management Policy/ Plan in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status.

This risk management process covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlights risks associated with chosen strategies.

DIRECTORS

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

APPOINTMENT OF DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Amin Rayani, Director, retires by rotation and being eligible to offer himself for re-appointment. Directors recommend his re-appointment.

At the Annual General Meeting of the Company held on September 14, 2015, the Members had approved the appointment of Ms. Nargis Kabani as Independent Director for a term of five years.

Mr. Hussein V. Rayani has been appointed as an Additional Director on the Board of the Company with effect from October 31, 2015, who holds office till the date of this AGM, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director. He has also been appointed as Joint Managing Director of the Company with effect from October 31, 2015.

Members are requested to refer to Item No.5 and 6 of the Notice of the Annual General Meeting for details.

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

In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Rules made there under and are independent of the management.

No Director has retired or resigned during the year.

WOMAN DIRECTOR

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, a company shall have at least one Woman Director on the Board of the Company. Your Company has appointed Ms. Nargis Mirza Kabani on its Board.

APPOINTMENTS/RESIGNATIONS OF THE KEY MANAGERIAL PERSONNEL

Mr. Hussein V. Rayani has been appointed as Joint Managing Director subject to the approval of members, apart from appointment of Mr. Hussein V. Rayani none of the other Key Managerial Personnel has resigned or appointed during the year under review.

BOARD AND COMMITTEE MEETINGS

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

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

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

PROCEDURE FOR NOMINATION AND APPOINTMENT OF DIRECTORS:

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

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

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

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

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

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

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

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

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

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

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

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

REMUNERATION POLICY

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

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

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

(i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

LISTING OF SHARES

Your Company's shares are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the year 2015–2016. The GDRs of the Company are listed on Luxembourg Stock Exchange.

CORPORATE GOVERNANCE

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

PUBLIC DEPOSITS

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

INSURANCE

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

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

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

As its operations have expanded, your Company has retained a collective focus on the various areas of corporate sustainability that impact people, environment and the society at large. Founded on the philosophy that society is not just another stakeholder in its business, but the prime purpose of it, the Company, across its various operations is committed to making a positive contribution.

The Board has constituted a Corporate Social Responsibility Committee headed by Mr. Mukesh Mehta as Chairman, with Mr. Amin A. Rayani and Ms. Nargis Kabani as Members. The Company has adopted a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Companies Act, 2013. As part of its CSR initiatives, the Company has undertaken projects in the areas of promoting health care and promoting education. The above projects are in accordance with Schedule VII of the Act. The Company has spent ₹ 17.50 lakhs towards the CSR projects during the current Financial Year 2015-16.

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

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

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

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 205C of the Companies Act, 1956, the amounts of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Consequently no claim shall lie against the Company in respect of any such amounts.

The amount of unpaid / unclaimed dividend up to the financial year 2007-2008 has been transferred to IEPF. The unpaid / unclaimed dividend amount of equity shares of the Company for the financial year 2008-2009 are due for transfer to the said fund in the month of December, 2016. Members who have not yet encashed their warrant (s) are requested to make their claims to the Company without any delay.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

AUDITORS

- **STATUTORY AUDITORS**

  At the Annual General Meeting (AGM) of the Company held last year, pursuant to the provisions of the Act and the Rules made there under, Bhuta Shah & Co LLP Chartered Accountants, (Previously known as M/s Bhuta Shah & Co.) were appointed as Statutory Auditors of the Company from the conclusion of the 33rd AGM held on September 14, 2015 till the conclusion of the AGM to be held in the year 2020, subject to ratification of their appointment. Members are requested to consider the ratification of the appointment and authorize the Board of Directors to fix their remuneration.

  Bhuta Shah & Co LLP., have furnished a certificate, confirming that if ratified, their re-appointment will be in accordance with Section 139 read with Section 141 of the Act. Pursuant to the provisions of the Act and the Rules made there under.

- **COST AUDITOR**

  Based on the Audit Committee recommendation at its meeting held on May 21, 2016, Mr. Girikrishna S. Maniar, Cost Accountant (Membership No. 8202) was re-appointed by the Board as the Cost Auditor of the Company for conducting an audit of the cost accounting records of the Company for financial year commencing from April 1, 2016 to March 31, 2017.

  Cost Audit Report for the financial year 2015-2016 will be submitted by Cost Auditor to the Central Government within the stipulated time period.

  The Cost Audit Report for the financial year 2014-2015 was submitted to the Central Government within the stipulated time.

  Pursuant to the provisions of Section 148 of the Act read with The Companies (Audit and Auditors) Rules, 2014, Members are requested to consider the ratification of the remuneration payable to Mr. Girikrishna S. Maniar.

- **SECRETARIAL AUDITOR**

  Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed CS. Milind Nirkhe, Practicing Company Secretary (Proprietor), Practicing under the name & style M/S Milind Nirkhe & Associates, CP No: 2312 to undertake the Secretarial Audit of the Company for the year ended March 31, 2016. The Secretarial Audit Report for the year under review is annexed as Annexure C.

  The Auditors' Report and the Secretarial Audit Report for the financial year ended March 31, 2016 do not contain any qualification, reservation, adverse remark or disclaimer.

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

A. Conservation of Energy:

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

The Company has taken adequate actions to conserve the energy as process time reduction by technically improved mixing system.

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

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

Include:

1. At its Plants, the Company has carried out various actions to optimize energy consumption and reduce losses.
2. Energy efficient motors are being installed in order to optimize use of power.
3. In its Plants and Offices, the Company has replaced conventional light fixtures with energy efficient fixtures.

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

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

(iii) Capital Investment on Energy Conservation Equipments:

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

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

B. Technology Absorption:

(i) Efforts made towards Technology Absorption:

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

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

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

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

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

(a) the details of technology imported: The Company has not imported any technology during the last three financial years.

(b) the year of import: Not Applicable

(c) whether the technology has been fully absorbed: Not Applicable

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable

Expenditure on research & development

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

Particulars	Amount (₹ In lakhs)
Capital	1.43
Revenue	39.40
Total R & D Expenditure	40.83
Total Turnover	66461.38
Total R & D Expenditure as a Percentage of total turnover	0.06%

C. Foreign exchange earnings and outgo:

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

ii. Foreign Exchange Earnings and Outgo:

Amount (₹ In lakhs)

Total Foreign Exchange Inflow	23325.44
Total Foreign Exchange outflow	40082.03

PARTICULARS OF EMPLOYEES

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules. Hence, no particulars are required to be disclosed in this Report.

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

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in form MGT 9 is annexed as Annexure E.

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

ANNEXURE A TO THE DIRECTORS' REPORT

FORM AOC.1

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

Part "A": Subsidiaries

(₹ In lakhs)

1	SI. No.	1
2	Name of subsidiary	Panol Industries RMZ FZE, UAE
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A
4	Reporting currency and exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	AED (AED 1 = 18.0437 INR)
5	Share Capital	5185.62
6	Reserves & Surplus	1696.63
7	Total Assets	10442.92
8	Total liabilities	3560.67
9	Investments	Nil
10	Turnover	8710.81
11	Profit before taxation	495.75
12	Provision for taxation	Nil
13	Profit after taxation	495.75
14	Proposed Dividend	Nil
15	% of shareholding	100%

1. Part B of the Annexure is not applicable as there are no associate companies/ joint ventures of the Company as on March 31, 2016

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

ANNEXURE B TO THE DIRECTORS' REPORT

Annual Report On Corporate Social Responsibility (CSR) Activities

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	Panama's CSR policy, which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website at the web link: http://panamapetro.com/wp-content/uploads/2015/12/CSR-policy.pdf Overview of Activities: In line with the CSR policy and in accordance of schedule VII of the Companies Act, 2013 your company undertook various activities during the year. Key initiative undertaken. • Promoting health care • Promoting education

	2. The Composition of the CSR Committee.	Mr. Mukesh Mehta (Chairman) Mr. Amin A. Rayani Ms. Nargis Kabani
	3. Average net profit of the Company for last three financial year.	1699.84 lakhs.
	4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	34 lakhs.
	5. Details of CSR spent for the financial year:	
	(a) Total amount to be spent for the financial year	34 lakhs. (the Company has spent 17.5 lakhs during the year review)
	(b) Amount unspent, if any:	16.5 lakhs
	(c) Manner in which the amount spent during the financial year is detailed below:	The manner in which the amount is spent is annexed.
	6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.	Since some of the projects undertaken by the Company are ongoing projects where the Company will have a continuing engagement over few years, part of the spend out of the total allocated budget for such projects will be in the next year.
	7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Amin A. Rayani
Managing Director & CEO
DIN:00002652

Mukesh Mehta
Chairman - CSR Committee
DIN:00002702

(₹ In lakhs)

Annexure to CSR Report (point 5 (c) of the CSR Report)

S. No	CSR Project or activity indentified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were under taken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) overheads	Cumulative expendi-ture upto the reporting period	Amount spent : Direct or through imple-mentation agency
1	Fidai Girls Educational Institute	Clause (ii), Promoting education	Mumbai, Maharashtra	25.00	13.61	13.61	Direct
2	Agakhan Foundation	Clause (i) & (ii) Promoting Healthcare& Education	Mumbai, Maharashtra	25.00	3.39	3.39	Direct
3	Samstha Shri Dasa Sorathia Vanik Samaj	Clause (ii), Promotion Education	Gujarat	1.00	0.50	0.50	Direct
Total				**51.00**	**17.5**	**17.5**	

ANNEXURE C TO THE DIRCTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016.

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

To,
The Members,
Panama Petrochem Limited.

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

Based on my verification of the PANAMA PETROCHEM LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2016 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **PANAMA PETROCHEM LIMITED** ("the Company") for the financial year ended on March 31, 2016 ('Audit Period'), according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (from April 1, 2015 to May 14, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (from May 15, 2015 to March 31, 2016);

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company for the audit period)

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company for the audit period)

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company for the audit period)

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company for the audit period)

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company for the audit period)

(vi) Other laws specifically applicable to the Company namely

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (From 1st July, 2015 to 31th March, 2016).

(ii) The Listing Agreements entered into by the Company with Stock Exchanges (from 1st April, 2015 to 30th November, 2015) i.e BSE Limited & The National Stock Exchange of India Limited.

(iii) The SEBI (Listing Obligation & Disclosure Requirements) entered into by the Company with Stock Exchanges (from 1st December, 2015 to 31st March, 2016).

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were taken unanimously

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

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

Signature :
CS.MILIND NIRKHE
FCS NO: 4156
C P NO.: 2312

Place : Mumbai
Date : May 21, 2016

'ANNEXURE A'

To,
The Members,

Panama Petrochem Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature :
CS.MILIND NIRKHE
FCS NO: 4156
C P NO.: 2312

Place : Mumbai
Date : May 21, 2016

ANNEXURE D TO THE DIRECTORS' REPORT

[Pursuant to Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

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

   The ratio of remuneration of each Director to the Median Remuneration of all employees who were on the payroll of the Company and the percentage increase in remuneration of the Directors during the financial year 2015-16 are given below

Directors	Ratio to Median	Percentage Increase in Remuneration
Mr. Amirali Rayani	13.33 : 1	Nil
Mr. Samir Rayani	10.00 : 1	Nil
Mr. Hussein Rayani	10.00 : 1	N.A.

Managing Directors & CEO	Ratio to Median	Percentage Increase in Remuneration
Mr. Amin Rayani	11.67 : 1	Nil

   The percentage increase in remuneration of the Chief Financial Officer is 11.26% and of the Company Secretary is 60.94%

3. The percentage increase in the median remuneration of employees in the financial year: 15%

4. The number of permanent employees on the rolls of Company: 109

5. The explanation on the relationship between average increase in remuneration and Company performance: Factors considered while recommending increase in fixed compensation: a. Financial performance of the Company. b. Comparison with peer companies. c. Industry Benchmarking d. Contribution made by the employee. e. Regulatory guidelines as applicable to Managerial Personnel.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: For the year ended March 31, 2016, KMPs were paid approx 0.18 % of the revenue of the year.

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies: The market capitalization of the Company as at March 31, 2016 is ₹ 256.69 crores, as against ₹ 236.73 crores as at March 31, 2015, an increase of 8.43 % during the year under review. The price earnings ratio of the Company as at March 31 2016 is 12.77, as against 17.32 as at March 31, 2015. The stock price as at March 31, 2015 has increased by 1491.25 % over the last public offer (IPO in January 1995).

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The percentage increase in the salaries of employees other than the managerial personnel in the last financial year is 15%, and there is no increase in the managerial remuneration. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time and also benchmarked against a comparable basket of relevant companies in India.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company: Net profit for the year stood at ₹ 2,019.66 lakhs. Considering the Company's performance and their individual performances, the remuneration of the Key Managerial Personnel during the year increased by 11.26% for the Chief Financial Officer and 60.94% for the Company Secretary. There is no increase in the salary of other Key Managerial Personnel

10. The key parameters for any variable components of remuneration availed by the Directors: The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel.

11. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: 0.84:1, Mr. Pramod Maheshwari (CFO) has received remuneration in excess of the highest paid Director during the year, the highest paid Director is the Chairman of the Company.

12. Affirmation that the remuneration is as per the Remuneration Policy of the Company: It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management , adopted by the Company.

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

ANNEXURE E TO THE DIRECTORS' REPORT

FORM NO. MGT.9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2015
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1)
of The Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	L23209GJ1982PLC005062
Registration Date	March 9, 1982
Name of the Company	Panama Petrochem Limited
Category / Sub-Category of the Company	Public Company/ Limited by Shares
Address of the Registered Office and contact details	Plot No. 3303, GIDC Estate, Ankleshwar, Gujarat -393002 Tel: 91-2646-221068 Fax: 91-2646-250281
Whether listed company	Yes
Name, address and contact details of Registrar & Transfer	Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Sakinaka, Saki -Vihar Road, Andheri (E), Mumbai 400 072, Maharashtra,India. Tel: 91-22-2847 3474, / 4043 0200 Fax: 91-22-2847 5207 mail: info@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No	Name and Description of main products / services	NIC Code of the products / services	% to total turnover of the Company
1	Panoil	192 (Manufacture of refined petroleum products)	94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Panol Industries RMC FZE	N.A	Subsidiary	100	2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Statement Showing Shareholding Pattern									
		No. of Shares held at the beginning of the year : 31/03/2015				No. of Shares held at the end of the year : 31/03/2016			
Category of Shareholders		Demat	Physical	Total Shares	Total %	Demat	Physical	Total Share	Total %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)
A. Promoter and Promoter Group									
	1. INDIAN								
(a)	INDIVIDUAL / HUF	18221935	0	18221935	45.18	18246935	0	18246935	45.25
(b)	CENTRAL / STATE GOVERNMENT(S)	0	0	0	0.00	0	0	0	0.00
(c)	BODIES CORPORATE	1441730	0	1441730	3.57	1441730	0	1441730	3.57
(d)	FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.00	0	0	0	0.00
(e)	ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00
	SUB TOTAL (A) (1) :	**19663665**	**0**	**19663665**	**48.76**	**19688665**	**0**	**19688665**	**48.82**
	2. FOREIGN								
(a)	INDIVIDUAL	0	0	0	0.00	0	0	0	0.00
(b)	BODIES CORPORATE	0	0	0	0.00	0	0	0	0.00
(c)	INSTITUTIONS	0	0	0	0.00	0	0	0	0.00
(d)	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00
(e)	ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00
	SUB TOTAL (A) (2) :	0	0	0	0.00	0	0	0	0.00
	Total holding for Promoters (A)=(A) (1) + (A) (2)	**19663665**	**0**	**19663665**	**48.76**	**19688665**	**0**	**19688665**	**48.82**
B. Public shareholding									
	1. INSTITUTIONS								
(a)	MUTUAL FUNDS / UTI	0	69000	69000	0.17	0	69000	69000	0.17
(b)	FINANCIAL INSTITUTIONS / BANKS	0	1500	1500	0.00	0	1500	1500	0.00
(c)	CENTRAL / STATE GOVERNMENT(S)	0	0	0	0.00	0	0	0	0.00
(d)	VENTURE CAPITAL FUNDS	0	0	0	0.00	0	0	0	0.00
(e)	INSURANCE COMPANIES	0	0	0	0.00	0	0	0	0.00
(f)	FII'S	510488	0	510488	1.27	636542	0	636542	1.58
(g)	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.00	0	0	0	0.00
(h)	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00
(i)	ANY OTHERS (Specify)	0	0	0	0.00	0	0	0	0.00
	SUB TOTAL (B) (1) :	**510488**	**70500**	**580988**	**1.44**	**636542**	**70500**	**707042**	**1.75**
	2. NON-INSTITUTIONS								
(a)	BODIES CORPORATE	472030	23500	495530	1.23	413516	23500	437016	1.08
(b)	INDIVIDUAL								
(i)	(CAPITAL UPTO TO ₹ 1 Lakh)	3420373	661235	4081608	10.12	3467273	633835	4101108	10.17
(ii)	(CAPITAL GREATER THAN ₹ 1 Lakh)	2749714	0	2749714	6.82	2615988	0	2615988	6.49
(c)	QUALIFIED FOREIGN INVESTOR	0	0	0	0.00	0	0	0	0.00
(d)	ANY OTHERS (Specify)								
(i)	TRUSTS	0	0	0	0.00	0	0	0	0.00
(ii)	CLEARING MEMBER	18958	0	18958	0.05	53640	0	53640	0.13
(iii)	DIRECTORS RELATIVES	0	0	0	0.00	0	0	0	0.00
(iv)	EMPLOYEE	0	0	0	0.00	0	0	0	0.00

