

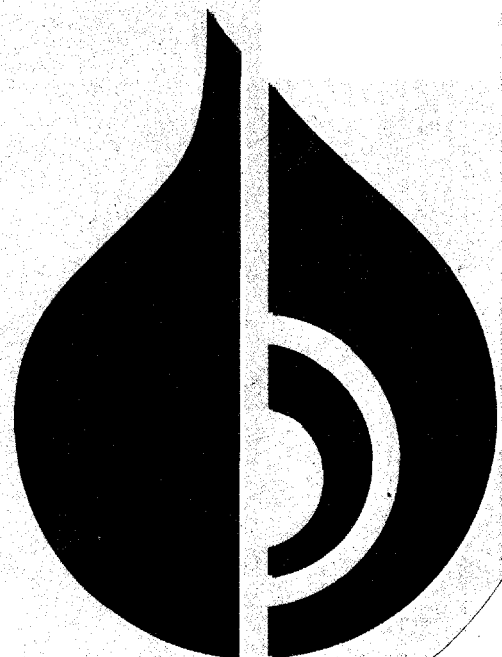
23rd Annual Report

2004-05

Report  Junction.com

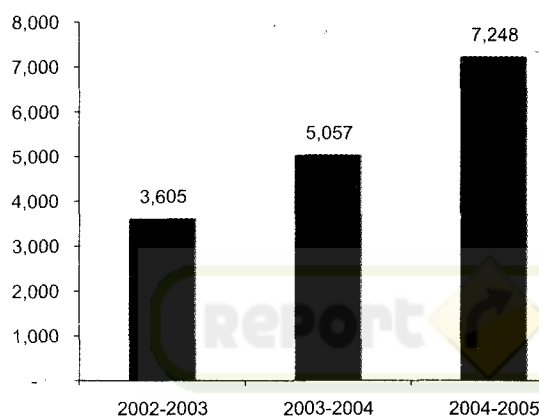


Milestones to success

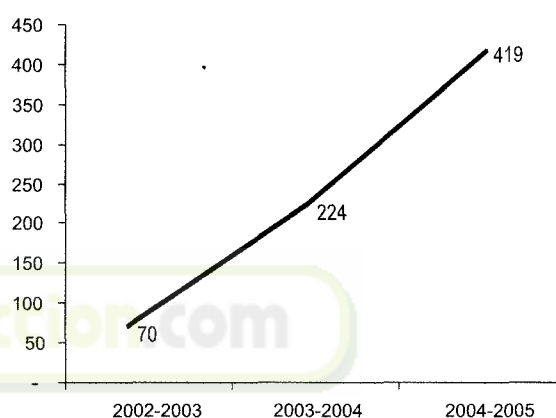


Working Results at a glance

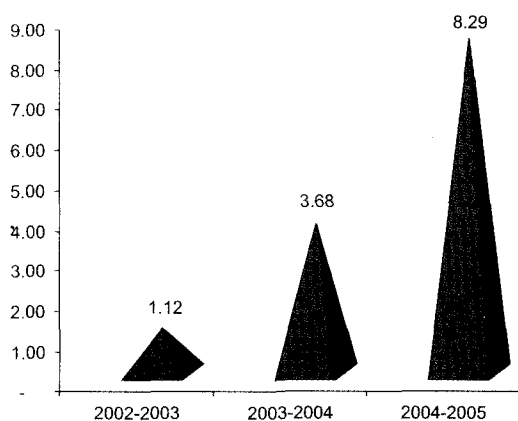
Sales (Rs. in Lacs)



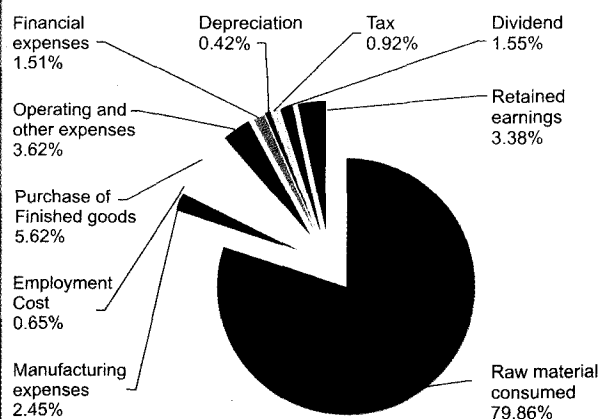
PBT (Rs. in Lacs)



EPS (Rs.)