(v)	NON RESIDENT INDIANS (NRI)	451877	0	451877	1.12	438881	0	438881	1.09
(vi)	OVERSEAS BODIES CORPORATES	0	0	0	0.00	0	0	0	0.00
(vii)	UNCLAIMED SUSPENSE ACCOUNT	0	0	0	0.00	0	0	0	0.00
	SUB TOTAL (B) (2) :	**7112952**	**684735**	**7797687**	**19.34**	**6989298**	**657335**	**7646633**	**18.96**
	Total Public Shareholding (B)=(B)(1) + (B)(2)	**7623440**	**755235**	**8378675**	**20.78**	**7625840**	**727835**	**8353675**	**20.71**
	Total (A) + (B) :	**27287105**	**755235**	**28042340**	**69.53**	**27314505**	**727835**	**28042340**	**69.53**
C. SHARES HELD BY CUSTODIANS									
(i)	PROMOTER & PROMOTER GROUP	0	0	0	0.00	0	0	0	0.00
(ii)	PUBLIC	12286725	0	12286725	30.47	12286725	0	12286725	30.47
	SUB TOTAL (C) (1) :	12286725	0	12286725	30.47	12286725	0	12286725	30.47
	(C)= (C) (1)		0		30.47	12286725	0	12286725	30.47
	Total (A) + (B) :	39573830	755235	40329065	100.00	39601230	727835	40329065	100.00
	Grand Total (A)+(B)+(C)	39573830	755235	40329065	100.00	39601230	727835	40329065	100.00

(ii) Shareholding of Promoters

	Shareholder's Name	**Shareholding at the beginning of the year 31/03/2015**			**Shareholding at the end of the year 31/03/2016**			
Sr. No	**Name**	**Number of Shares**	**% Shares of the Company**	**% of Shares Pledged/ encumbered to total shares**	**Number of Shares**	**% Shares of the Company**	**% of Shares Pledged/ encumbered to total shares**	**% Change in shareholding during the year**
1	AKBARALI ESSABHAI RAYANI	1002750	2.4864	0.0000	1002750	2.4864	0.0000	0.0000
2	AMIN AMIRALI RAYANI	955000	2.3680	0.0000	955000	2.3680	0.0000	0.0000
3	AMIRALI ESSABHAI RAYANI	1024000	2.5391	0.0000	1024000	2.5391	0.0000	0.0000
4	ARIF AMIRALI RAYANI	1158250	2.8720	0.0000	1158250	2.8720	0.0000	0.0000
5	BEGUMBANU AKBERALI RAYANI	1429750	3.5452	0.0000	1429750	3.5452	0.0000	0.0000
6	CHEMINE AMIN RAYANI	1080070	2.6781	0.0000	1105070	2.7401	0.0000	0.0620
7	GULSHAN SALIMALI RAYANI	95000	0.2356	0.0000	95000	0.2356	0.0000	0.2356
8	HUSSEIN VAZIRALI RAYANI	553700	1.3730	0.0000	553700	1.3730	0.0000	0.0000
9	IQBAL VAZIRALI RAYANI	1221985	3.0300	0.0000	1221985	3.0300	0.0000	3.0300
10	ITTEFAQ ICE AND COLD STORAGE CO. PVT. LTD	1441730	3.5749	0.0000	1441730	3.5749	0.0000	0.0000
11	MALIKA VAZIRALI RAYANI	530500	1.3154	0.0000	530500	1.3154	0.0000	0.0000
12	MUNIRA HUSSEIN RAYANI	592500	1.4692	0.0000	592500	1.4692	0.0000	0.0000
13	NABAT AMIRALI RAYANI	1479750	3.6692	0.0000	1479750	3.6692	0.0000	0.0000
14	SALIMALI ESSABHAI RAYANI	1008100	2.4997	0.0000	1008100	2.4997	0.0000	0.0000
15	SAMIR AKBARALI RAYANI	1092500	2.7090	0.0000	1092500	2.7090	0.0000	0.0000
16	SAPNA SAMIR RAYANI	1014805	2.5163	0.0000	1014805	2.5163	0.0000	0.0000
17	SERENA IQBAL RAYANI	480000	1.1902	0.0000	480000	1.1902	0.0000	0.0000
18	SHELINA ARIFALI RAYANI	2788275	6.9138	0.0000	2788275	6.9138	0.0000	0.0000
19	VAZIRALI ESSABHAI RAYANI	715000	1.7729	0.0000	715000	1.7729	0.0000	0.0000
	Total	**19663665**	**48.7581**	**0.0000**	**19688665**	**48.8200**	**0.0000**	**0.0619**

(iii) Change in Promoters' Shareholding

Sr. No	**Name**	**Reason**	**Date**	**Share holding**		**Cumulative shareholding during the year.**	
				Number of Shares	**% of total shares of the company**	**Number of Shares**	**% of total shares of the company**
	At the beginning of the year			19663665	48.76	19663665	48.76
1	INCREASE	Acquisition from Secondary Market	01-May-15	5000	0.01	19668665	48.77
2	INCREASE	Acquisition from Secondary Market	15-May-15	20000	0.05	19688665	48.82
	At the end of the year			25000	48.82	19688665	48.82

(iv) Shareholding Pattern of top ten Shareholders(other than Directors, Promoters and Holders of GDRs and ADRs)

		Shareholding at the beginning		Date	Reason	Increase/ decrease		Cumulative shares during end	
Sr. No.	Name	SHARES	% of Total Shares of company			SHARES	% of Total Shares of company	SHARES	% of Total Shares of company
1	CITIBANK N.A. NEW YORK, NYADR DEPARTMENT	12,286,725	30.47					12,286,725	30.47
2	MADHUKAR C. SHETH	1,160,912	2.88						
				10-Apr-15	Transfer	68	0.00	1,160,980	2.88
				24-Apr-15	Transfer	-38244	(0.09)	1,122,736	2.78
				14-Aug-15	Transfer	-766	(0.00)	1,121,970	2.78
				21-Aug-15	Transfer	-7839	(0.02)	1,114,131	2.76
				28-Aug-15	Transfer	-870	(0.00)	1,113,261	2.76
				07-Sep-15	Transfer	-512	(0.00)	1,112,749	2.76
				20-Nov-15	Transfer	-960	(0.00)	1,111,789	2.76
				27-Nov-15	Transfer	158	0.00	1,111,947	2.76
				31-Mar-16				1,111,947	2.76
3	ELARA INDIA OPPORTUNITIES FUND LIMITED	510,488	1.27						
				24-Apr-15	Transfer	40000	0.10	550,488	1.37
				29-May-15	Transfer	24000	0.06	574,488	1.42
				05-Jun-15	Transfer	62054	0.15	636,542	1.58
				31-Mar-16				636,542	1.58
4	ANIL KUMAR GOEL	588,979	1.46						
				10-Apr-15	Transfer	21	0.00	589,000	1.46
				01-May-15	Transfer	1000	0.00	590,000	1.46
				31-Mar-16				590,000	1.46
5	SEEMA GOEL	400,000	0.99					400,000	0.99
6	XITIJ MADHUKAR SHETH.	245,000	0.61						
				14-Aug-15	Transfer	-200	0.00	244,800	0.61
				31-Mar-16				244,800	0.61
7	SURENDRA KUMAR JAIN	172,220	0.43						
				17-Apr-15	Transfer	-24872	(0.06)	147,348	0.37
				24-Apr-15	Transfer	-14703	(0.04)	132,645	0.33
				01-May-15	Transfer	-2	(0.00)	132,643	0.33
				08-May-15	Transfer	-15456	(0.04)	117,187	0.29
				15-May-15	Transfer	-22647	(0.06)	94,540	0.23
				29-May-15	Transfer	-45185	(0.11)	49,355	0.12
				05-Jun-15	Transfer	-49355	(0.12)	0	0.00
8	A V DHARMAKRISHNAN	165,625	0.41					165,625	0.41

9	JEETAY INVESTMENTS PRIVATE LIMITED	97,095	0.24						
				30-Jun-15	Transfer	22500	0.06	119,595	0.30
				31-Mar-16				119,595	0.30
10	VINEETH ADVAI	90,000						90,000	0.22
11	DOLLY KHANNA	57,865	0.14						
				05-Jun-15	Transfer	5000	0.01	62,865	0.16
				12-Jun-15	Transfer	6751	0.02	69,616	0.17
				17-Jul-15	Transfer	4380	0.01	73,996	0.18
				31-Jul-15	Transfer	4060	0.01	78,056	0.19
				07-Aug-15	Transfer	4597	0.01	82,653	0.20
				31-Mar-16				82,653	0.20

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding at the beginning		Date	Reason	Increase / Decrease		Cumulative shares during end	
		Shares	% of total shares of company			Shares	% of Total Shares of the Company	Shares	% of total shares of company
1	AMIRALI ESSABHAI RAYANI	1024000	2.09	31-Mar-16				1024000	2.54
2	MS. NARGIS MIRZA KABANI	0	0.00					0	0.00
3	MR. MUKESH MEHTA	0	0.00					0	0.00
4	MR. MADAN MOHAN JAIN	0	0.00					0	0.00
5	MR. DILIP S PHATARPHEKAR	0	0.00					0	0.00
6	SAMIR A. RAYANI	1092500	2.71	31-Mar-16				1092500	2.71
7	AMIN A. RAYANI	955000	2.37	31-Mar-16				955000	2.37
8	HUSSEIN V RAYANI	553700		31-Mar-16				553700	1.37
9	PRAMOD MAHESHWARI	0	0.00					0	0.00
10	GAYATRI SHARMA	0	0.00					0	0.00

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment

(₹ In lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2445.80	Nil	Nil	2445.80
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) interest accrued but not due	Nil	Nil	Nil	Nil
Total(i+ii+iii)	**2445.80**	**Nil**	**Nil**	**2445.80**
Change in Indebtedness during the financial year				
• Addition	432.27	Nil	Nil	432.27
• Reduction	Nil	Nil	Nil	Nil
Net Change	**432.27**	**Nil**	**Nil**	**432.27**
Indebtedness at the end Of the financial year				
i) Principal Amount	2877.35	Nil	Nil	2877.35
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**2877.35**	**Nil**	**Nil**	**2877.35**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PRESONNEL

A. Remuneration to Managing Director, Whole-time directors and /or Manager

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Amirali Rayani (Chairman)	Amin Rayani (Managing Director)	Samir Rayani (Whole time Director)	Hussein Rayani (Joint Managing Director)	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.00	21.00	18.00	10.65	73.65
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total(A)	**24.00**	**21.00**	**18.00**	**10.65**	**73.65**
	Ceiling as per the Act	325.41 lakhs, being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

B. Remuneration to other Directors (Independent Directors):

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Madan Mohan Jain	Dilip S. Phatarphekar	Mukesh Mehta	Nargis Kabani	
1	**Independent Directors :**					
	• Fee for attending board committee meetings	1.50	1.50	2.10	0.60	5.70
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	1.50	1.50	2.10	0.60	5.70
2	**Others Non-Executive Directors**	None	None	None	None	None
	• Fee for attending board committee meetings • Commission • Other, please specify					
	Total (2)	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	**1.50**	**1.50**	**2.10**	**0.60**	**5.70**
	Total Managerial Remuneration/ sitting fees	**1.50**	**1.50**	**2.10**	**0.60**	**5.70**
	Overall Ceiling as per the Act	32.54 lakhs being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

C. Remuneration to Key Managerial Personnel Other Than MD/MANAGER/WTD

(₹ In lakhs)

Sl. No	Particular of Remuneration	Key Managerial Personnel		
		Pramod Maheshwari (CFO)	Gayatri Sharma (CS)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.40	15.85	44.25
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit -others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	**28.40**	**15.85**	**44.25**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of Panama Petrochem Ltd. presents the analysis of the Company for the year ended on March 31, 2016 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments both in India and abroad.

This management discussion and analysis ("MD&A") of Panama Petrochem Ltd. for the year ended on March 31, 2016 contains financial highlights but does not contain the complete financial statements of the Company. It should be read in conjunction with the Company's audited financial statements for the year ended on March 31, 2016.

ECONOMIC REVIEW

The Indian economy continued to record a growth of about 7.30% for the second consecutive year. However, the growth of Industrial production was low at about 2.60% p.a. with some sectors of the industry still in the negative zone. However, India being a net importer of oil and other commodities, got the benefit of lower crude oil and related commodity prices, this in turn resulted in lower inflation (CPI) levels of about 5%. India being dependant on large imports of crude oil, experienced a favourable impact in case of both, economic growth as well as inflation management.

On the global front, the year was characterized by underlying weakness, across most economies and business sectors, with weak demand, falling prices and over-capacities, which took a toll on economic growth, the extent of which not only varied from country to country but also from region to region. Of these, the single most important factor was the slowing down of the Chinese economy, which resulted in a sharp drop in demand, which affected various sectors as diverse as Crude oil, minerals, and a plethora of other commodities.

INDUSTRY OVERVIEW

FY 2015-16 provided the petroleum industry with both challenges and opportunities. Strong growth in oil output from non-OPEC (Organisation of the Petroleum Exporting Countries) producers, coupled with weak demand in some key consumption economies led to an oversupplied oil market, precipitating a sharp decline in oil prices, during the year. The un-weighted average spot price of Brent crude fell significantly during the year under review with crude oil touching a 12-year low.

On the supply side, despite major increases in US shale oil output, the OPEC majors, especially Saudi Arabia, chose not to reduce production in order to protect their market share. This raised global crude supply to record levels. More recently, crude sales from Iran have worsened the glut. On the demand side, far slower economic growth of China, the world's second largest consumer of crude oil, coupled with muted growth of most developed OECD countries have come together to severely affect prices.

The steep fall in oil prices has had a significant macroeconomic impact on oil producers and consumers. It benefited oil importers with higher disposable income for consumers and lower costs in the production of final goods. For many importers, the boost from lower oil prices, while sizable, is somewhat muted by the recent currency depreciation against the US dollar. This implies a smaller oil price decline in domestic currency.

BUSINESS OVERVIEW

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

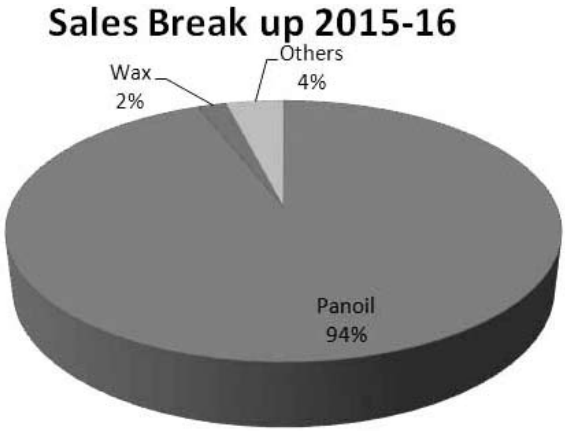
MANUFACTURING FACILITIES

The Company has adequate manufacturing capacity to cater the domestic as well as International requirements. Its four manufacturing units, all located in Western India, namely in Ankleshwar (Gujarat), Daman (Union Territory), Taloja (Raigadh, Maharashtra) and Dahej (Bharuch, Gujarat). The Company's products are exported to more than 40 countries globally. The Company has a fully equipped state-of-the-art Research and Development Center at its Ankleshwar unit where it formulates new and value-added products. The Company manufactures more than 80 product variants used across 6-7 broad industry segments.

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

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

PRODUCT WISE SALES BREAK UP FOR THE FINANCIAL YEAR 2015-16



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

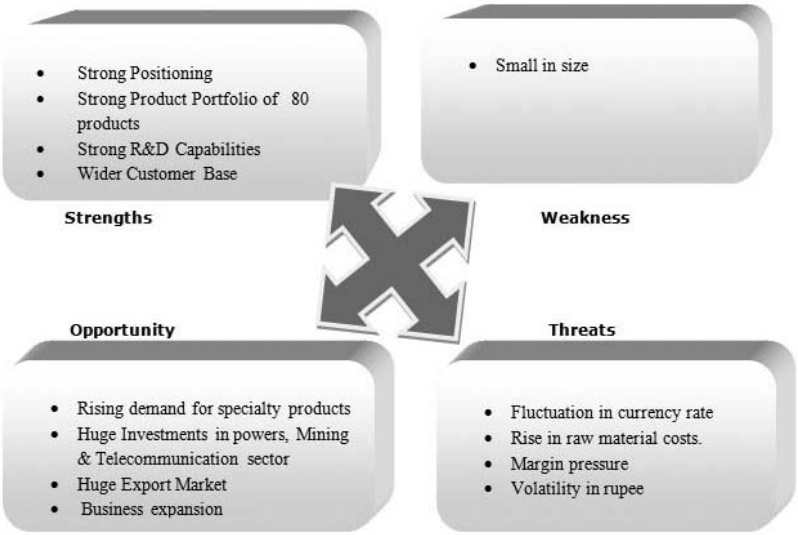
FUTURE OUTLOOK

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

The Company is planning to expand its operations to withstand against the negative market forces. The Company is hopeful to override the adverse effects of the price fluctuations in the petroleum industry by resorting to bulk purchases and cost control measures.

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

SWOT PROFILE



OPPORTUNITIES:

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

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

THREATS:

Despite some of the positive signs, the overall state of the global economy remains fragile and volatile. Changes in Government policies, especially regarding import of Base Oil will have an adverse impact on the performance of the Company. However, considering the multifarious purposes for which the Base Oil is used and the domestic supplies are not adequate to meet the domestic Demand, the possibilities for such adverse changes in Government policies appear to be remote.

RISKS AND CONCERNS

- **Environmental Risks**

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

- **Financial Risks**

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

- **Operational Risks**

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

- **Cyber Security Risks**

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

PERFORMANCE

Earnings before Interest, Depreciation, Tax & Amortization on a standalone basis increased by 54.45% to ₹ 4,244.49 lakhs against ₹ 2,748.12 lakhs during the previous year.

Net Profit on a standalone basis increased by 46.79% to ₹ 2,019.66 lakhs against ₹ 1,375.87 lakhs during the previous year.

HUMAN RESOURCE / INDUSTRIAL RELATIONS

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an effective and adequate internal audit and control system to ensure that all assets are safeguarded against loss and all transactions are authorised, recorded and reported correctly. The Internal audits are conducted by firm of Chartered Accountants, ably supported by an internal team staffed with qualified and experienced people. All operational activities are subject to internal audits at frequent intervals. The existing audit and inspection procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

CAUTIONARY STATEMENT

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

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your 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, bankers and the communities in which we operate.

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

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

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

Your Company is in compliance with the requirements of Corporate Governance stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (Clause 49 of the erstwhile Listing Agreement executed with the Stock Exchanges).

2. BOARD OF DIRECTORS

(a) Composition

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

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

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

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

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

(b) Meetings and attendance during the year

Four Board Meetings were held during the financial year April 1, 2015 to March 31, 2016. The maximum gap between any two Board meetings was less than One Hundred and Twenty days.