Analysis of Distribution of Income



Board of Directors	MR. BADRUDIN KASAMALI	Chairman
	MR. AMIRALI RAYANI	Managing Director & C.E.O.
	MR. S. K. UKANI	Director (Administration)
	MR. M.V. ISANI	
	MR. VAZIRALI RAYANI	
	MR. SALIMALI RAYANI	
	MR. AMIN RAYANI	
	MR. SAMIR RAYANI	
	MR. MUKESH MEHTA	
	MR. RAJENDRA THAKKER	
Senior Executives	MR. AKBERALI RAYANI	Executive - Operations
	MRS. SUNITA BADANI	Manager - Finance & Accounts
	MR. P.V. NIKAM	General Manager
	MR. D. N. CHAUHAN	Manager - Plant, Ankleshwar
	MR. ANIL DIXIT	Manager - Plant, Daman
	MR. S. R. SAWANT	Manager - Plant, Mumbai
	MR. S.T. CHHATRIWALA	Marketing Consultant - (Lubricants)
	MR. ANIL DHOMSE	Marketing Consultant - (Specialty Products)
Secretary	MRS. NEENA DESHPANDE	
Auditors	M/S. TRALSAWALA ASSOCIATES	Chartered Accountants, Bharuch
Bankers	INDIAN BANK	
	DEVELOPMENT CREDIT BANK	
	LIMITED	
Insurer	ORIENTAL INSURANCE CO. LTD.	Mumbai Divisional Office No: 6

23RD ANNUAL GENERAL MEETING

Date : 30th September, 2005
 Day : Friday
 Time : 11.00 a.m.
 Place : Plot No: 3303, GIDC Estate, Ankleshwar - 393 002, Gujarat



Registered Office

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

Corporate Office

5, Mahavir Darshan, 416,
Narshi Natha Street, Mumbai 400 009
Tel: 91-22-2342 7700, Fax: 91-22-2342 8702
Email: panama@vsnl.com

Plants**Ankleshwar**

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

Daman

Survey No: 78/2, Daman Industrial Estate,
Village Kadaiya, Dist. Daman,
Daman (UT) 396 210

Mumbai

Plot No: 127/128, Marol Co-op. Industrial Estate,
M.V. Road, Saki Naka
Andheri (E), Mumbai 400 059

Registrar & Share Transfer Agents**Bigshare Services Private Limited**

E-2, Ansa Industrial Estate,
Sakinaka, Saki-Vihar Road,
Andheri (E), Mumbai 400 072
Tel: 91-22-2847 3474, Fax: 91-22-2847 5207
Email: Bigshare@sify.com

Contents

	Page
Notice	1-4
Guidelines for Members	5
Directors' Report	6-9
Management Discussion & Analysis Report	10-11
Corporate Governance Report	12-19
Auditors' Report & Annexure	20-23
Balance Sheet	24
Profit & Loss Accounts	25
Schedules to Accounts	26-38
Cash Flow Statement	39



Notice

Notice is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held at the Registered Office of the Company at Plot No. 3303, G.I.D.C. Estate, Ankleshwar - 393 002, Gujarat, on **Friday, September 30, 2005** at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2005 and Profit & Loss Account for the year ended as on date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Badrudin Kasamali who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mukesh Mehta who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Salimali Rayani who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint M/s Habib & Company, Chartered Accountants, Mumbai, as the Auditors and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 (1) (a) of the Companies Act, 1956, and other applicable provisions, if any, the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000 (Rupees Five Crores) divided into 50,00,000 Equity Shares of Rs. 10/- each to Rs. 11,00,00,000 (Rupees Eleven Crores) divided into 110,00,000 Equity Shares of Rs. 10/- each.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby substituted with the following Clause:

Clause V. The authorized share capital of the Company is Rs. 11,00,00,000 (Rupees Eleven Crores Only) divided into 110,00,000 (One Hundred and Ten Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each (and such 110,00,000 (One Hundred and Ten Lacs) unclassified shares of Rs. 10/- (Rupees Ten Only) each) with a power to increase and reduce the capital of the Company (and to divide the unclassified in capital for the time being into several classes and attached there to respectively such preferential, deferred qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company for the time being) and to subdivide the share and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or by the Articles of the Company for the time being.

RESOLVED FURTHER THAT any Director or the Secretary of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 31 (1) of the Companies Act, 1956, and other applicable provisions, if any, the existing Article (5) (a) of the Articles of Association of the Company be and is hereby substituted with the following Article:

Article (5) (a) The Authorised Share Capital of the Company is Rs. 11,00,00,000 (Rupees Eleven Crores Only) divided into 110,00,000 (One Hundred and Ten Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each capable of being increased or decreased in accordance with the Company's regulations and legislative provisions for the time being in that behalf."



9. To consider and, if thought fit, to pass with or without modifications, the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors to borrow money from time to time up to a limit of Rs. 100 Crores from suitable Banks, Mutual Funds, Financial Institutions and/or Non Banking Finance Companies, by way of secured or unsecured loans, fixed deposits, bridge loans, inter corporate borrowings/issue of debentures whichever required, with or without security and on such terms and conditions as the Board of Directors may think fit, notwithstanding that the money to be borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in ordinary course of business), may exceed the aggregate of the Paid-Up Share Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchange and the provisions of SEBI (De-listing of Securities) Guidelines, 2003, or any amendment or modification thereof, and subject to such approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company consent be and is hereby accorded to de-list the Equity Shares of the Company from the Stock Exchange of Ahmedabad.

RESOLVED FURTHER THAT the Managing Director and C.E.O. of the company be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental to give effect to this resolution."

Place: Mumbai

Date: 5th September, 2005

By Order of the Board of Directors

Neena Deshpande

Company Secretary

REGISTERED OFFICE:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory statement pursuant to Sections 173 (2) of the Companies Act, 1956, in respect of the special businesses proposed to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2005 to 30th September, 2005 (both days inclusive).
4. 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 30th September, 2005. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend will be paid within 30 days from the date of declaration of dividend.
5. The Company has already transferred unpaid/unclaimed dividend for the financial year 1994-1995 and 1995-1996 to the Registrar of Companies, Gujarat at Ahmedabad on April 19, 2004 pursuant to Section 205C read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.
6. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Wednesday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
7. Members are requested to bring their copies of the Annual Report to Annual General Meeting.



Explanatory Statement**Pursuant To Section 173(2) Of The Companies Act, 1956:****Item No. 6**

The Statutory Auditors of the Company M/s. Tralsawala Associates, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company but have expressed their unwillingness to be re-appointed as Statutory Auditors of the Company for the financial year 2005-06.

Your Directors have propose to appoint M/s. Habib & Company, Chartered Accountants, as the Statutory Auditors of the Company, subject to your approval in the ensuing Annual General Meeting, to conduct audit for the financial year 2005-06.

The Directors recommend the passing of this resolution. None of the Directors is interested in the passing of this resolution.

Item No. 7 & 8

At present, the Authorised Share Capital of the Company is Rs. 5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 Equity Shares of Rs. 10/- each. The present Paid Up and Subscribed Share Capital of the Company is Rs. 4,26,20,000/- (Four Crores Twenty Six Lacs and Twenty Thousand Only) divided into 42,62,000 Equity Shares of Rs. 10/- each.