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

Details of attendance of Directors in the Board Meetings during the financial year April 1, 2015 to March 31, 2016 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	Executive Director	4	100	Yes
2	Mr. Amin A. Rayani	Executive Director	4	100	Yes
3	Mr. Hussein Rayani (appointed w.e.f October 31, 2015)	Executive Director	2	100	N.A
4	Mr. Samir A. Rayani	Executive Director	3	75	No
5	Mr. Mukesh Mehta	Independent Non-Executive	4	100	Yes
6	Mr. Dilip S. Phatarphekar	Independent Non-Executive	4	100	No
7	Mr. Madan Mohan Jain	Independent Non-Executive	4	100	Yes
8	Ms. Nargis Mirza Kabani	Independent Non-Executive	3	75	No

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

During the Financial Year April 1, 2015 to March 31, 2016, 4 (Four) meetings were held on the following dates:

May 30, 2015, July 30, 2015, October 31, 2015, and February 10, 2016.

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

Name of the Director & Designation	Category	No. of positions held in other Public Companies		
		Board	Committee	
			Membership	Chairmanship
Mr. Amirali E. Rayani	Executive Director (Chairman)	Nil	Nil	Nil
Mr. Amin A. Rayani	Executive Director (Managing Director & CEO)	Nil	Nil	Nil
Mr. Samir A. Rayani	Executive Director	Nil	Nil	Nil
Mr. Dilip S. Phatarphekar	Independent & Non Executive Director	2	2	Nil
Mr. Madan Mohan Jain	Independent & Non Executive Director	1	1	Nil
Mr. Mukesh Mehta	Independent & Non Executive Director	Nil	Nil	Nil
Ms. Nargis Mirza Kabani	Additional (Independent) Director	Nil	Nil	Nil

1. Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013.

2. Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for committee positions.

3. Mr. Amirali Rayani & Mr. Amin Rayani are directly related to each other, Mr. Samir Rayani & Mr. Hussein Rayani are members of the extended family.

(d) Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

(e) Board and Director Evaluation and criteria for evaluation

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

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

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

(f) Familiarization Programme for Independent Directors

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis.

The familiarization programme for Independent Directors is disclosed on the Company's website at the following web *link: http://panamapetro.com/wp-content/uploads/2016/03/familiarization-programme.pdf*

(g) Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on October 31, 2015, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations.

At the Meeting, the Independent Directors:

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

Mr. Dilip Phatarphekar, Mr. Madan Mohan Jain and Mr. Mukesh Mehta attended the Meeting of Independent Directors. Mr. Dilip Phatarphekar chaired the Meeting

3. AUDIT COMMITTEE

(a) Terms of Reference of Audit Committee

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

Role of Audit Committee inter alia, includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment.
- Approving payment to statutory auditors for any other services rendered by them.

- Reviewing with the management, the annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditors independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management, performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors, any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board.
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate.
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- Reviewing the following information:
  - The Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of internal auditors / chief internal auditor.

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

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

During the Financial Year April 1, 2015 to March 31, 2016, 4 (Four) meetings were held on the following dates:

May 30, 2015, July 30, 2015, October 31, 2015, and February 10, 2016.

The gap between two meetings did not exceed 120 days.

The attendance of each member of the committee is given below.

Name of the Member	Attendance at the Audit Committee Meeting	% of total meetings attended during the tenure as a Director / Secretary
Mr. Madan Mohan Jain (Chairman)	4	100
Mr. Mukesh Mehta (Member)	4	100
Mr. Samir A. Rayani (Member)	3	75
Company Secretary		
Ms. Gayatri Sharma	4	100

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

The Chairman of the Audit Committee, Mr. Madan Mohan Jain was present at the Annual General Meeting of the Company held on September 14, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE

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

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

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/ or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- To ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

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

During the Financial Year April 1, 2015 to March 31, 2016, 2 (Two) meetings were held on the following dates:

October 31, 2015 and February 10, 2016.

Name of the Member	Attendance at the Nomination & Remuneration Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Chairman)	2	100
Mr. Dilip S. Phatarphekar (Member)	2	100
Mr. Madan Mohan Jain (Member)	2	100
Ms. Gayatri Sharma (Secretary)	2	100

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

(c) Remuneration Policy of the Company

The Company's philosophy for remuneration of Directors, key managerial personnel and senior management is based on the commitment of fostering a culture of leadership with trust.

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

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

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

- **Fixed pay:**

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

- **Minimum Remuneration:**

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

- **Provisions for excess remuneration:**

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

Remuneration to Non- Executive / Independent Director:

- **Remuneration / Commission:**

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

- **Sitting Fees:**

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

- **Commission:**

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

  No remuneration is paid to any Non-Executive Directors during the financial year April 1, 2015 to March 31, 2016 except sitting fee for attending Board meetings and committee meetings.

(d) Details of the Executive Directors Remuneration for the financial year ended March 31, 2016

(₹ in lakhs)

REMUNERATION		DIRECTORS				
		Executive Directors				
		Mr. Amirali E Rayani	Mr. Amin A Rayani	Mr. Samir A Rayani	Mr. Hussein Rayani	Non-Executive Directors
(a)	Salary & Allowances (fixed)	24.00	21.00	18.00	10.65	Nil
(b)	Benefits & Perquisites	Nil	Nil	Nil	Nil	Nil
(c)	Bonus / Commission Additional Salary	Nil	Nil	Nil	Nil	Nil
(d)	Pension, Contribution to Provident fund & Superannuation Fund	Nil	Nil	Nil	Nil	Nil
(e)	Stock Option Details(if any)	The Company has not offered any Stock Options to its employees.				
(f)	Notice period	The Agreement may be terminated by either party giving the other party six months' notice.				Reason-able (to be decided by the Board) written notice, to be served
(g)	Severance fess	Nil				Nil

Note:

i. The agreement with each Executive Director is for a period of 5 years.

ii. There were no performance linked incentive paid to the directors for the year 2015-16

(e) Details of the Sitting Fees paid to Non-Executive Directors for the financial year ended March 31, 2016

(₹ in lakhs)

Name of the Non-Executive Director	Amount of Sitting Fees Paid
Mr. Madan Mohan Jain	1.50
Mr. Dilip S. Phatarphekar	1.50
Mr. Mukesh Mehta	2.10
Ms. Nargis Mirza Kabani	0.60

(f) Shareholdings of Non-Executive Directors

None of the Non-Executive Directors held shares in the Company as on March 31, 2016.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Terms of Reference of Stakeholders Relationship Committee

- To look into redressing shareholders and investors' complaints and to expedite the process of redressal of complaints like transfer of shares, non-receipt of annual report, non-receipt of declared dividends etc. and carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

Name of the Member	Attendance at the Stakeholders Relationship Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Dilip S. Phatarphekar (Chairman)	4	100
Mr. Mukesh Mehta (Member)	4	100
Mr. Amin A. Rayani (Member)	4	100
Mr. Amirali E. Rayani (Member)	4	100
Company Secretary		
Ms. Gayatri Sharma	4	100

(b) Meetings of the Committee

During the Financial Year April 1, 2015 to March 31, 2016, 4 (Four) meetings were held on the following dates:

May 30, 2015, July 30, 2015, October 31, 2015, and February 10, 2016.

(c) Name & Designation of the Compliance Officer

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

(d) Redressal of Complaints

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

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

During the financial year, the company has received twenty one 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 March 31, 2016.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

(a) Terms of Reference of the Committee, inter alia, includes the following:

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

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2015-16 forms a part of the Directors' Report.

(b) Composition of Corporate Social Responsibility Committee

During the Financial Year April 1, 2015 to March 31, 2016, 2 (Two) meetings were held on the following dates:

May 30, 2015 and February 10, 2016.

Name of the Member	Attendance at the Stakeholders Relationship Committee Meeting	% of total attended during the tenure as a Director / Secretary
Mr. Mukesh Mehta (Independent & Non Executive Director- Chairman)	2	100
Mr. Amin A. Rayani (Managing Director & CEO- Member)	2	100
Ms. Nargis Kabani (appointed as a member on February 10, 2016)	N.A	N.A
Mr. Amirali E. Rayani (resigned w.e.f February 10, 2016)	2	100
Company Secretary		
Ms. Gayatri Sharma	2	100

7. GENERAL BODY MEETINGS

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

Year	Date	Venue	Time	No. of Special Resolution(s) passed
2013	September 27, 2013	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:00 A.M	0
2014	September 4, 2014	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:00 A.M	4
2015	September 14, 2015	Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat	11:00 A.M	2

(b) Postal Ballot

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

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

Mr. Amin Rayani, Director who shall be retiring in this AGM, being eligible to be offered himself for re-appointment. His brief particulars are provided in the notice convening this meeting.

8. CODE OF CONDUCT

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

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

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

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

9. SUBSIDIARIES

The Company does not have any material non-listed **Indian** subsidiary as defined under Regulation 16 (1) (c) of the Listing Regulations, viz. an unlisted subsidiary incorporated in India, whose income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. It is, therefore, not required to have an Independent Director of the Company on the Board of such subsidiary.

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

10. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

During the year, the Company has adopted a revised Code of Conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors, KMPs and designated employees of the Company. The Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in the shares of the Company.

11. DISCLOSURES

(a) Related Party Transactions

There are no materially significant related party transactions with its Promoters, Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large. The other related party transactions are given in Notes to Accounts annexed to and forming the part of Balance Sheet and Profit and Loss Account of the Company. The Company has formulated a Related Party Transactions Policy and the same is displayed on the Company's website at the web link *http://panamapetro.com/wp-content/uploads/2016/01/Related-Party-Transactions.pdf*

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

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

(c) Disclosure of Risk management

The Company has a well defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.

(d) Whistle Blower Policy

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

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

(e) Material Subsidiary

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

(f) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

(g) Details of compliance with mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance and also complied with Clauses (b) to (i) of Regulation 46 (2) relating to the dissemination of information on the website of the Company. A certificate from the practicing Company Secretary to this effect has been included in this report.

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

The Managing Director & CEO and the Chief Financial Officer have certified to the Board in accordance with Part B of Schedule II to the Listing Regulations pertaining to CEO/ CFO certification for the Financial Year ended March 31, 2016.

(i) Adoption of non mandatory requirements

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

- **Separate post of Chairman and CEO**

  The Chairman of the Board is a separate position from that of the Managing Director & CEO.

- **Reporting of Internal Auditor**

  The Internal Auditor reports to the Audit Committee.

- **Audit qualifications**

  The financial results of the Company are unqualified.

12 MEANS OF COMMUNICATION

(a) Quarterly Results / Annual Results

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

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

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

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

13 GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting

Day & Date : Monday, September 26, 2016

Time : 11.00 A.M.

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

(b) Financial Year : April 2016 to March 2017

Financial Calendar

Events	Tentative time frame
Financial Reporting for the second quarter ending September 30, 2016	2nd week of November, 2016
Financial Reporting for the third quarter ending December 31, 2016	2nd week of February, 2017
Financial Reporting for the fourth quarter ending March 31, 2017	Last Week of May, 2017

(c) Dates of Book Closure:

September 22, 2016 to September 26, 2016 (Both days inclusive)

(d) Dividend Payment Date:

Interim - N.A

Final - within 2 weeks from the declaration of the dividend

(e) Listing on Stock Exchanges:

Equity Shares

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

Stock Code:

BSE Limited: 524820

National Stock Exchange of India Limited: PANAMAPET

Demat ISIN Number for NSDL & CDSL: INE305C01029

The Company has paid the listing fees to these Stock Exchanges for the year 2015-16.

Global Depository Receipts(GDRs)

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

Security codes of GDRs

COMMON CODE	:	065195372
ISIN	:	US6982941055
CUSIP	:	698294105

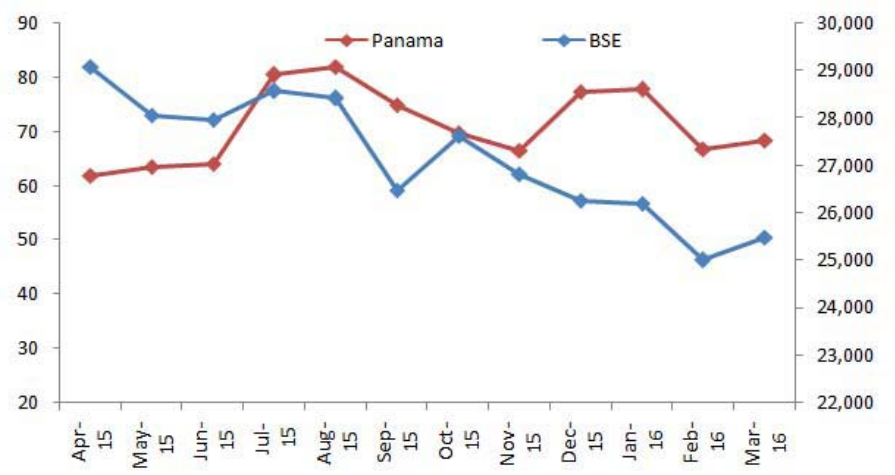
(f) Market Price Data:

High/ low of market price of the Company's equity shares traded on BSE during the last financial year April 1, 2015 to March 31, 2016 were as follows:

Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE	Month	High (₹) BSE	High (₹) NSE	Low (₹) BSE	Low (₹) NSE
April	62.00	63.65	53.10	52.15	October	69.80	69.55	61.25	61.20
May	63.55	61.85	53.75	54.00	November	66.50	69.80	61.65	61.10
June	64.00	63.90	52.00	53.05	December	77.40	77.00	63.00	62.05
July	80.50	82.25	57.10	58.25	January	77.85	76.40	60.00	59.60
August	82.00	84.50	66.20	64.00	February	66.90	68.00	55.05	54.00
September	74.90	74.85	58.00	60.00	March	68.40	66.60	56.10	55.30

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

(g) Performance in comparison to BSE SENSEX



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

The shares of the Company can be transferred by lodging Transfer Deeds and Share Certificates with the Registrars & Share Transfer Agents viz. M/s Bigshare Services Pvt. Ltd. (Address as mentioned below). The Shareholders have option of converting their holding in dematerialized form and effecting the transfer in dematerialized mode.

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

(i) Share Transfer System

The Company's shares are traded in the BSE Ltd. & National Stock Exchange of India Limited, compulsorily in Demat mode. Physical shares which are lodged with the Registrar & Transfer Agent or/ Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Regulations subject to the documents being in order.

(j) Distribution of Shareholding as on March 31, 2016:

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	in ₹	% to Total
(1)		(2)	(3)	(4)	(5)
Up to 5,000		3725	91.79	3,320,562	4.12
5,001	10,000	117	2.89	9,08,744	1.13
10,001	20,000	95	2.34	1,424,452	1.77
20,001	30,000	39	0.96	968,578	1.20
30,001	40,000	15	0.37	537,626	0.67
40,001	50,000	14	0.35	623,780	0.77
50,001	100,000	18	0.44	1,266,588	1.57
100,001 and Above		35	0.86	71,607,800	88.78
Total		**4058**		**80,658,130**	**100**

(k) Shareholding Pattern as on March 31, 2016

Category	Total Shares	Percentage
Clearing Member	53640	0.13
Corporate Bodies	437016	1.08
Corporate Bodies (Promoter Co)	1441730	3.57
Directors	3625200	8.98
Directors Relatives	14621735	36.26
Foreign Inst. Investor	636542	1.58
Global Depository Receipts	12286725	30.47
Mutual Fund	69000	0.17
Nationalised Banks	1500	0.0037
Non Resident Indians	438881	1.09
Public	6717096	16.66
Total	**40329065**	**100.000**

(l) Secretarial Audit

- M/s Milind Nirkhe & Associates, Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2015-16. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made there under, Listing Agreements with the Stock Exchanges, Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.
- Pursuant to Regulation 40 (9) of the Listing Regulations with the Stock Exchanges, certificates have been issued on a half-yearly basis, by a Company Secretary in practice
- A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

(m) Dematerialization of shares and liquidity:

As on March 31, 2016 about 98.20% of the Company's equity paid-up capital had been dematerialized. Trading in equity shares of the Company at the Stock Exchange is permitted compulsorily in demat mode.

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

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

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

Outstanding GDRs as on March 31, 2016 are 491,469 representing 12,286,725 Equity shares constituting 30.47 % of the paid up share capital of the Company.

a. Plant Locations:

The Company has the following units located at:

1. Plot No: 3303, GIDC Industrial Estate, Ankleshwar-393 002, Gujarat.
   Tel: 91-2646-221 068 / 250 281 Email: ankl@panamapetro.com
2. Survey No: 78/2, Daman Industrial Estate, Unit III, Poly Cab Road,
   Village Kadaiya, Dist. Daman, Daman (UT)-396 210.
   Tel: 91-260-329 1311 Email: daman@panamapetro.com
3. Plot No. H-12, M.I.D.C., Taloja, Navi Mumbai - 410208.
   Tel: 91-22-27411456 Email:taloja@panamapetro.com
4. Plot No. 23 & 24 SEZ, Dahej, Bharuch District, Gujarat-392110.
   Tel:91-2641-320980 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, 24, Turner Road, Bandra (W), Mumbai - 400 050

Phone: 022- 42177777 Fax: 022- 42177788 **Email: cs@panamapetro.com**

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

Date : May 21, 2016
Place : Mumbai

Amirali E Rayani
Chairman
DIN:00002616

CEO Certificate on Corporate Governance

To,
The Members of
PANAMA PETROCHEM LIMITED.

I, Amin A. Rayani ,Managing Director & CEO of Panama Petrochem Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, as applicable to them, for the year ended March 31, 2016.

For **Panama Petrochem Ltd.**

Place: Mumbai
Date : May 21, 2016

Amin A. Rayani
Managing Director & CEO
DIN :00002652

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

Practicing Company Secretary's Certificate on Corporate Governance

To

The Members of Panama Petrochem Limited

We have examined the compliance of conditions of Corporate Governance by Panama Petrochem Limited ('the Company') for the year ended March 31, 2016 as stipulated on Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period April 1, 2015 to November 30, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period December 1, 2015 to March 31, 2016.

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

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

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

For MILIND NIRKHE & ASSOCIATES
Company Secretaries

MILIND NIRKHE
Membership No : 4156
CP NO : 2312

Place: Mumbai
Date : May 21, 2016

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 March 31, 2016 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
DIN :00002652

Place: Mumbai
Date : May 21, 2016

Pramod Maheshwari
CFO

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

INDEPENDENT AUDITORS' REPORT

To the Members of
Panama Petrochem Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Panama Petrochem Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Profit and Loss Statement and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that:
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. on the basis of written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;

   ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the financial statements;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Bhuta Shah & Co LLP**
Chartered Accountants
Firm Reg. No.: 101474W/ W100100

CA. Virag Shah
Partner
Membership No.: 153415

Mumbai, 21 May, 2016

"Annexure A"

to Independent Auditors' Report of even date on the standalone financial statements for the year ended 31 March 2016 referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements"

(i) In respect of fixed Assets

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, all the fixed assets have not been physically verified by the management during the year but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to information & explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of its inventories:

As explained to us, inventories have been physically verified during the year by the management and in our opinion, the frequency of verification is reasonable. In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act and accordingly, the provisions of Clause (iii) (a) to (c) of Para 3 of the Order are not applicable to the Company.

(iv)) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the guarantees and investments made. The Company has not given any loans during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the provisions of section 73 to 76 of the Act and rules framed there under, and accordingly, the provisions of Clause (v) of Para 3 of the Order are not applicable to the Company.

(vi) 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 (1) of section 148 of the Act, related to manufacture of specialty petroleum products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues outstanding in respect of income tax, sales tax or wealth tax or value added tax which have not been deposited on account of any dispute.

According to the information and explanations given to us, the following dues in respect of service tax, duty of customs and duty of excise, have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax and Penalty	58.25	FY 2007-08 to FY 2011-12	Commissioner of Central Excise (Appeals) – IV, Mumbai
Finance Act, 1994	Service Tax	22.46	FY 2012-13	Addl. Commissioner, Service Tax – 1, Mumbai
Custom Act, 1962	Custom Duty, Fine and Penalty	126.70[1]	FY 2011-12	CESTAT, Mumbai
Central Excise Act, 1944	Central Excise Duty	66.51[1]	April 2009 to November 2013	CESTAT, Ahmedabad
Central Excise Act, 1944	Central Excise Duty	23.17[1]	December 2013 to October 2014	CESTAT, Ahmedabad

[1]*Net of amounts paid under protest & pre-deposit.*

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks. The company did not have any borrowings from financial institutions, government or debenture holders.

(ix) Based on our audit procedures and on the information and explanations given by the management, the term loans taken by the Company have been applied for the purpose for which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provisions of Clause (xii) of Para 3 of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with the directors. Accordingly, the provisions of Clause (xv) of Para 3 of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, question of obtaining registration thereof does not arise.

For **Bhuta Shah & Co LLP**
Chartered Accountants
Firm Reg. No.: 101474W/ W100100

CA. Virag Shah
Partner
Membership No.: 153415

Mumbai, 21 May, 2016

"Annexure B"

to Independent Auditors' Report of even date referred to in paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements"

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

We have audited the internal financial controls over financial reporting of Panama Petrochem Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Bhuta Shah & Co LLP**
Chartered Accountants
Firm Reg. No.: 101474W/ W100100

CA. Virag Shah
Partner
Membership No.: 153415

Mumbai, 21 May, 2016

BALANCE SHEET AS AT 31 MARCH 2016

Particulars	Notes	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Equity and liabilities			
Shareholders' funds			
Share capital	3	**806.58**	806.58
Reserves and surplus	4	**24,736.26**	22,963.05
		25,542.84	23,769.63
Non-current liabilities			
Deferred tax liabilities (net)	5	**384.95**	297.89
Long-term provisions	6	**-**	-
		384.95	297.89
Current liabilities			
Short-term borrowings	7	**2,877.35**	2,445.08
Trade payables	8	**14,446.87**	18,023.90
Other current liabilities	8	**317.42**	495.88
Short-term provisions	6	**384.31**	1,008.59
		18,025.95	21,973.45
TOTAL		**43,953.74**	46,040.97
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	**7,946.16**	7,639.18
Intangible assets	10	**-**	-
Capital work-in-progress	9	**19.55**	-
Non-current investments	11	**5,430.86**	5,188.97
Long-term loans and advances	12	**76.11**	22.47
Trade receivables	13.1	**-**	-
Other non-current assets	13.2	**0.10**	0.09
		13,472.78	12,850.71
Current assets			
Inventories	14	**13,549.01**	15,299.01
Trade receivables	13.1	**13,489.88**	14,865.41
Cash and bank balances	15	**1,064.32**	1,157.53
Short-term loans and advances	12	**2,359.82**	1,846.71
Other current assets	13.2	**17.93**	21.60
		30,480.96	33,190.26
TOTAL		**43,953.74**	46,040.97
Summary of significant accounting policies	2		
Notes to the financial statements	3-47		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For Bhuta Shah & Co. LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

For and on behalf of the Board of Directors of Panama Petrochem Limited.

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — CFO
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	Notes	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Income			
Revenue from operations (gross)	16	**72,158.80**	79,188.34
Less : excise duty		**5,697.42**	6,206.40
Revenue from operations (net)		**66,461.38**	72,981.94
Other income	17	**182.73**	113.19
Total Revenue		**66,644.11**	73,095.13
Expenses			
Cost of material consumed	18	**56,138.33**	64,559.09
Purchase of traded goods	19	**1,327.93**	1,159.61
(Increase)/decrease in inventories of traded goods and finished goods	20	**(69.48)**	389.92
Employee benefits expense	21	**462.01**	401.59
Other expenses	22	**4,540.83**	3,836.80
Total Expenses		**62,399.62**	70,347.01
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		**4,244.49**	2,748.12
Depreciation and amortization expense	23	**292.62**	284.99
Finance costs	24	**782.13**	702.37
Profit/(loss) before tax		**3,169.74**	1,760.76
Tax expenses			
Current tax		**986.41**	369.09
MAT credit utilised / (entitlement)		**103.52**	184.28
Deferred tax		**87.05**	60.99
Short/(excess) provision of tax relating to earlier years		**(26.90)**	(229.47)
Total tax expenses		**1,150.08**	384.89
Profit/(loss) for the year		**2,019.66**	1,375.87
Earnings per equity share (nominal value of share ₹ 2)	35,43		
Basic		₹ 5.01	₹ 3.41
Diluted		₹ 5.01	₹ 3.41
Summary of significant accounting policies	2		
Notes to the financial statement	3-47		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For Bhuta Shah & Co. LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

For and on behalf of the Board of Directors of Panama Petrochem Limited.

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — CFO
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Cash Flows from operating activities		
Profit before tax	**3,169.74**	1,760.76
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	**292.62**	284.99
Provision for bad and doubtful debt	**(80.91)**	(17.71)
Unrealized foreign exchange loss/(gain)	**115.82**	266.06
Interest expense	**782.13**	702.37
Interest income	**(60.95)**	(57.36)
Net proceeds from claim of insurance on theft of fixed asset/Loss on Sales of Assets	**2.94**	(0.82)
Dividend Income	**(1.92)**	(0.03)
Operating profit before working capital changes	**4,219.47**	2,938.26
(Increase)/decrease in Trade Receivables	**1,374.11**	(1,404.77)
(Increase)/decrease in Inventories	**1,750.00**	(2,200.26)
(Increase)/decrease in Loans and advances and other assets	**(604.57)**	195.25
Increase/(decrease) in Trade Payables	**(3,577.83)**	244.48
Increase/(decrease) in other liabilities and provisions	**(174.65)**	63.36
Cash generated from/(used in) operations	**2,986.53**	(163.68)
Direct taxes paid (Net of refunds)	**865.31**	384.83
Net cash flow from/(used in) operating activity (A)	**2,121.22**	(548.51)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(684.98)**	(304.94)
Sales of Fixed Assets	**13.70**	4.24
Investment in Shares	**(241.89)**	-
Redemption/maturity of bank deposits (having original maturity of more than three months)	**199.73**	(112.77)
Advances given to subsidiary	**(49.54)**	(10.63)
Repayment of Advance given to subsidiary received	**10.63**	-
Interest received	**66.38**	65.22
Dividend received	**1.92**	0.03
Net cash flow from/(used in) investing activities (B)	**(684.05)**	(358.85)
Cash flows from financing activities		
Proceeds/ (Repayment) from/of short-term borrowing (net)	**432.27**	767.04
Interest paid	**(755.03)**	(705.65)
Dividend and tax on dividend paid on Equity Shares	**(975.20)**	(564.31)
Net cash flow from/(used in) financing activities (C)	**(1,297.96)**	(502.92)

CASH FLOW STATEMENT (CONT.....)

Particulars	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**139.21**	(1,410.28)
Effect of exchange differences on cash & cash equivalents held in foreign currency	**(32.68)**	31.42
Cash and cash equivalents at the beginning of the year	**734.29**	2113.15
Cash and cash equivalents at the end of the year	**840.82**	734.29
Components of Cash and Cash Equivalents		
Cash on hand	**5.52**	1.64
With banks		
- on current account	**813.19**	713.31
- on deposit account	**-**	-
- on unpaid dividend account *	**22.11**	19.34
Total Cash and Cash Equivalents (refer note 15)	**840.82**	734.29
* The company can utilize these balances only towards the settlement of the respective unpaid dividend.		

Note :

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 'Cash Flow Statements'

As per our report of even date attached

For Bhuta Shah & Co LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — (CFO)
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Company Information

Panama petrochem Limited ("the Company") is a public limited Company domiciled in India. The registered office of the Company is at Plot No. 3303, GIDC Estate, Ankleshwar 393002, Gujarat, India and corporate office at 401, Aza House, Turner Road, Bandra West, Mumbai 400050. The Company was incorporated on 9 March 1982. The Company is engaged in the manufacture of specialty petroleum products for diverse user industries like printing, textiles, rubber, pharmaceuticals, cosmetics, power and other industrial oil.

2. Basis of preparation and Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects the relevant provisions of the Companies Act, 2013 ("the Act") and with the Accounting Standards notified by the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention.

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

2.2 Use of estimates

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

2.3 Current / Non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within twelve months after the reporting date; or

(iv) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within twelve months after the reporting date; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

2.4 Measurement of EBITDA

As permitted by the Schedule III to the Act, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Profit and Loss Statement. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.5 Inventories

Inventories are valued as follows:	
Raw materials	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Cenvat credit / Countervailing duty. Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress 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.

2.6 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.

2.7 Fixed Assets

a) Tangible fixed assets

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

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

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

b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets namely computer software is amortized at the rate of 33.33 % on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Statement when the asset is derecognized.

2.8 Depreciation / Amortization on Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under the Schedule II to the Act for each class of assets. Where life of a component of an asset is significantly different from the underlying primary asset, then such different useful life is adopted for depreciating the said component.

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.9 Revenue Recognition

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

Sale of Goods

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

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Profit and Loss Statement.

Dividends

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

2.10 Foreign currency translation

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Contracts

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss Statement in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

2.11 Investments

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

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.12 Retirement and other employee benefits

Post Retirement Benefits

i. Defined Contribution Plans

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective fund.

ii. Defined Benefit Plans

Gratuity liability is a defined benefit obligation. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method.

Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the Profit and Loss Statement.

2.13 Borrowing Costs

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

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

2.14 Segment Reporting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.15 Leases

Company is the lessee

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

Company is the lessor

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

2.16 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Taxes on Income

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

2.18 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

2.19 Provisions

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

2.20 Contingent liabilities

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. Share capital

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Authorized share capital		
12,77,50,000 (31 March 2015 : 12,77,50,000 of ₹ 2 each) equity shares of ₹ 2 each	**2,555.00**	2,555.00
Issued, subscribed and fully paid-up share capital		
4,03,29,065 (31 March 2015 : 4,03,29,065 of ₹ 2 each) equity shares of ₹ 2 each	**806.58**	806.58
	806.58	806.55

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

	31 March 2016		31 March 2015	
	No. of shares	**₹ In lakhs**	No. of shares	₹ In lakhs
Equity shares				
At the beginning of the year	**4,03,29,065**	**806.58**	80,65,813	806.58
Share split during the year (Refer note 35)	**-**	**-**	3,22,63,252	-
Outstanding at the end of the year	**4,03,29,065**	**806.58**	4,03,29,065	806.58

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank (Refer Note 35). The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.50 (31 March 2015 : ₹ 2)

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

c. For the period of five years immediately preceding the reporting date:

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Aggregate number of :		
Equity shares allotted in pursuant to the scheme of amalgamation of Monaco Petroleum Private Limited [Face value ₹ 2 (31 March 2015 : ₹ 2)]	**16,08,750**	16,08,750
Equity shares allotted in pursuant to the scheme of amalgamation of Mobil Petrochem Private Limited [Face value ₹ 2 (31 March 2015 : ₹ 2)]	**53,91,200**	53,91,200
Equity shares bought back by the Company [Face value ₹ 2]	**5,53,522**	5,53,522

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

	31 March 2016		31 March 2015	
	No. of shares	**% holding in the class**	No. of shares	% holding in the class
Equity Shares of ₹ 2 each fully paid up (Refer note 35)				
Ms. Shelina Arifali Rayani	**27,88,275**	**6.91%**	27,88,275	6.91%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	**1,22,86,725**	**30.47%**	1,22,86,725	30.47%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. Reserves and surplus

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Other Reserves		
Investment Allowance Reserve		
Balance at the beginning & at the end of the year	**0.24**	0.24
	0.24	0.24
Capital Redemption Reserves		
Balance at the beginning & at the end of the year	**55.35**	55.35
	55.35	55.35
Securities Premium Account		
Balance at the beginning & at the end of the year	**9,366.42**	9,366.42
	9,366.42	9,366.42
General reserve		
Balance at the beginning of the year	**1,157.99**	1,048.65
Add : amount transferred from surplus balance in the profit & loss statement	**-**	137.59
Less : Adjustment relating to fixed assets as per Companies Act, 2013 (net of deferred tax ₹ 14.55 lakhs) (Refer note no. 9.4)	**-**	28.25
	1,157.99	1,157.99
Surplus/(deficit) in the profit and loss statement		
Balance at the beginning of the year	**12,383.05**	12,120.13
Add : Profit for the year	**2,019.66**	1,375.87
Less : Appropriations		
Dividend Tax of previous year	**2.61**	-
Proposed final equity dividend [amount per share ₹ 0.50 (31 March 2015 ₹ 2)]	**201.65**	806.58
Tax on proposed final equity dividend	**42.19**	168.78
Transfer to general reserve	**-**	137.59
Total appropriations	**246.45**	1,112.95
Net surplus in the profit and loss statement	**14,156.26**	12,383.05
Total reserves and surplus	**24,736.26**	22,963.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. Deferred tax liabilities (Net)

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	**406.16**	348.14
Gross deferred tax liability	**406.16**	348.14
Deferred tax asset		
Impact of expenditure charged to the profit and loss statement in the	**16.40**	18.72
Current year but allowed for tax purposes on payment basis		
Provision for doubtful debts	**4.81**	31.53
	21.21	50.25
Net deferred tax liability	**384.95**	297.89

6. Provisions

	Long-term		Short-term	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Provision for employee benefits				
Provision for gratuity (Note 39)	-	-	**28.41**	31.41
	-	**-**	**28.41**	31.41
Other provisions				
Provision for Income Tax [Net of taxes paid : 1688.94 lakhs (31 March 2015: N.A.)]	-	-	**95.56**	-
Provision for CSR			**16.50**	-
Proposed equity dividend	-	-	**201.65**	806.58
Provision for tax on proposed equity dividend	-	-	**42.19**	168.78
Provision for Wealth Tax [Net of taxes paid : ₹ 1.82 (31 March 2015: ₹ 2.26)]	**-**	**-**	**-**	1.82
Total			**355.90**	977.18
	-	**-**	**384.31**	1,008.59

7. Short-term borrowings

Secured borrowings		
Cash credit from banks	2,877.35	2,445.08
	2,877.35	2,445.08

Terms of Securities and repayment

Cash credit from banks is secured against the hypothecation of Stocks, Book debts and Plant & Machineries (both present & future), Pledge of Fixed Deposit Receipts, Further secured by Equitable Mortgage of Company's present Immovable Property situated at Ankleshwar, Daman, Marol industrial estate, property of group companies situated at Navi Mumbai, property belonging to the Directors and corporate guarantee given by Anirudh Distributors Private Limited (Refer Note 41). The cash credit is repayable on demand and carried an interest rate of 11.75% to 13.75% p.a.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. Current liabilities

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Trade payables (Refer note 29 for details of dues to micro and small enterprises)	**14,446.87**	18,023.90
Other current liabilities		
Creditors for capital goods	**22.20**	17.10
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	**22.11**	19.34
Other payables		
Statutory Dues payable	**199.15**	442.28
Forward Contract (net)	**3.16**	-
Advance received against orders	**69.80**	16.16
Deposits	**1.00**	1.00
	317.42	495.88
	14,764.29	18,519.78

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

9. Tangible Assets

₹ in lakhs

	Freehold land	Leasehold Land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total
Cost or valuation										
At 1 April 2014	6.19	2,713.47	1,305.43	2,377.85	1,809.79	51.11	62.31	247.18	436.77	9,010.10
Additions	-	6.93	-	20.95	250.01	11.75	3.20	7.08	8.58	308.50
Other adjustments	-	-	-	-	(30.14)	30.14	-	-	(6.81)	(6.81)
At 31 March 2015	**6.19**	**2,720.40**	**1,305.43**	**2,398.80**	**2,029.66**	**93.00**	**65.51**	**254.26**	**438.54**	**9,311.79**
Additions	-	137.13	107.18	86.50	222.66	13.10	10.66	19.63	19.38	616.24
Other adjustments	-	-	-	-	(15.16)	-	-	-	(10.84)	(26.00)
At 31 March 2016	**6.19**	**2,857.53**	**1,412.61**	**2,485.30**	**2,237.16**	**106.10**	**76.17**	**273.89**	**447.08**	**9,902.03**
Depreciation										
At 1 April 2014	-	257.80	218.78	110.84	494.49	13.81	47.61	61.50	143.38	1,348.21
Adjustments as per the Companies Act, 2013 (Refer note 9.4)	-	-	-	-	-	28.53	8.77	-	5.50	42.80
Charge for the year	-	33.86	40.38	37.69	72.13	16.38	3.79	28.49	52.27	284.99
Other adjustments	-	-	-	-	-	-	-	-	**(3.39)**	**(3.39)**
At 31 March 2015	**-**	**291.66**	**259.16**	**148.53**	**566.62**	**58.72**	**60.17**	**89.99**	**197.76**	**1,672.61**
Adjustments as per the Companies Act, 2013 (Refer note 9.4)	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	34.44	40.39	37.99	82.48	13.46	5.10	29.90	48.86	292.62
Other adjustments	-	-	-	-	(4.04)	-	-	-	(5.32)	(9.36)
At 31 March 2016	**-**	**326.10**	**299.55**	**186.52**	**645.06**	**72.18**	**65.27**	**119.89**	**241.30**	**1,955.87**
Net Block										
At 31 March 2015	**6.19**	**2,428.74**	**1,046.27**	**2,250.27**	**1,463.04**	**34.28**	**5.34**	**164.27**	**240.78**	**7,639.18**
At 31 March 2016	**6.19**	**2,531.43**	**1,113.06**	**2,298.78**	**1,592.10**	**33.92**	**10.90**	**154.00**	**205.78**	**7,946.16**
Capital work-in-progress										
At 31 March 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 March 2016	**-**	**-**	**-**	**19.55**	**-**	**-**	**-**	**-**	**-**	**19.55**