The Company is in the process of expanding its operations, which requires considerable of amount of funds. The Board of Directors of the Company recommends the increase in the Authorised Share Capital of the Company from Rs. 5,00,00,000 (Rupees Five Crores) to Rs. 11,00,00,000 (Rupees Eleven Crores) by creating of 60,00,000 new Equity Shares of RS. 10/- each so that the Company may issue further shares whenever considered necessary.

In pursuance of Article (5) (a) of the Articles of Association of the Company read with Section 94 of the Companies Act, 1956, the proposal for increase in the Authorised Share Capital of the Company will require the approval of the Members of the Company in the General Meeting. Also Clause V of the Memorandum of Association of the Company is required to be amended to reflect the increased Authorised Share Capital. The Ordinary Resolution contained in Item No: 7 of the Notice is intended to seek the approval of the Members for the increase in the Authorised Share Capital and to alter the Memorandum of Association of the Company.

The new Article (5) (a) indicated in Special Resolution contained in Item No: 8 of the Notice is intended to reflect the increased Authorised Share Capital in the Articles of Association.

The Board recommends the acceptance of the Ordinary and Special Resolution as set out in Item Nos.: 7 and 8 of the accompanying Notice.

None of the Directors of the Company is interested or concerned in the proposed Resolutions.

Item No: 9

Pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a Public Company cannot except with the consent of the shareholders in a General Meeting, borrow (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up share capital and free reserves of the Company. At the Extra Ordinary General Meeting held on 20.05.1994, the Board was authorised to borrow monies in excess of the aggregate of the paid up capital of the Company and its free reserves subject to a maximum limit of Rs. 43 Crores. At present the Company is having Working Capital Facilities from its Bankers viz. Indian Bank and Development Credit Bank, which are within the said limits. However, keeping in view the increasing business operations of the Company and the need to augment the long term resources for working capital requirements, the Company may approach for higher credit facilities, exceeding the said limits from the Banks, mutual funds, financial institutions and/or non banking finance companies by way of secured or unsecured loans, fixed deposits, bridge loans, inter corporate borrowings/issue of debentures whichever required.



In view of this the Board recommends the acceptance of the Ordinary Resolution as set out in the Item No: 9 of the accompanying Notice to increase the said borrowing limits to Rs. 100 Crores.

None of the Directors of the Company is interested or concerned in the proposed Resolution.

Item No: 10

The Equity Shares of the Company are listed on the Stock Exchange, Mumbai (BSE) and Stock Exchange, Ahmedabad (ASE). It is observed from the data on trading volumes that the Company's shares are not traded in material volumes at ASE. The trading volumes of the Company's shares at the ASE is either nil or insignificant. The BSE has nationwide trading terminals, which facilitate the members/investors across the country to trade in the shares of the Company. Further, de-listing of the Company's shares from ASE will also result in saving the cost on account of listing fees. The Company's shares will, however, continue to be listed on the Stock Exchange, Mumbai.

The Board of Directors of the Company at their Meeting held on 5th September, 2005 approved the voluntary de-listing of Company's shares from the Stock Exchange, Ahmedabad. According to the provisions of the SEBI (De-listing of Securities) Guidelines, 2003, consent of the members by way of Special Resolution is required for voluntary de-listing of Company's shares. Accordingly the Board of Directors recommends the passing of this Special Resolution.

None of the Directors of the Company is interested or concerned in the proposed Resolution.