Notes:-

9.1 Factory Building includes those constructed on leasehold land:

	Gross Block	Depreciation For the year	Accumulated Depreciation	Net Block
At 31 March 2015	1,235.42	38.12	233.43	1,001.99
At 31 March 2016	1,342.60	38.13	271.55	1,071.05

9.2 Non Factory Building includes those constructed on leasehold land:

At 31 March 2015	35.69	0.53	5.58	30.11
At 31 March 2016	60.15	0.68	6.26	53.89

9.3 Capital expenditure on research & development

a) Addition to fixed assets includes capital assets of ₹ 1.43 lakh (31 March 2015 : ₹ Nil)

b) Gross block includes fixed assets in research & development (R&D) unit

Furniture ₹ 4.08 lakhs (31 March 2015 : ₹ 4.08 lakhs)

Lab Equipments ₹ 54.58 lakhs (31 March 2015 : ₹ 53.15 lakhs)

Computer ₹ 00.55 lakh (31 March 2015 : ₹ 00.55 lakh)

Air Conditioner ₹ 1.13 lakhs (31 March 2015 : ₹ 1.13 lakhs)

9.4 Adoption of useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013

Effective from 1 April, 2014 the Company has charged depreciation based on revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act 2013 as per para 7(b) of notes to part C. Based on transitional provision provided in note 7(b) to Schedule II, where the remaining useful life of an asset is nil the carrying amount of the asset should be recognised in the retained earnings. Such carrying amount as on 1 April, 2014 for the Company was ₹ 28.25 Lakhs (net of deferred tax ₹ 14.55 Lakhs).

9.5 The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

10. Intangible Assets

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Software		
Cost or valuation		
At 1 April 2014	**7.11**	7.11
Additions	**-**	-
Disposals	**-**	-
At 31 March 2015	**7.11**	7.11
Additions	**-**	-
At 31 March 2016	**7.11**	7.11
Depreciation		
At 1 April 2014	**7.11**	7.11
Charge for the year	**-**	-
Disposals	**-**	-
At 31 March 2015	**7.11**	7.11
Charge for the year	**-**	-
At 31 March 2016	**7.11**	7.11
Net Block		
At 31 March 2015	**-**	-
At 31 March 2016	**-**	-

11. Non-current investments

Non Trade investments (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
1,850 (31 March 2015 : 1,850) fully paid equity shares of ₹.10 each of Bharuch Enviro Infrastructure Limited	**0.19**	0.19
975 (31 March 2015 : 975) Fully paid equity shares of ₹ 100 each of The Marol Co operative Industrial Estate Limited	**0.98**	0.98
Quoted equity instruments		
6,200 (31 March 2015 : 6,200) fully paid equity shares of face value of ₹ 10 each of DCB Bank Limited (formally Development Credit Bank Limited)	**2.18**	2.18
29,500 (31 March 2015 : Nil) fully paid equity shares of face value of ₹ 10 each of Apar Industries Limited	**147.00**	-
1504 (31 March 2015 : Nil) fully paid equity shares of face value of ₹ 5 each of Tide Water Oil (India) Limited	**94.89**	-
Trade investments (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
33,018 (31 March 2015 : 33,018) Fully Paid Equity Shares of AED 1,000 each of Panol Industries RMC FZE, UAE	**5,185.62**	5,185.62
	5,430.86	5,188.97
Aggregate amount of unquoted investments	**5,186.79**	5186.79
Aggregate amount of quoted investments	**244.07**	2.18
Market Value of quoted investments	**239.38**	6.89

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. Loans and advances

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Capital advances				
Unsecured, considered good	**56.30**	2.01	**-**	-
(A)	**56.30**	2.01	**-**	-
Security deposit				
Unsecured, considered good	**14.44**	13.58	**127.90**	76.57
(B)	**14.44**	13.58	**127.90**	76.57
Advances recoverable in cash or kind				
Unsecured, considered good	**-**	-	**1,363.96**	440.26
(C)	**-**	-	**1,363.96**	440.26
Other loans and advances				
(Unsecured, considered good)				
Prepaid expenses	**-**	-	**71.98**	113.14
Current tax [net of provision for tax N.A.] (31 March 2015 : ₹ 1058.09 lakhs)	**-**	-	**-**	25.54
MAT credit entitlement (Refer note 44)	**-**	-	**-**	76.62
Receivable against expenses incurred on behalf of Subsidiary. (Refer note 41)	**-**	-	**49.54**	10.63
Loan to employees	**5.37**	6.88	**9.87**	8.32
Balance with statutory/government authorities	**-**	-	**736.57**	1,095.63
(D)	**5.37**	6.88	**867.96**	1,329.88
Total (A+B+C+D)	**76.11**	22.47	**2,359.82**	1,846.71

13. Trade receivables and other assets

13.1 Trade receivables

Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**-**	-	**809.16**	530.36
Doubtful	**-**	-	**13.89**	94.80
	-	-	**823.05**	625.16
Provision for doubtful receivables	**-**	-	**13.89**	94.80
(A)	**-**	-	**809.16**	530.36
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	**-**	-	**12,680.72**	14,335.05
(B)	**-**	-	**12,680.72**	14,335.05
Total (A+B)	**-**	-	**13,489.88**	14,865.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13.2 Other assets

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Balance with banks in deposit accounts (Refer Note 15)	**0.10**	0.09	**-**	-
(A)				
Unamortized expenditure				
Unamortized premium on forward contract	**-**	-	**1.76**	-
(B)	**-**	-	**1.76**	-
Others				
Interest accrued on fixed deposits	**-**	-	**16.17**	21.60
(C)	**-**	-	**16.17**	21.60
Total (A+B+C)	**0.10**	0.09	**17.93**	21.60

14. Inventories (valued at lower of cost and net realizable value)

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Raw Material (Refer Note 18) [Includes Goods In transit ₹ Nil, (31 March 2015: ₹ 216.95)]	**12,394.31**	14,161.25
Finished Goods (Refer Note 20)	**630.63**	531.17
Traded Goods (Refer Note 20)	**437.32**	467.30
Packing Material (Refer Note 18)	**86.75**	139.29
	13,549.01	15,299.01

15. Cash and bank balances

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Cash and cash equivalents				
Balance with banks:				
In current accounts	**-**	-	**813.19**	713.31
In deposits accounts with original maturity of less than three months	**-**	-	-	-
In unpaid dividend account	**-**	-	**22.11**	19.34
Cash on hand	**-**	-	**5.52**	1.64
(A)	**-**	-	**840.82**	734.29
Other bank balances				
Deposits with original maturity for more than 12 months	**0.10**	0.09	**3.50**	3.24
Deposits with original maturity for more than 3 months but less than 12 months	**-**	-	**220.00**	420.00
	0.10	0.09	**223.50**	423.24
Amount disclosed under "non current assets" (Refer Note 13.2)	**(0.10)**	(0.09)	**-**	-
(B)	**-**	-	**223.50**	423.24
Total (A+B)	**-**	-	**1,064.32**	1,157.53

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16. Revenue from operations

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Revenue from operations		
Sale of products		
Finished Goods	**70,693.39**	77,890.45
Traded Goods	**1,465.41**	1,297.89
Other Operating revenue	**-**	-
Revenue from operations (gross)	**72,158.80**	79,188.34
Less : Excise duty #	**5,697.42**	6,206.40
Revenue from operations (net)	**66,461.38**	72,981.94

Excise duty on sales amounting to ₹ 5,697.42 lakhs (31 March 2015 : ₹ 6,206.40 lakhs) has been reduced from sales in profit and loss statement and excise duty on increase/(decrease) in stock amounting to ₹ 2.27 lakhs (31 March 2015 : ₹ (24.94) lakhs) has been considered as expense/(income) in note 22 of the financial statements.

Details of products sold

Finished Goods		
Panoil	**68,035.93**	72,905.15
Others	**2,657.46**	4,985.30
	70,693.39	77,890.45
Traded goods		
Wax	**1,438.62**	1,117.58
Others	**26.79**	180.31
	1,465.41	1,297.89

17. Other income

Interest income on		
Bank deposits	**41.52**	56.36
Others	**19.43**	1.00
Dividend income on		
Non current investment	**1.92**	0.03
Reversal of provision for doubtful debts	**80.91**	17.71
Net proceeds from claim of insurance on theft of fixed asset	**-**	0.82
Others	**38.95**	37.27
	182.73	113.19

18. Cost of material consumed

Raw material consumed		
Inventory at the beginning of the year	**14,161.25**	11,602.73
Add : Purchases	**52,354.52**	65,237.79
	66,515.77	76,840.52
Less : Inventory at the end of the year	**12,394.31**	14,161.25
Cost of raw material consumed	**54,121.46**	62,679.27

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Packing material consumed		
Inventory at the beginning of the year	**139.29**	107.63
Add : Purchases	**1,964.33**	1,911.48
	2,103.62	2,019.11
Less : Inventory at the end of the year	**86.75**	139.29
Cost of packing material consumed	**2,016.87**	1,879.82
Total material consumed	**56,138.33**	64,559.09
Details of raw material consumed		
Base Oil	**41,410.87**	47,967.35
Others	**12,710.59**	14,711.92
	54,121.46	62,679.27
Details of inventory		
Base oil & Wax	**12,394.31**	14,161.25
Packing material	**86.75**	139.29
	12,481.06	14,300.54

Imported and indigenous raw materials consumed

	% of total consumption 31 March 2016	₹ In lakhs 31 March 2016	% of total consumption 31 March 2015	₹ In lakhs 31 March 2015
Imported	**83%**	45,155.95	**84%**	52,854.38
Indigenous	**17%**	8,965.51	**16%**	9,824.89
	100%	54,121.46	**100%**	62,679.27

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

19. Purchase of traded goods

Wax	**1,305.19**	1,153.23
Others	**22.74**	6.38
	1,327.93	1,159.61

20. (Increase)/decrease in inventories of traded goods and finished goods

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	(Increase)/decrease 31 March 2015 ₹ In lakhs
Inventories at the end of the year			
Traded goods	**437.32**	467.30	29.98
Finished goods	**630.63**	531.17	(99.46)
	1,067.95	998.47	(69.48)
Inventories at the beginning of the year			31 March 2015
Traded goods	**467.30**	500.06	32.76
Finished goods	**531.17**	888.33	357.16
	998.47	1,388.39	389.92
	(69.48)	389.92	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Details of inventory of traded goods and finished goods	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Traded goods		
Wax & Others	**437.32**	467.30
	437.32	467.30
Finished Goods		
Panoil	**630.63**	531.17
	630.63	531.17
21. Employee benefit expense		
Salaries, wages and bonus	**417.84**	359.29
Contribution to provident and other funds	**21.16**	16.64
Gratuity expense (note 39)	**14.59**	19.27
Staff welfare expenses	**8.42**	6.39
	462.01	401.59
22. Other expenses		
Power and fuel	**51.00**	56.03
Water charges	**3.36**	3.46
Increase/(decrease) of excise duty on inventory	**2.27**	(24.94)
Repairs and maintenance		
Buildings	**23.62**	43.27
Machinery	**55.24**	49.64
Others	**47.17**	37.12
Insurance	**135.87**	105.15
Rent	**59.04**	53.72
Rates and taxes	**43.48**	31.32
Communication costs	**37.05**	32.71
Legal and professional fees	**87.66**	96.66
Payment to auditor (Refer details below)	**13.25**	12.00
Director sitting fees	**5.70**	5.10
Clearing and forwarding expenses	**1,428.62**	1,735.34
Freight outwards	**1,018.94**	666.46
Travelling and conveyance	**188.24**	181.76
Advertising and sales promotion	**109.20**	68.50
Brokerage and commission	**206.26**	161.09
Security charges	**27.84**	25.68
Bad debts and sundry balances written off	**129.30**	50.72
Donation and charity (Refer note 36)	**36.04**	59.73
Premium on forward exchange contract amortized	**19.31**	12.79
Exchange loss (net)	**570.27**	182.67
Loss on sale of assets	**2.94**	-
Miscellaneous expenses	**239.16**	190.82
	4,540.83	3,836.80

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Payment to auditor (excluding service tax)	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
As auditor:		
Statutory audit and limited review fees	**12.00**	11.00
Tax audit fees	**1.25**	1.00
In other capacity	**-**	-
	13.25	12.00

23. Depreciation and amortization expense

Depreciation of tangible assets (Refer note 9)	**292.62**	284.99
Amortization of intangible assets (Refer note 10)	**-**	-
	292.62	284.99

24. Finance costs

Interest	**547.90**	343.91
Bank charges	**234.23**	358.46
	782.13	702.37

25. Contingent Liabilities

i) Service tax Matter disputed with the Deputy Commissioner of Service Tax (Dispute regarding demand raised on service tax payable on interest on usance charges for the period September 2008 to March 2013)	**80.71**	80.71
ii) Excise duty Matter disputed with the Commissioner of Central Excise, Customs & Service Tax, Daman, (Dispute regarding demand raised on excise duty not recovered on freight charged to customers)	**89.68**	99.64
iii) Custom duty Matter disputed Customs,Excise and Service Tax Appellate Tribunal, Mumbai, (Dispute regarding demand raised for classification of product)	**126.70**	126.70
iv) Bank Gurantees	**499.12**	546.17

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

26. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**14.62**	2.36

27. Current Liabilities & Provisions

In the opinion of the Board, adequate provision has been made for all known liabilities and the same is not in excess of the amounts considered reasonably necessary

28. Current assets, loans and advances

In the opinion of the Board, the current assets, loans and advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

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

a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	**-**	-
- Interest due on above	**-**	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**-**	**-**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprise Development Act, 2006.	-	-

* The company has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at the balance sheet date.

30. Value of imports calculated on CIF basis (accrual)

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Raw materials (Includes Goods in transit)	**38,593.96**	50,705.63
Traded goods	**1,235.67**	1,358.71
	39,829.63	52,064.34

31. Expenditure in foreign currency (accrual basis)

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Brokerage & Commission	**62.84**	57.88
Bank Interest	**148.26**	119.71
Bank Charges	**17.38**	56.53
Travelling Expenses	**5.38**	18.65
Others	**18.54**	18.60
	252.40	271.37

32. Net dividend remitted in foreign exchange

Period to which it relates	April 1, 2015 to 31 March 2016	April 1, 2014 to 31 March 2015
Number of non resident shareholders	-	-
Number of equity shares in lakhs held on which dividend was due	-	-
Amount remitted in US $	-	-

33. Earnings in foreign exchange (accrual basis)

Exports at F.O.B Value	23,325.44	28,103.44
	23,325.44	28,103.44

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

34. Derivative Instruments and unhedged foreign currency exposure

a) Forward contract outstanding as at Balance Sheet date

₹ In lakhs

Particulars	Purpose
Forward Contract to buy US $ US $ 5 lakhs (31 March 2015: US $ Nil) ₹ 331.66 lakhs (31 March 2015: ₹ Nil)	Hedge of expected future payments to trade payables

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

	31 March 2016 $ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 $ In lakhs	31 March 2015 ₹ In lakhs
Trade Receivables	**43.01**	**2,852.93**	77.00	4,894.10
Advance received against orders	**0.64**	**42.68**	0.22	13.90
Trade Payables	**195.92**	**13,001.52**	274.07	17,154.41
Advance to Trade Payables	**1.86**	**123.11**	1.22	76.22
Balance with Banks	**5.80**	**384.85**	6.02	376.95

35. Shares Split Information

a. Pursuant to resolution passed at the Annual General Meeting of the company held on 4 September 2014, the Company sub-divided its shares of face value of ₹ 10 each into five shares of ₹ 2 each. Accordingly as per resolution, read with amendments made to Memorandum of Association as required by Companies Act, 2013. Authorized share capital of the company stands at ₹ 2,555 lakhs i.e. 1,277.5 lakhs shares of ₹ 2 each.

b. Each GDR of the company, representing five equity shares of ₹ 10 each, post stock split , now has underlying One GDR representing twenty five equity shares of face value of ₹ 2 each.

36. Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : ₹ 34.00 Lakhs is included in donation and charity. The Particulars of CSR Expenditure are as follows:

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Amount to be spent during the year	**34.00**	48.54
Amount spent during the year	**17.50**	57.78
Amount unspent	**16.50**	--

37. Details of loans given, investments made and guarantee given covered u/s 186 (4) of the Companies Act, 2013

Corporate Guarantees given by the Company as at 31 March, 2016

Name of the company	**Balance as at**	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Panol Industries RMC FZE, UAE (Bank Guarantee US $ 45 lakhs)	**2,984.98**	2,816.59

38. Expenses on Scientific Research

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Capital (Refer Note 9.3)	**1.43**	-
Revenue	**39.40**	39.69
	40.83	39.69

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

39. Employee Benefits

General Description of Defined Benefit plan

Gratuity

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

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

Profit & Loss Statement	**Gratuity**	
Net Employee Benefit Expense recognized in the employee cost		
Current service cost	**8.68**	5.65
Interest cost on benefit obligation	**4.87**	3.49
Past service Cost	**-**	-
Expected return on plan assets	**(3.19)**	(3.07)
Net actuarial (gains) / loss recognized in the year	**4.23**	13.22
Adjustment to the opening fund	**-**	(0.02)
Net Benefit Expense	**14.59**	19.27
Actual Return on Plan Assets	**1.04**	10.15
Balance sheet		
Benefit assets/(liability)		
Present Value of defined benefit obligation	**82.33**	73.90
Fair value of plan assets	**53.92**	42.50
Plan assets/(liability)	**(28.41)**	(31.40)
Changes in Present Value of Defined Benefit Obligation are as follows:		
Opening defined benefit obligation	**73.91**	48.18
Current service cost	**8.68**	5.65
Interest cost	**4.87**	3.49
Actuarial (gains) / losses on obligation	**2.46**	16.59
Past Service Cost	**-**	-
Benefits paid	**(7.58)**	-
Closing defined benefit obligation	**82.34**	73.91
Changes in Fair Value of Plan Assets are as follows:		
Opening fair value of planned assets	**42.49**	36.04
Expected return	**3.19**	3.07
Actuarial gain / (loss)	**(1.77)**	3.35
Adjustment to the opening fund	**-**	0.02
Contributions by employer	**10.00**	-
Benefits paid	**-**	-
Closing fair value of plan assets	**53.91**	42.49

The company expects to contribute ₹ 3.19 lakhs to gratuity in the next year (31 March 2015 : ₹ 3.07 lakhs)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	Gratuity	
Policy of Insurance	**100%**	100%

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

Discount rate	**7.75%**	7.80%
Expected rate of return on assets	**9%**	9%
Age of Retirement	**58**	58
Annual increase in salary cost	**6%**	6%

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

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

Amounts for the current and previous four reporting period are as follows	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Gratuity:		
Defined Benefit Obligation	**82.33**	73.90
Plan Assets	**53.92**	42.50
Surplus/(deficit)	**(28.41)**	(31.40)
Experience adjustment on plan liabilities (gain)/loss	**0.63**	11.79
Experience adjustment on plan assets loss/(gain)	**1.77**	(3.35)

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

40. Segment Information

Business Segments :

As the Company is in the business of manufacturing and trading of specialty petroleum products, the Company has considered petroleum products as the only business segment for disclosure in this context of accounting standard 17.

Geographical Segments :

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

Year ended 31 March 2016	Within India	Outside India	Total
Revenue			
Sales to external customers	42,328.56	24,132.82	66,461.38
Other segment information			
Segment assets	41,100.81	2,852.93	43,953.74
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	616.24	-	616.24

Year ended 31 March 2015	Within India	Outside India	Total
Revenue			
Sales to external customers	43,710.92	29,271.02	72,981.94
Other segment information			
Segment assets	41,044.71	4,894.10	45,938.81
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	308.50	-	308.50

Notes :

Geographical Segment :

a) For the purpose of geographical segment the sales are divided into two segments - within India and outside India.

b) The accounting policies of the segments are the same as those described in Note 2

41. Related party disclosures as required under AS-18, "Related Party Disclosures", are given below:

(a) Names of related parties with whom transactions have taken place during the year

Key Management Personnel

Amirali E Rayani

Amin A Rayani

Samir Rayani

Hussein Rayani

Relatives of key management personnel

Akbarali Rayani (Brother of Mr. Amirali E Rayani)

Vazirali Rayani (Brother of Mr. Amirali E Rayani)

Salimali Rayani (Brother of Mr. Amirali E Rayani)

Arif Rayani (Brother of Mr. Amin Rayani)

Nilima Kheraj (Sister of Mr. Samir Rayani)

Munira Rayani (Wife of Mr. Hussein Rayani)

Iqbal Rayani (Brother of Mr. Hussein Rayani)

Subsidiary

Panol Industries RMC FZE, UAE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Anirudh Distributors Private Limited

(b) Transactions with Related Parties	**31 March 2016**	31 March 2015
	₹ In lakhs	₹ In lakhs
Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel		
Remuneration paid to Key Managerial Personnel		
Amirali E Rayani	**24.00**	20.00
Amin A Rayani	**21.00**	17.50
Samir Rayani	**18.00**	15.00
Hussein Rayani	**10.65**	N.A.
Remuneration paid to Relative of Key Managerial Personnel		
Akbarali Rayani	**5.40**	5.40
Vazirali Rayani	**5.40**	5.40
Salimali Rayani	**5.40**	5.40
Nilima Kheraj	**5.40**	5.40
Arif Rayani	**7.05**	5.40
Munira Rayani	**5.40**	N.A.
Iqbal Rayani	**7.05**	N.A.
Payment of Rent		
Rent paid to Key Managerial Personnel		
Amin A Rayani	**6.36**	6.64
Samir Rayani	**7.56**	7.84
Hussein Rayani	**0.90**	N.A.
Rent paid to relative of Key Managerial Personnel		
Vazir Rayani	**0.90**	1.20
Arif Rayani	**3.10**	3.06
Transaction with Subsidiary		
Bank Guarantee Given (US $ 45 Lakhs)	**2,984.98**	2,816.59
Reimbursement of expenses incurred on behalf of subsidiary	**49.54**	47.96
Transaction with Enterprises owned or significantly influenced by key management personnel or their relatives		
Corporate guarantee given on behalf of the Company		
Anirudh Distributors Private Limited	**6,500.00**	6,500.00
Balances at the end of the year		
Subsidiary :		
Receivable against expenses incurred on behalf	**49.54**	10.63

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

42. Leases

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Operating Lease: company as lessee		
The Company has entered into arrangements for taking on leave and license basis certain office premises and warehouses. The specified disclosure in respect of these agreements is given below :		
Lease payments recognized in the profit and loss statement for the year	**32.41**	32.26

Notes:

(i) There is no escalation clause in the lease agreement

(ii) There are no restrictions imposed by lease arrangements

(iii) There are no subleases

43. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations :

Profit after tax attributable to equity shareholders	**2,019.66**	1,375.87
Net profit for calculation of basic and diluted EPS	**2,019.66**	1,375.87
	No of shares	No of shares
Weighted average number of equity shares in calculating basic EPS (Refer note no. 35)	**4,03,29,065**	4,03,29,065
Basic Earnings per share	**5.01**	3.41
Diluted Earnings per share	**5.01**	3.41

44. Taxation

Minimum Alternate Tax (MAT) :- The Company has during the year, provided the current year tax liability of ₹ 986.41 lakhs (31 March 2015 ₹ 369.09 lakhs) calculated in accordance with the normal rate of income of tax. The MAT credit entitlement of ₹ 103.52 lakhs (31 March 2015 ₹ 184.28 lakhs) has been availed for the year ended 31 March 2016, which is disclosed under 'Loans and advances'.

45. Transfer Pricing

Transactions with related parties are governed by transfer pricing regulations of the Indian Income-tax Act, 1961. Management believes that the Company's transactions with related parties entered into during the year and previous year are at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

46. Disclosure as per clause 32 of the Listing Agreement

Particulars in respect of loans and advances to subsidiary companies:

Name of the company	**Balance as at**		**Maximum outstanding during the year**	
	31 March 2016 ₹ In lakhs	**31 March 2015 ₹ In lakhs**	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Panol Industries RMC FZE, UAE	49.54	10.63	49.54	37.33

47. Previous year figures

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

As per our report of even date attached

For Bhuta Shah & Co LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — (CFO)
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Panama Petrochem Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Panama Petrochem Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2016, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility on Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow of the Group in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section (143) (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the Others Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of other auditors, on the financial statements of the subsidiary, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and its consolidated profit and consolidated cash flow for the year ended on that date.

Other Matters

a. We did not audit the financial statement of the subsidiary, whose financial statement reflect total assets (net) of ₹ 10,442.93 lakhs as at 31 March 2016, total revenue (net) of ₹ 8,710.81 lakhs and net cash flows amounting to ₹ 279.61 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statement have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c. the Consolidated Balance Sheet, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

   d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014;

   e. on the basis of written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the Holding Company directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A";. Internal Financial Controls over financial reporting are not applicable to the subsidiary.

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 25 to the consolidated financial statements;

      ii. provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 34 to the consolidated financial statements;

      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **Bhuta Shah & Co LLP**
Chartered Accountants
Firm Reg. No.: 101474W/ W100100

CA. Virag Shah
Partner
Membership No.: 153415

Mumbai, 21 May, 2016

"Annexure A"

to Independent Auditors Report of even date on the consolidated financial statements for the year ended 31 March 2016 referred to in paragraph 2(f) under the heading of "Report on Other legal and Regulatory Requirements"

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

We have audited the internal fina ncial controls over financial reporting of Panama Petrochem Limited ("the Holding Company") as of 31 March 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Bhuta Shah & Co LLP**
Chartered Accountants
Firm Reg. No.: 101474W/ W100100

CA. Virag Shah
Partner
Membership No.: 153415

Mumbai, 21 May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

Particulars	Notes	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Equity and liabilities			
Shareholders' funds			
Share capital	3	**806.58**	806.58
Reserves and surplus	4	**26,432.89**	24,102.24
		27,239.47	24,908.82
Non-current liabilities			
Deferred tax liabilities (net)	5	**384.95**	297.89
Long-term provisions	6	**-**	-
		384.95	297.89
Current liabilities	7	**5,742.59**	4,175.18
Short-term borrowings	8	**15,092.76**	18,885.10
Trade payables	8	**317.42**	497.20
Other current liabilities	6	**384.31**	1,008.59
Short-term provisions		**21,537.08**	24,566.07
TOTAL		**49,161.50**	49,772.78
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	**12,259.70**	11,895.38
Intangible assets	10	**-**	-
Capital work-in-progress	9	**19.55**	-
Non-current investments	11	**245.24**	3.35
Long-term loans and advances	12	**928.01**	680.20
Trade receivables	13.1	**-**	-
Other non-current assets	13.2	**0.10**	0.09
		13,452.60	12,579.02
Current assets			
Inventories	14	**16,477.03**	16,724.19
Trade receivables	13.1	**15,350.07**	17,393.93
Cash and bank balances	15	**1,526.50**	1,204.77
Short-term loans and advances	12	**2,336.38**	1,849.27
Other current assets	13.2	**18.92**	21.60
		35,708.90	37,193.76
TOTAL		**49,161.50**	49,772.78
Summary of significant accounting policies	2		
Notes to the financial statement	3-46		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

For Bhuta Shah & Co LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — (CFO)
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	Notes	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Income			
Revenue from operations (gross)	16	**80,869.61**	86,737.19
Less : excise duty		**5,697.42**	6,206.40
Revenue from operations (net)		**75,172.19**	80,530.79
Other income	17	**183.71**	113.26
Total Revenue		**75,355.90**	80,644.05
Expenses			
Cost of material consumed	18	**57,331.72**	65,128.82
Purchase of traded goods	19	**9,165.30**	8,919.16
(Increase)/decrease in inventories of traded goods and finished goods	20	**(1,539.08)**	(1,035.26)
Employee benefits expense	21	**553.51**	410.61
Other expenses	22	**4,793.49**	3,922.08
Total Expenses		**70,304.94**	77,345.41
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		**5,050.96**	3,298.64
Depreciation and amortization expense	23	**459.11**	341.79
Finance costs	24	**926.36**	800.73
Profit/(loss) before tax		**3,665.49**	2,156.12
Tax expenses			
Current tax		**986.41**	369.09
MAT credit utilised / (entitlement)		**103.52**	184.28
Deferred tax		**87.05**	60.99
Short/(Excess) Provision of tax relating to earlier years		**(26.90)**	(229.47)
Total tax expenses		**1,150.08**	384.89
Profit/(loss) for the year		**2,515.41**	1,771.23
Earnings per equity share (nominal value of share ₹ 2)	35,45		
Basic		**₹ 6.24**	₹ 4.39
Diluted		**₹ 6.24**	₹ 4.39
Summary of Significant accounting policies	2		
Notes to the financial statement	3-46		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached

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

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — (CFO)
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Particulars	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Cash Flows from operating activities		
Profit before tax	**3,665.49**	2,156.12
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	**459.11**	341.79
Provision for bad and doubtful debt	**(80.91)**	(17.71)
Unrealized foreign exchange loss/(gain)	**115.81**	266.06
Interest expense	**926.36**	800.73
Interest income	**(61.93)**	(57.36)
Foreign currency translation reserve	**61.69**	245.65
Net proceeds from claim of insurance on theft of fixed asset/Loss on Sales of Assets	**2.94**	(0.82)
Dividend Income	**(1.92)**	(0.03)
Operating profit before working capital changes	**5,086.64**	3,734.43
(Increase)/decrease in Trade Receivables	**2,042.44**	(591.01)
(Increase)/decrease in Inventories	**247.16**	(3,625.44)
(Increase)/decrease in Loans and advances and other assets	**(617.48)**	195.07
Increase/(decrease) in Trade Payables	**(3,793.14)**	(565.98)
Increase/(decrease) in other liabilities and provisions	**(175.97)**	64.68
Cash generated from/(used in) operations	**2,789.65**	(788.26)
Direct taxes paid (Net of refunds)	**865.31**	384.83
Net cash flow from/(used in) operating activity (A)	**1,924.34**	(1,173.08)
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	**(1,102.98)**	(1,308.71)
Sales of Fixed Assets	**13.70**	4.24
Investment in Shares	**(241.89)**	-
Redemption/maturity of bank deposits (having original maturity of more than three months)	**64.40**	(112.77)
Interest received	**66.38**	58.58
Dividend received	**1.92**	0.03
Net cash flow from/(used in) investing activities (B)	**(1,198.48)**	(1,358.63)
Cash flows from financing activities		
Proceeds/ (Repayment) from/of short-term borrowing (net)	**1,567.41**	2,497.14
Interest paid	**(899.26)**	(804.01)
Dividend and tax on dividend paid on Equity Shares	**(975.20)**	(564.31)
Net cash flow from/(used in) financing activities (C)	**(307.05)**	1,128.82

CONSOLIDATED CASH FLOW STATEMENT (CONT.....)

Particulars	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**418.82**	(1,402.89)
Effect of exchange differences on cash & cash equivalents held in foreign currency	**(32.68)**	31.42
Cash and cash equivalents at the beginning of the year	**781.53**	2153.00
Cash and cash equivalents at the end of the year	**1,167.67**	781.53
Components of Cash and Cash Equivalents		
Cash on hand	**15.64**	1.64
With banks		
- on current accounts	**1,129.92**	760.55
- on deposit accounts	**-**	-
- on unpaid dividend accounts *	**22.11**	19.34
Total Cash and Cash Equivalents (refer note 15)	**1,167.67**	781.53
* The company can utilize these balances only towards the settlement of the respective unpaid dividend.		

Note :

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 'Cash Flow Statements'

As per our report of even date attached

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

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO
Pramod Maheshwari — (CFO)
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. Corporate Group Information

Panama Petrochem Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. Panama Petrochem Limited and its subsidiary (collectively referred as "the group"). The Group's principal operations are located in India and it has operation in Unite Emirates Arab. The Group is engaged in the manufacture of specialty petroleum products for diverse user industries like printing, textiles, rubber, pharmaceuticals, cosmetics, power and other industrial oil.

2. Basis of preparation of consolidated financial statements

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

2.1 Summary of significant accounting policies

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects the relevant provisions of the Companies Act, 2013 ("the Act") and with the Accounting Standards notified by the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention.

2.2 Use of estimates

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

2.3 Principles of consolidation

1) The consolidated financial statements include the financial statements of Panama Petrochem Limited, the parent company (hereinafter referred to as 'the Company') and its subsidiary (collectively referred to as the 'Group').

   The consolidated financial statements have been prepared on the following basis:

   i. The financial statements of the parent company and the subsidiary have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

   ii. The excess of the cost of acquisition of investments in the subsidiaries over the acquired portion of equity in the subsidiaries is recognized in the financial statements as 'goodwill'. The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognized in the financial statements as 'capital reserve'.

   iii. Minority interest in the net assets of consolidated subsidiaries consists of:

      (a) the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and

      (b) the minorities share of movements in equity since the date the parent and subsidiary relationship came into existence.

   iv. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

   v. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

2) The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary	Country of incorporation	Extent of holding (%)	Reporting currency	Effective date of becoming subsidiary
Panol Industries RMC FZE	United Arab Emirates (U.A.E.)	100	AED	1 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.4 Current / Non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either Current or Non-current.

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within twelve months after the reporting date; or

(iv) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within twelve months after the reporting date; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity

All other liabilities are classified as non-current.

2.5 Measurement of EBITDA

As permitted by the Schedule III to the Act, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Profit and Loss Statement. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

2.6 Inventories

Inventories are valued as follows:

Raw materials	Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First In First Out (FIFO) basis. Cost of raw materials comprises of cost of purchase (net of discount) and other cost in bringing the inventory to their present location and condition excluding Cenvat credit / Countervailing duty. Customs duty on stock lying in bonded warehouse is included in cost.
Work-in-progress 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.

2.7 Cash and Cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.8 Fixed Assets

a) Tangible fixed assets

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

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

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

b) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets namely computer software is amortized at the rate of 33.33 % on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Statement when the asset is derecognized.

2.9 Depreciation/Amortization on Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under the Schedule II to the Act for each class of assets. Where life of a component of an asset is significantly different from the underlying primary asset, then such different useful life is adopted for depreciating the said component.

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically,including at each financial year end.

2.10 Revenue Recognition

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

Sale of Goods

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

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Profit and Loss Statement.

Dividends

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

2.11 Foreign currency translation

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Contracts

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Profit and Loss Statement in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

2.12 Investment

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

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Profit and Loss Statement.

2.13 Retirement and other employee benefits

Post Retirement Benefits

i. Defined Contribution Plans

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective fund are due. There are no other obligations other than the contribution payable to the respective fund.

ii. Defined Benefit Plans

Gratuity liability is a defined benefit obligation. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method.

Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in the Profit and Loss Statement.

2.14 Borrowing Costs

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

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

2.15 Segment Reporting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.16 Leases

Company is the lessee

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

Company is the lessor

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

2.17 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.18 Taxes on Income

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

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

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

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

2.19 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2.20 Provisions

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

2.21 Contingent liabilities

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

3. Share capital

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Authorized share capital 12,77,50,000 (31 March 2015 : 12,77,50,000 equity shares of ₹ 2 each	2,555.00	2,555.00
Issued, subscribed and fully paid-up share capital 4,03,29,065 (31 March 2015 : 4,03,29,065 equity shares of ₹ 2 each	806.58	806.58
	806.58	806.58

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

Equity shares

	31 March 2016		31 March 2015	
	No. of shares	**₹ In lakhs**	No. of shares	₹ In lakhs
At the beginning of the year	4,03,29,065	806.58	80,65,813	806.58
Share split during the year	-	-	3,22,63,252	-
Outstanding at the end of the year	**4,03,29,065**	**806.58**	**4,03,29,065**	**806.58**

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have any voting rights in respect of shares represented by the GDR's till the shares are held by the custodian bank. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.50 (31 March 2015 : ₹ 2)
In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets in proportion to the number of equity shares held by the shareholders.

c. For the period of five years immediately preceding the reporting date

	31 March 2016 **₹ In lakhs**	31 March 2015 ₹ In lakhs
Aggregate number of :		
Equity shares allotted in pursuant to the scheme of amalgamation of Monaco Petroleum Private Limited	**16,08,750**	16,08,750
Equity shares allotted in pursuant to the scheme of amalgamation of Mobil Petrochem Private Limited	**53,91,200**	53,91,200
Equity shares bought back by the Company	**5,53,522**	5,53,522

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	31 March 2016		31 March 2015	
	No. of shares	**% holding in the class**	No. of shares	% holding in the class
Equity Shares of ₹ 2 each fully paid up				
Ms. Shelina Arif Rayani	**27,88,275**	**6.91%**	27,88,275	6.91%
Shares held by Custodian as against which global depository receipts have been issued (Citi Bank N.A.)	**1,22,86,725**	**30.47%**	1,22,86,725	30.47%

4. Reserves And Surplus

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Other Reserves		
Investment Allowance Reserve		
Balance at the beginning & at the end of the year	**0.24**	0.24
	0.24	0.24
Capital Redemption Reserves		
Balance at the beginning & at the end of the year	**55.35**	55.35
	55.35	55.35
Securities Premium Account		
Balance at the beginning & at the end of the year	**9,366.42**	9,366.42
	9,366.42	9,366.42
General reserve		
Balance at the beginning of the year	**1,157.99**	1,048.65
Add : amount transferred from surplus balance in the profit & loss statement	**-**	137.59
Less : Adjustment relating to fixed assets as per Companies Act, 2013 (net of deferred tax ₹ 14.55 lakhs) (Refer note no. 9.4)	**-**	28.25
	1,157.99	1,157.99
Foreign currency translation reserve		
Balance at the beginning of the year	**444.59**	198.94
Foreign currency translation during the year	**61.69**	245.65
	506.28	444.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Surplus/(deficit) in the profit and loss statement		
Balance at the beginning of the year	**13,077.65**	12,419.37
Add : Profit for the year	**2,515.41**	1,771.23
Less : Appropriations		
Dividend Tax of previous year	**2.61**	-
Proposed final equity dividend [amount per share ₹ 0.50 (31 March 2015 ₹ 2)]	**201.65**	806.58
Tax on proposed final equity dividend	**42.19**	168.78
Transfer to general reserve	**-**	137.59
Total appropriations	**246.45**	1,112.95
Net surplus in the profit and loss statement	**15,346.61**	13,077.65
Total reserves and surplus	**26,432.89**	24,102.24

5. Deferred tax liabilities (Net)

Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	**406.16**	348.14
Gross deferred tax liability	**406.16**	348.14
Deferred tax asset		
Impact of expenditure charged to the profit and loss statement in the Current year but allowed for tax purposes on payment basis	**16.40**	18.72
Provision for doubtful debts	**4.81**	31.53
	21.21	50.25
Net deferred tax liability	**384.95**	297.89

6. Provisions

	Long-term		Short-term	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Provision for employee benefits				
Provision for gratuity (Note 38)	-	-	**28.41**	31.41
	-	-	**28.41**	31.41
Other provisions				
Provision for Income Tax [Net of taxes paid : 1688.94 lakhs (31 March 2015: N.A.)]	-	-	**95.56**	-
Provision for CSR	-	-	**16.50**	-
Proposed equity dividend	-	-	**201.65**	806.58
Provision for tax on proposed equity dividend	-	-	**42.19**	168.78
Provision for Wealth Tax [Net of taxes paid : ₹ 1.82 (31 March 2015: ₹ 2.26)]	**-**	**-**	**-**	**1.82**
	-	-	**355.90**	977.18
	-	-	**384.31**	1,008.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7. Short-term borrowings

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Secured borrowings		
Cash credit from banks	**5,742.59**	4,175.18
	5,742.59	4,175.18

Terms of Securities and repayment

Cash credit from banks is secured against the hypothecation of Stocks, Book debts and Plant & Machineries (both present & future), Pledge of Fixed Deposit Receipts, Further secured by Equitable Mortgage of Company's present Immovable Property situated at Ankleshwar, Daman,Marol industrial estate, property of group companies situated at Navi Mumbai, property belonging to the Directors and corporate guarantee given by Anirudh Distributors Private Limited (Refer Note 40). The cash credit is repayable on demand and carried an interest rate of 11.75% to 13.75% p.a.

8. Current liabilities

Trade payables (Refer note 29 for details of dues to micro and small enterprises)	**15,092.76**	18,885.10
Other current liabilities		
Creditors for capital goods	**22.20**	17.10
Investor Education and Protection Fund will be credited by following amount (as and when due)		
Unpaid dividend	**22.11**	19.34
Other payables		
Statutory Dues payable	**199.15**	442.28
Forward Contract (net)	**3.16**	-
Advance received against orders	**69.80**	17.48
Deposits	**1.00**	1.00
	317.42	497.20
	15,410.18	19,382.30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

09. Tangible assets

₹ In lakhs

	Freehold land	Leasehold Land	Factory Building	Non Factory Building	Plant & Equipment	Office Equipment	Computers	Furniture and fixtures	Vehicles	Total
Cost or valuation										
At 1 April 2014	**6.19**	**2,713.47**	**1,305.43**	**2,377.85**	**1,809.79**	**51.11**	**62.31**	**247.18**	**436.77**	**9,010.10**
Additions	0.00	6.93	1,610.63	20.95	2,926.42	13.71	3.35	9.82	29.69	4,621.50
Other adjustments	-	-	-	-	(30.14)	30.14	-	-	(6.81)	(6.81)
At 31 March 2015	**6.19**	**2,720.40**	**2,916.06**	**2,398.80**	**4,706.07**	**94.96**	**65.66**	**257.00**	**459.65**	**13,624.79**
Additions	-	137.13	107.18	86.50	443.97	13.58	10.66	20.42	20.63	840.07
Other adjustments	-	-	-	-	(15.16)	-	-	-	(10.84)	(26.00)
At 31 March 2016	**6.19**	**2,857.53**	**3,023.24**	**2,485.30**	**5,134.88**	**108.54**	**76.32**	**277.42**	**469.44**	**14,438.86**
Depreciation										
At 1 April 2014	-	257.80	218.78	110.84	494.49	13.81	47.61	61.50	143.38	1,348.21
Adjustments as per the Companies Act, 2013 (Refer note 9.4)	-	-	-	-	-	28.53	8.77	-	5.50	42.80
Charge for the year	-	33.86	59.10	37.69	108.60	16.41	3.82	28.50	53.81	341.79
Other adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.39)**	**(3.39)**
At 31 March 2015	-	291.66	277.88	148.53	603.09	58.75	60.20	90.00	199.30	1,729.41
Adjustments as per the Companies Act, 2013 (Refer note 9.4)	-	-	-	-	-	-	-	-	-	-
Charge for the year	**-**	**34.44**	**94.46**	**37.99**	**191.34**	**13.90**	**5.15**	**30.25**	**51.58**	**459.11**
Other adjustments	**-**	**-**	**-**	**-**	**(4.04)**	**-**	**-**	**-**	**(5.32)**	**(9.36)**
At 31 March 2016	**-**	**326.10**	**372.34**	**186.52**	**790.39**	**72.65**	**65.35**	**120.25**	**245.56**	**2,179.16**
Net Block										
At 31 March 2015	**6.19**	**2,428.74**	**2,638.18**	**2,250.27**	**4,102.98**	**36.21**	**5.46**	**167.00**	**260.35**	**11,895.38**
At 31 March 2016	**6.19**	**2,531.43**	**2,650.90**	**2,298.78**	**4,344.49**	**35.89**	**10.97**	**157.17**	**223.88**	**12,259.70**
Capital work-in-progress										
At 31 March 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 31 March 2016	**-**	**-**	**-**	**19.55**	**-**	**-**	**-**	**-**	**-**	**19.55**

Notes:-

9.1 Factory Building includes those constructed on leasehold land:

	Gross Block	Depreciation For the year	Accumulated Depreciation	Net Block
At 31 March 2015	1,235.42	38.12	233.43	1,001.99
At 31 March 2016	2,953.23	92.20	344.34	2,608.89

9.2 Non Factory Building includes those constructed on leasehold land:

At 31 March 2015	35.69	0.53	5.58	30.11
At 31 March 2016	60.15	0.68	6.26	53.89

9.3 Capital expenditure on research & development

a) Addition to fixed assets includes capital assets of ₹ 1.43 lakhs (31 March 2015 : ₹ Nil)

b) Gross block includes fixed assets in research & development (R&D) unit

Furniture ₹ 4.08 lakhs (31 March 2015 : ₹ 4.08 lakhs)

Lab Equipments ₹ 54.58 lakhs (31 March 2015 : ₹ 53.15 lakhs)

Computer ₹ 00.55 lakh (31 March 2015 : ₹ 00.55 lakh)

Air Conditioner ₹ 1.13 lakhs (31 March 2015 : ₹ 1.13 lakhs)

9.4 Adoption of useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013

Effective from 1 April, 2014 the Company has charged depreciation based on revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act 2013 as per para 7(b) of notes to part C. Based on transitional provision provided in note 7(b) to Schedule II, where the remaining useful life of an asset is nil the carrying amount of the asset should be recognised in the retained earnings. Such carrying amount as on 1 April, 2014 for the Company was ₹ 28.25 Lakhs (net of deferred tax ₹ 14.55 Lakhs).

9.5 The Board currently estimates that there are no components which have significantly different lives from the underlying primary assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

10. Intangible Assets

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Software		
Cost or valuation		
At 1 April 2013	**7.11**	7.11
Additions	**-**	-
Disposals	**-**	-
At 31 March 2014	**7.11**	7.11
Additions	**-**	-
At 31 March 2015	**7.11**	7.11
Depreciation		
At 1 April 2013	**7.11**	7.11
Charge for the year	**-**	-
Disposals	**-**	-
At 31 March 2014	**7.11**	7.11
Charge for the year	**-**	-
At 31 March 2015	**7.11**	7.11
Net Block		
At 31 March 2014	**-**	-
At 31 March 2015	**-**	-

11. Non-current investments

Non Trade investments (valued at cost unless stated otherwise)		
Unquoted Equity Instruments		
1,850 (31 March 2014 : 1,850) fully paid equity shares of ₹.10 each of		
Bharuch Enviro Infrastructure Limited	**0.19**	0.19
975 (31 March 2014 : 975) Fully paid equity shares of ₹ 100 each of		
The Marol Co operative Industrial Estate Limited	**0.98**	0.98
Quoted equity instruments		
6,200 (31 March 2014 : 6,200) fully paid equity shares of face value of ₹ 10 each of		
DCB Bank Limited (formally Development Credit Bank Limited)	**2.18**	2.18
29,500 (31 March 2015 : Nil) fully paid equity shares of		
face value of ₹ 10 each of Apar Industries Limited	**147.00**	-
1504 (31 March 2015 : Nil) fully paid equity shares of		
face value of ₹ 5 each of Tide Water Oil (India) Limited	**94.89**	-
	245.24	3.35
Aggregate amount of unquoted investments	**1.17**	1.17
Aggregate amount of quoted investments	**244.07**	2.18
Market Value of quoted investments	**239.38**	6.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

12. Loans and advances

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Capital advances				
Unsecured, considered good	**908.20**	659.74	**-**	-
(A)	**908.20**	659.74	**-**	-
Security deposit				
Unsecured, considered good	**14.44**	13.58	**128.18**	76.57
(B)	**14.44**	13.58	**128.18**	76.57
Advances recoverable in cash or kind				
Unsecured, considered good	**-**	-	**1,363.96**	440.26
(C)	**-**	-	**1,363.96**	440.26
Other loans and advances				
(Unsecured, considered good)				
Prepaid expenses	**-**	-	**94.04**	126.33
Current tax [net of provision for tax N.A.] (31 March 2015 : ₹ 1058.09 lakhs)	**-**	-	**-**	25.54
MAT credit entitlement (Refer note 43)	**-**	-	**-**	76.62
Loan to employees	**5.37**	6.88	**9.87**	8.32
Balance with statutory/government authorities	**-**	-	**740.33**	1,095.63
(D)	**5.37**	6.88	**844.24**	1,332.44
Total (A+B+C+D)	**928.01**	680.20	**2,336.38**	1,849.27

13. Trade receivables and other assets

13.1 Trade receivables

Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**-**	-	**809.16**	530.36
Doubtful	**-**	-	**13.89**	94.80
	-	-	**823.05**	625.16
Provision for doubtful receivables	**-**	-	**13.89**	94.80
(A)	**-**	-	**809.16**	530.36
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	**-**	-	**14,540.91**	16,863.57
(B)	**-**	-	**14,540.91**	16,863.57
Total (A+B)	**-**	-	**15,350.07**	17,393.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

13.2 Other assets

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Balance with banks in deposit accounts (Refer Note 15)	**0.10**	0.09	**-**	-
(A)				
Unamortized expenditure				
Unamortized premium on forward contract	**-**	-	**1.76**	-
(B)	**-**	-	**1.76**	-
Others				
Interest accrued on fixed deposits	**-**	-	**17.16**	21.60
(C)	**-**	-	**17.16**	21.60
Total (A+B+C)	**0.10**	0.09	**18.92**	21.60

14. Inventories (valued at lower of cost and net realizable value)

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Raw Material (Refer Note 18) [Includes Goods In transit ₹ Nil, (31 March 2015: ₹ 216.95)]	**12,394.31**	14,161.25
Finished Goods (Refer Note 20)	**630.63**	531.17
Traded Goods (Refer Note 20)	**3,364.03**	1,892.48
Packing Material (Refer Note 18)	**88.06**	139.29
	16,477.03	16,724.19

15. Cash and bank balances

	Non -current		Current	
	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Cash and cash equivalents				
Balance with banks:				
In current accounts	**-**	-	**1,129.92**	760.55
In deposits accounts with original maturity of less than				
three months	**-**	-	**-**	-
In unpaid dividend account	**-**	-	**22.11**	19.34
Cash on hand	**-**	-	**15.64**	1.64
(A)	**-**	-	**1,167.67**	781.53
Other bank balances				
Deposits with original maturity for more than 12 months	**0.10**	0.09	**3.50**	3.24
Deposits with original maturity for more than 3 months but less than 12 months	**-**	-	**355.33**	420.00
	0.10	0.09	**358.83**	423.24
Amount disclosed under "non current assets" (Refer Note 13.2)	**(0.10)**	(0.09)	**-**	-
(B)	**-**	-	**358.83**	423.24
Total (A+B)	**-**	-	**1,526.50**	1,204.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

16. Revenue from operations

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Revenue from operations		
Sale of products		
Finished Goods	**72,558.60**	78,540.03
Traded Goods	**8,311.01**	8,197.16
Other Operating revenue	**-**	-
Revenue from operations (gross)	**80,869.61**	86,737.19
Less : Excise duty #	**5,697.42**	6,206.40
Revenue from operations (net)	**75,172.19**	80,530.79

Excise duty on sales amounting to ₹ 5,697.42 lakhs (31 March 2015 : ₹ 6,206.40 lakhs) has been reduced from sales in profit and loss statement and excise duty on increase/(decrease) in stock amounting to ₹ 2.27 lakhs (31 March 2015 : ₹ (24.94) lakhs) has been considered as expense/(income) in note 22 of the financial statements.