Place: Mumbai

Date: 5th September, 2005

By Order of the Board of Directors

Neena Deshpande
Company Secretary

REGISTERED OFFICE:

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



Guidelines For Members

1. Members are requested to promptly notify any changes in their addresses to (a) the Depository Participants in case of shares held in electronic form; or (b) the Company's Registrar & Share Transfer Agent, M/s Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri (E), Mumbai: 400 072 in case of shares held in physical form.
2. In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.
3. The Members are requested to encash the Dividend Warrants immediately on receipt of the same, as dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unpaid dividend from the said Fund or the Company thereafter.
4. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios alongwith Share Certificates to the Company.
5. The Securities and Exchange Board of India, vide its Circular No: MRD/Dop/SE/Dep/Cir-4/2005 dated 28th January, 2005 has reviewed the dematerialisation charges being levied to investors. According to the said Circular, w.e.f. 1st April 2005, the Depositories will collect the custody charges from the Issuers on per folio (ISIN position) basis and the same will not be levied on any investor. Accordingly, the Company has paid the custody charges levied by the National Securities Depository Ltd. and Central Depository Services (India) Limited for the financial year 2005-06.
6. In order to exercise strict control over the transfer documents, Members are requested to send the transfer documents/correspondence, if any, directly to:

BIGSHARE SERVICES PRIVATE LIMITED

Unit: **PANAMA PETROCHEM LIMITED**

E-2, Ansa Industrial Estate, Saki-Vihar Road,

Sakinaka, Andheri (E), Mumbai: 400 072

Tel No's: 91-22-2847 3474

7. Members are requested to quote the Folio Number or the Client ID on the correspondence with the Company and also to send the same by Registered A.D.



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Statements of Accounts of the Company for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

PARTICULARS	As on March 31, 2005 (Rs. In Lacs)	As on March 31, 2004 (Rs. In Lacs)
Net Profit before Tax	419.52	197.40
Less: Provision for Tax	70.35	60.00
Add : Deferred Tax	4.36	1.28
Profit After Tax	353.54	138.68
Less: Transfer to Statutory Reserve	35.35	8.24
Less: Proposed Dividend / Interim Dividend (Including Tax on Distr. Profits)	111.42	-
Prior period Adjustments	0.59	0.54
Profit b/f	395.93	348.43
Profit carried to Balance Sheet	602.10	414.67

DIVIDEND

Your Company declared an Interim Dividend @ 16% on 37,62,000 Equity Shares of Rs. 10/- each on January 31, 2005. In view of the continual satisfactory performance of the Company during the Financial Year 2004-05, your Directors are pleased to recommend a final dividend @ 9% for the year ended March 31, 2005, thereby making the total dividend of 25% during the year 2004-05.

OPERATIONS

The performance of the Company during the financial year 2004-05 has shown an improvement over the previous financial year 2003-04. The Company has achieved a sales turnover of Rs. 7248.34 Lakhs as against Rs. 5057.45 Lakhs in the financial year 2003-04 thereby showing **a growth in turnover of 43%**. With the increase in sales, the Profit after Tax for the year 2004-05 has gone up to Rs. 353.58 Lakhs as against Rs. 138.68 Lakhs in the year 2003-04. The Company has achieved **a growth in Profit after tax of 215%**. This increase is mainly due to the improved sales, addition to the customers, improved marketing conditions and the positive management decisions.

The Company earned revenue of Rs. 173.68 Lakhs from the Daman Plant which commenced its operations in December 2003. The Plant is fully operational and has contributed to the extent of 63% of the total turnover of the Company.

With the increasing operations of the Company, it was necessary to raise further funds to augment its working capital requirements. For raising the additional funds, during the year under operation, the Company allotted 5,00,000 Equity Shares of Rs. 10/- each at an Issue Price of Rs. 58/- each for cash (including a premium of Rs. 48/- per share) to the Promoters and other investor on the preferential basis. The Company has received the In-principle Listing Approval for the above 5,00,000 Equity Shares from The Stock Exchange, Mumbai vide their letter dated August 4, 2005.

BENCHMARK ISO 9001 : 2000 CERTIFICATION

The Company has received ISO 9001:2000 Certification for manufacture and supply of grease / cable filled jelly. The Company has already obtained the ISO 9001:2000 Certification for manufacture and supply of transformer oil, light liquid paraffin, petroleum jelly and specialty oils.