Details of products sold

Finished Goods		
Panoil	**69,901.14**	73,554.73
Others	**2,657.46**	4,985.30
	72,558.60	78,540.03
Traded goods		
Wax	**1,438.62**	1,117.58
Others	**6,872.39**	7,079.58
	8,311.01	8,197.16

17. Other income

Interest income on		
Bank deposits	**42.50**	56.36
Others	**19.43**	1.00
Dividend income on		
Non current investment	**1.92**	0.03
Reversal of provision for doubtful debts	**80.91**	17.71
Net proceeds from claim of insurance on theft of fixed asset	**-**	0.82
Others	**38.95**	37.34
	183.71	113.26

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

18. Cost of material consumed

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Raw material consumed		
Inventory at the beginning of the year	**14,161.25**	11,602.73
Add : Purchases	**53,527.29**	65,806.77
	67,688.54	77,409.50
Less : Inventory at the end of the year	**12,394.31**	14,161.25
Cost of raw material consumed	**55,294.23**	63,248.25
Packing material consumed		
Inventory at the beginning of the year	**139.29**	107.63
Add : Purchases	**1,986.25**	1,912.23
	2,125.54	2,019.86
Less : Inventory at the end of the year	**88.05**	139.29
Cost of packing material consumed	**2,037.49**	1,880.57
Total material consumed	**57,331.72**	65,128.82
Details of raw material consumed		
Base Oil	**41,663.53**	48,536.33
Others	**12,710.59**	14,711.92
	54,374.12	63,248.25
Details of inventory		
Base oil & Wax	**12,394.31**	14,161.25
Packing material	**88.05**	139.29
	12,482.36	14,300.54

Imported and indigenous raw materials consumed

	% of total consumption 31 March 2016	₹ In lakhs 31 March 2016	**% of total consumption 31 March 2015**	₹ In lakhs 31 March 2015
Imported	**82%**	45,155.95	**84%**	52,854.38
Indigenous	**18%**	10,138.28	**16%**	10,393.87
	100%	55,294.23	**100%**	63,248.25

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

19. Purchase of traded goods

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Wax	**1,305.19**	1,153.23
Others	**7,860.11**	7,765.93
	9,165.30	8,919.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

20. (Increase)/decrease in inventories of traded goods and finished goods

	31 March 2016 ₹ **In lakhs**	31 March 2015 ₹ In lakhs	31 March 2015 (Increase)/decrease ₹ in lakhs
Inventories at the end of the year			
Traded goods	**3,332.10**	1,892.48	(1,439.62)
Finished goods	**630.63**	531.17	(99.46)
	3,962.73	2,423.65	(1,539.08)
Inventories at the beginning of the year			31 March 2015
Traded goods	**1,892.48**	500.06	(1,392.42)
Finished goods	**531.17**	888.33	357.16
	2,423.65	1,388.39	(1,035.26)
	(1,539.08)	(1,035.26)	

Details of inventory of traded goods and finished goods	**31 March 2016** ₹ **In lakhs**	31 March 2015 ₹ In lakhs
Traded goods		
Wax & Others	**3,332.10**	1,892.48
	3,332.10	1,892.48
Finished Goods		
Panoil	**630.63**	531.17
	630.63	531.17

21. Employee benefit expense

Salaries, wages and bonus	**505.65**	368.31
Contribution to provident and other funds	**21.16**	16.64
Gratuity expense (note 38)	**14.59**	19.27
Staff welfare expenses	**12.11**	6.39
	553.51	410.61

22. Other expenses

Power and fuel	**60.63**	56.03
Water charges	**9.20**	3.46
Increase/(decrease) of excise duty on inventory	**2.27**	(24.94)
Repairs and maintenance		
Buildings	**23.64**	43.27
Machinery	**64.03**	50.68
Others	**47.81**	37.23
Insurance	**148.66**	105.15
Rent	**118.94**	109.81
Rates and taxes	**43.48**	31.32
Communication costs	**37.99**	33.00
Legal and professional fees	**102.58**	107.25
Payment to auditor (Refer details below)	**15.21**	12.50
Director sitting fees	**5.70**	5.10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Clearing and forwarding expenses	**1,517.37**	1,740.16
Freight outwards	**1,021.31**	666.46
Travelling and conveyance	**214.17**	190.10
Advertising and sales promotion	**110.13**	68.50
Brokerage and commission	**216.36**	162.15
Security charges	**27.84**	25.68
Bad debts and sundry balances written off	**129.30**	50.72
Donation and charity (Refer note 35)	**36.04**	59.73
Premium on forward exchange contract amortized	**19.31**	12.79
Exchange loss (net)	**577.55**	185.11
Loss on sale of assets	**2.94**	-
Miscellaneous expenses	**241.03**	190.82
	4,793.49	3,922.08
Payment to auditor (excluding service tax)		
As auditor:		
Statutory audit and limited review fees	**13.96**	11.50
Tax audit fees	**1.25**	1.00
In other capacity	**-**	-
	15.21	12.50
23. Depreciation and amortization expense		
Depreciation of tangible assets (Refer note 9)	**459.11**	341.79
Amortization of intangible assets (Refer note 10)	**-**	-
	459.11	341.79
24. Finance costs		
Interest	**639.60**	376.52
Bank charges	**286.76**	424.21
	926.36	800.73
25. Contingent Liabilities		
i) Service tax Matter disputed with the Deputy Commissioner of Service Tax (Dispute regarding demand raised on service tax payable on interest on usance charges for the period September 2008 to March 2013)	**80.71**	80.71
ii) Excise duty Matter disputed with the Commissioner of Central Excise, Customs & Service Tax, Daman,(Dispute regarding demand raised on excise duty not recovered on freight charged to customers)	**89.68**	99.64
iii) Custom duty Matter disputed Customs, Excise and Service Tax Appellate Tribunal, Mumbai, (Dispute regarding demand raised for classification of product)	**126.70**	126.70
iv) Bank Gurantees	**499.12**	546.17
(The contingent liabilities, if materialized, shall entirely be borne by the company, as there is no likely reimbursement from any other party.)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

26. Capital and other commitments

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**14.62**	2.36

27. Current Liabilities & Provisions

In the opinion of the Board, adequate provision has been made for all known liabilities and the same is not in excess of the amounts considered reasonably necessary.

28. Current assets, loans and advances

In the opinion of the Board, the current assets, loans and advances have value on realization in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

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

a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	**-**	-
- Interest due on above	**-**	-
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	**-**	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	**-**	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	**-**	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprise Development Act, 2006.	**-**	-

*The company has initiated the process of identification of suppliers registered under Micro and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at the balance sheet date.

30. Value of imports calculated on CIF basis (accrual)

Raw materials (Includes Goods in transit)	**38,593.96**	50,705.63
Traded goods	**1,235.67**	1,358.71
	39,829.63	52,064.34

31. Expenditure in foreign currency (accrual basis)

Brokerage & Commission	**62.84**	57.88
Bank Interest	**148.26**	119.71
Bank Charges	**17.38**	56.53
Travelling Expenses	**5.38**	18.65
Others	**18.54**	18.60
	252.40	271.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

32. Net dividend remitted in foreign exchange

Period to which it relates	**April 1, 2015 to 31 March 2016**	April 1, 2014 to 31 March 2015
Number of non resident shareholders	**-**	-
Number of equity shares in lakhs held on which dividend was due	**-**	-
Amount remitted in US $	**-**	-

33. Earnings in foreign exchange (accrual basis)

Exports at F.O.B Value	**23,325.44**	28,103.44
	23,325.44	28,103.44

34. Derivative Instruments and unhedged foreign currency exposure

a) Forward contract outstanding as at Balance Sheet date **₹ In lakhs**

Particulars	Purpose
Forward Contract to buy US $	Hedge of expected future payments to trade payables
US $ 5 lakhs (31 March 2015: US $ Nil)	
₹ 331.66 lakhs (31 March 2015: ₹ Nil)	

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

	31 March 2016 $ In lakhs	31 March 2016 ₹ In lakhs	**31 March 2015 $ In lakhs**	31 March 2015 ₹ In lakhs
Trade Receivables	43.01	2,852.93	77.00	4,894.10
Advance received against orders	0.64	42.68	0.22	13.90
Trade Payables	195.92	13,001.52	274.07	17,154.41
Advance to Trade Payables	1.86	123.11	1.22	76.22
Balance with Banks	5.80	384.85	6.02	376.95

35. Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : ₹ 34.00 Lakhs is included in donation and charity. The Particulars of CSR Expenditure are as follows:

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Amount to be spent during the year	**34.00**	48.54
Amount spent during the year	**17.50**	57.78
Amount unspent/(excess spent)	**16.50**	(9.24)

36. Details of loans given, investments made and guarantee given covered u/s 186 (4) of the Companies Act, 2013

Corporate Guarantees given by the Company as at 31 March, 2015

Name of the company	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ In lakhs
Panol Industries RMC FZE, UAE (Bank Guarantee US $ 45 lakhs)	**2,984.98**	2,816.59

37. Expenses on Scientific Research

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Capital (Refer Note 9.3)	**1.43**	-
Revenue	**39.40**	39.69
	40.83	39.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

38. Employee Benefits

General Description of Defined Benefit plan

Gratuity

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

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

Profit & Loss Statement	**Gratuity**	
Net Employee Benefit Expense recognized in the employee cost		
Current service cost	**8.68**	5.65
Interest cost on benefit obligation	**4.87**	3.49
Past service Cost	**-**	-
Expected return on plan assets	**(3.19)**	(3.07)
Net actuarial (gains) / loss recognized in the year	**4.23**	13.22
Adjustment to the opening fund	**-**	(0.02)
Net Benefit Expense	**14.59**	19.27
Actual Return on Plan Assets	**1.04**	10.15

Balance sheet		
Benefit assets/(liability)		
Present Value of defined benefit obligation	**82.33**	73.90
Fair value of plan assets	**53.92**	42.50
Plan assets/(liability)	**(28.41)**	(31.40)

Changes in Present Value of Defined Benefit Obligation are as follows:		
Opening defined benefit obligation	**73.91**	48.18
Current service cost	**8.68**	5.65
Interest cost	**4.87**	3.49
Actuarial (gains) / losses on obligation	**2.46**	16.59
Past Service Cost	**-**	-
Benefits paid	**(7.58)**	-
Closing defined benefit obligation	**82.34**	73.91
Changes in Fair Value of Plan Assets are as follows:		
Opening fair value of planned assets	**42.49**	36.04
Expected return	**3.19**	3.07
Actuarial gain / (loss)	**(1.77)**	3.35
Adjustment to the opening fund	**-**	0.02
Contributions by employer	**10.00**	-
Benefits paid	**-**	-
Closing fair value of plan assets	**53.91**	42.48

The company expects to contribute ₹ 3.19 lakhs to gratuity in the next year (31 March 2015 : ₹ 3.07 lakhs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

Policy of Insurance	**100%**	100%

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

Discount rate	**7.80%**	7.80%
Expected rate of return on assets	**9%**	9%
Age of Retirement	**58**	58
Annual increase in salary cost	**6%**	6%

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

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

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

Gratuity:	**31 March 2016 ₹ In lakhs**	31 March 2015 ₹ in lakhs
Defined Benefit Obligation	**82.33**	73.90
Plan Assets	**53.92**	42.50
Surplus/(deficit)	**(28.41)**	(31.40)
Experience adjustment on plan liabilities (gain)/loss	**0.63**	11.79
Experience adjustment on plan assets loss/(gain)	**1.77**	(3.35)

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

39. Segment Information

Business Segments:

As the Company is in the business of manufacturing and trading of specialty petroleum products, the Company has considered petroleum products as the only business segment for disclosure in this context of accounting standard 17.

Geographical Segments:

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

Year ended 31 March 2016	**Within India**	**Outside India**	**Total**
Revenue			
Sales to external customers	51,038.39	24,133.80	75,172.19
Other segment information			
Segment assets	35,865.65	13,295.85	49,161.50
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	616.24	223.83	840.07

Year ended 31 March 2015	**Within India**	**Outside India**	**Total**
Revenue			
Sales to external customers	43,710.92	36,819.87	80,530.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Other segment information

Segment assets	35,848.46	13,822.16	49,670.62
Capital Expenditure:			
Additions to tangible & intangible fixed assets (Including CWIP)	308.50	4,313.00	4,621.50

Notes :

Geographical Segment :

a) For the purpose of geographical segment the sales are divided into two segments - within India and outside India.

b) The accounting policies of the segments are the same as those described in Note 2

40. 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

	31 March 2016 ₹ **In lakhs**	31 March 2015 ₹ in lakhs
Key Management Personnel		
Amirali E Rayani		
Amin A Rayani		
Samir Rayani		
Hussein Rayani		
Relatives of key management personnel		
Akbarali Rayani (Brother of Mr. Amirali E Rayani)		
Vazirali Rayani (Brother of Mr. Amirali E Rayani)		
Salimali Rayani (Brother of Mr. Amirali E Rayani)		
Arif Rayani (Brother of Mr. Amin Rayani)		
Nilima Kheraj (Sister of Mr. Samir Rayani)		
Munira Rayani (Wife of Mr. Hussein Rayani)		
Iqbal Rayani (Brother of Mr. Hussein Rayani)		
Subsidiary		
Panol Industries RMC FZE, UAE		
Enterprises owned or significantly influenced by key management personnel or their relatives		
Anirudh Distributors Private Limited		

(b) Transactions with Related Parties

Transaction with Key Managerial Personnel and relatives of Key Managerial Personnel

Remuneration paid to Key Managerial Personnel		
Amirali E Rayani	**24.00**	20.00
Amin A Rayani	**21.00**	17.50
Samir Rayani	**18.00**	15.00
Hussein Rayani	**10.65**	N.A.
Remuneration paid to Relative of Key Managerial Personnel		
Akbarali Rayani	**5.40**	5.40
Vazirali Rayani	**5.40**	5.40
Salimali Rayani	**5.40**	5.40
Nilima Kheraj	**5.40**	5.40
Arif Rayani	**7.05**	5.40
Munira Rayani	**5.40**	N.A.
Iqbal Rayan	**7.05**	N.A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	31 March 2016 ₹ In lakhs	31 March 2015 ₹ In lakhs
Payment of Rent		
Rent paid to Key Managerial Personnel		
Amin A Rayani	**6.36**	6.64
Samir Rayani	**7.56**	7.84
Hussein Rayani	**0.90**	N.A.
Rent paid to Relative of Key Managerial Personnel		
Vazir Rayani	**0.90**	1.20
Arif Rayani	**3.10**	3.06
Transaction with Subsidiary		
Bank Guarantee Given [US $ 45 Lakhs (31 March 2015: US $ 45 Lakhs)]	**2,984.98**	2,816.59
Reimbursement of expenses incurred on behalf	**49.54**	47.96
Transaction with Enterprises owned or significantly influenced by key management personnel or their relatives		
Corporate guarantee given on behalf of the Company		
Anirudh Distributors Private Limited	**6,500.00**	6,500.00
Balances at the end of the year		
Subsidiary :		
Receivable against expenses incurred on behalf	**49.54**	10.63

41. Leases

Operating Lease: company as lessee

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

Lease payments recognized in the profit and loss statement for the year	**32.41**	32.26

Notes:

(i) There is no escalation clause in the lease agreement

(ii) There are no restrictions imposed by lease arrangements

(iii) There are no subleases

42. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations :

Profit after tax attributable to equity shareholders	**2,515.41**	1,771.23
Net profit for calculation of basic and diluted EPS	**2,515.41**	1,771.23
	No of shares	No of shares
Weighted average number of equity shares in calculating basic EPS (Refer note no. 35)	**4,03,29,065**	4,03,29,065
Basic Earnings per share	**6.24**	4.39
Diluted Earnings per share	**6.24**	4.39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

43. Taxation

Minimum Alternate Tax (MAT) :- The Company has during the year, provided the current year tax liability of ₹ 986.41 lakhs (31 March 2015 ₹ 369.09 lakhs) calculated in accordance with the normal rate of income of tax. The MAT credit entitlement of ₹ 103.52 lakhs (31 March 2015 ₹ 184.28 lakhs) has been availed for the year ended 31 March 2016, which is disclosed under 'Loans and advances'.

44. Transfer Pricing

Transactions with related parties are governed by transfer pricing regulations of the Indian Income-tax Act, 1961. Management believes that the Company's transactions with related parties entered into during the year and previous year are at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

45. Additional Information, as required under Schedule III to the Companies Act, 2013, of the enterprises consolidated as Subsidiary.

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
1	2	3	4	5
Parent				
Panama Petrochem Limited	78.98%	25,542.84	80.29%	2,019.66
Subsidiary				
Foreign				
Panol Industries RMC FZE, UAE	21.02%	6,882.25	19.71%	495.75
Minority Interests in subsidiary (Investments as per the equity method)	-	-	-	-
Total	**100.00%**	**32,425.09**	**100.00%**	**2,515.41**

46. Previous year figures

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

Signature to Notes 1 to 46 of the financial statements

As per our report of even date attached

For Bhuta Shah & Co LLP
Chartered Accountants
Firm Registration No. 101474W/W100100

CA Virag Shah
Partner
Membership No : 153415

Place : Mumbai
Date : 21 May, 2016

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

Amirali E. Rayani — Chairman
Amin A. Rayani — Managing Director & CEO

Pramod Maheshwari — CFO
Gayatri Sharma — Company Secretary

Place : Mumbai
Date : 21 May, 2016

Shareholder's authorisation to receive dividends through Electronic Credit Clearing Mechanism.

Registered Folio No .....

Name of the first/sole shareholder .....

PAN .....

Telephone Number of investor .....

Email id of investor .....

Bank Name .....

Branch Address & Telephone No. of Branch .....

Bank Account Number
(As appearing on the Cheque Books) .....

Branch Code .....
9 digit code number of the Bank and Branch appearing on the MICR cheque issued by the Bank. (Please attach a blank cancelled cheque, or a photocopy (Xerox copy) of a cheque issued to you by your Bank, for verification of the above particulars)
Account Type

I hereby, declare that the particulars given above are correct and complete. If the payment transaction is delayed or not effected at all for any reasons, including but not limited to incomplete or incorrect information, I will not hold the Company/RTA responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

I, further undertake to inform the Company of any subsequent change(s) in the above particulars.

Signature of the Holder(s):

Place :

Date :

1.

2.

Note:

1. Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY.
2. In case of shareholders holding the equity shares in demat form, the shareholders are requested to provide details to their respective Depository participants.
3. **KINDLY RETURN THE ABOVE DULY ATTESTED BY YOUR BANKERS TOGETHER WITH THE SELF-ATTESTED COPY OF THE PAN CARD**

PANAMA PETROCHEM LIMITED

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

Attendance Slip

To be handed over at the entrance of the Meeting venue

Folio No. ……. DP ID No.……. Client ID No. …….

Name of the Shareholder/ Proxyholder ……. Signature …….

I record my presence at the 34th Annual General Meeting of the Company, to be held on Monday, 26th September, 2016 at 11.30 A.M. at Plot No. 3303, GIDC Estate, Ankleshwar – 393002

Member's/Proxy's Signature

PANAMA PETROCHEM LIMITED

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

Proxy Form

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

Name of the Member(s) : .....

Registered address : .....

E-mail : .....

Folio no./Client id/Dp Id : .....

No. of shares : .....

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

Name : ..... E-mai : .....

Address : .....

Signature : .....

Or failing him/her

Name : ..... E-mai : .....

Address : .....

Signature : .....

Or failing him/her

As my / our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 34th Annual General Meeting of the Company, to be held on Monday, September 26, 2016 at 11.30 a.m. at Plot No. 3303, GIDC Estate, ankleshwar-393002, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary business	
1.	Adoption of the Audited Financial Statements (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2016 together with the Reports of the Board of Directors & Auditors thereon.
2.	Declare dividend on equity shares.
3.	Reappointment of Mr. Amin A. Rayani, who retires by rotation.
4.	Ratify the appointment Auditors and fix their remuneration.
Special business	
5.	Appointment of Mr. Hussein V. Rayani as Director.
6.	Appointment of Mr. Hussein V. Rayani as Joint Managing Director.
7.	Ratification of Cost Auditor remuneration.

Signed this…….....day of…….....2016

Affix Revenue Stamp

.....

Signatures of the proxy holder(s)

.....

Signature of the member

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

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NOTES

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If undelivered please return to:

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