



Board of Directors

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

Company Secretary

MS. NIDHI GUPTA

Auditors

M/S. HABIB & COMPANY
Chartered Accountants, Mumbai

Bankers

INDIAN BANK
D C B LIMITED
CANARA BANK
HSBC BANK
STANDARD CHARTERED BANK
HDFC BANK
CITI BANK
DBS BANK LIMITED
ICICI BANK LIMITED
YES BANK

Listed at

BOMBAY STOCK EXCHANGE LIMITED

Registered Office

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

Corporate Office

401, Aza House, 24, Turner Road.
Bandra (W), Mumbai 400 050
Tel: 91-22-42177777
Fax: 91-22-42177788
Website: panamapetro.com
Email: panama@vsnl.com

Plants

Ankleshwar, Daman, Taloja,
Mumbai & Dahej

Registrar & Share Transfer Agents

Bigshare Services Private limited
E-2, Ansa Industrial Estate,
Sakinaka, Saki - Vihar Road,
Andheri (E), Mumbai - 400 072
Maharashtra
Tel: 91-22-40430200
Fax: 91-22-2847 5207
E-mail: info@bigshareonline.com



28th Annual General Meeting

Date : 25th September, 2010
Day : Saturday
Time : 11:00 a.m.
Place : Plot No. 3303, G.I.D.C. Estate,
Ankleshwar, Gujarat - 393 002

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Notice

Notice is hereby given that the **TWENTY EIGHTH ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on Saturday, 25th September, 2010 at 11:00 A.M. at the Conference Hall of the Registered Office of the Company at Plot No. 3303, G.I.D.C. Estate, Ankleshwar, Gujarat 393 002 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Amirali E Rayani, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Samir A Rayani, who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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 224 and other applicable provisions if any of the Companies Act 1956 M/s S. R. Batliboi & Co (Firm Regn. No. 301003 E) Chartered Accountants, Mumbai be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of M/s Habib & Co Chartered Accountant the retiring Auditors of the Company on such remuneration as may be fixed by the Board of Directors of the Company."

Special Business:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
"Resolved that Mr. Moiz H. Motiwala, who was appointed as an Additional Director of the Company to hold office till the date of the Annual General Meeting, be and is hereby appointed as an Ordinary Director of the Company whose office shall be liable for determination through retirement by rotation."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Resolved that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, remuneration of Mr Amirali E Rayani, Chairman and Director of the Company be and is hereby increased from Rs 50,000 per month to Rs. 2,00,000 per month only

paid as Salary, allowance(s) plus perquisites with effect from 1st June, 2010, as per the terms and condition set out in the draft agreement place before this meeting.

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

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

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

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

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

"Resolved that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, remuneration of Mr Amin A Rayani, Managing Director & CEO of the Company be and is hereby increased from Rs 50,000 per month to Rs. 1,75,000 per month only paid as Salary, allowance(s) plus perquisites with effect from 1st June, 2010, as per the terms and condition set out in the draft agreement place before this meeting"

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

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

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

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



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

"Resolved that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and the Articles of the Association of the Company, and other applicable provisions, if any, remuneration of Mr Samir A Rayani, Director designated as Whole Time Director of the Company be and is hereby increased from Rs 50,000 per month to Rs. 1,50,000 per month only paid as Salary, allowance(s) plus perquisites with effect from 1st June, 2010, as per the terms and condition set out in the draft agreement place before this meeting"

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

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

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

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

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

"Resolved that pursuant to the provisions of section 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. 13,16,00,000 to Rs. 25,00,00,000 by way of addition of 1,18,40,000 Equity shares of Rs 10 each aggregating Rs 11,18,40,000.

Resolved Further that the Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following new Clause:

- V. The Authorised Share Capital of the Company is Rs. 25 crores (Rupees twenty five crore only) divided into 2,50,00,000 (two crore fifty lacs) Equity Shares of Rs. 10 (Rupees ten) each.

Resolved Further that Board of Directors of the Company be and is hereby authorised to take all necessary steps that may be required to give effect to the aforesaid resolution."

11. To consider and, if thought fit, to pass with our without modifications(s), as a Special Resolution the following:

"Resolved that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956, Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines), Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, enabling provisions in the Memorandum and Articles of Association of the Company as also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve Bank of India (RBI) and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modification, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (Board)(which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer, issue and allot, , either in India or abroad or in the course of domestic and/or international offering and/or Qualified Institutions Placement ("QIP") to Qualified Institution Buyers (QIB)/Foreign Currency Convertible Bonds ("FCCBs")/ Global Depository Receipts ("GDRs")/ American Depository Receipts ("ADRs"), through one or more placements of equity shares/fully convertible debentures (FCDs)/partly convertible debentures (PCDs)/ non convertible debentures (NCDs) with warrants/ or any securities (other than warrants) which are convertible into or exchangeable with equity shares at a later date (herein referred to as "Securities") not exceeding US\$ 20 mn, if higher (including green shoe option), as the Board may determine in accordance with the SEBI Guidelines and where necessary in consultation with the Lead Managers, Underwriters, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Rating Agencies/ Advisors, Depositories, Custodians, Principal Paying/Transfer/ Conversion agents/ Listing agents, Registrars, Trustees, Printers, Auditors, Stabilizing agents and all other Agencies/Advisors.

Resolved further that this issue shall be completed within 12 months from the date of this Annual General Meeting.

Resolved further that the relevant date for determination of the floor price of the Securities to be issued by way of this issue shall be the dates(s) of the meeting(s) in which the Board decides to open the proposed issue or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

Resolved further that the Equity Shares so issued shall rank pari passu with the existing Equity Shares of the Company in all respects.



Resolved further that the securities to be offered and allotted shall be in dematerialized form.

Resolved further that for the purpose of giving effect to any offer, issue or allotment of Securities the Board, be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretions, deem fit.

Resolved further that the Board be and is hereby authorized to appoint Lead Manager(s) in offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangement, agreements, memoranda, documents, etc. with Lead Manager(s) and to seek the listing of such securities.

Resolved further that the Company do apply for listing of the new Equity Shares as may be issued with the Bombay Stock Exchange Limited or any other Stock Exchange(s).

Resolved Further that the Company do apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the above said Equity Shares to be allotted on QIP basis.

Resolved further that the Board be and is hereby authorized to create necessary securities on such of the assets and properties (whether present or future) of the Company in respect of the facilities obtained as above and to approve, accept, finalize and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with availing of the above facilities.

Resolved further that the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they may deem fit."

By Order of the Board of
Directors

For Panama Petrochem Ltd

Place: Mumbai
Date : 12th August, 2010

Nidhi Gupta
Company Secretary

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

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself

and the proxy need not be a member of the company. The proxy form should be lodged with the company at its registered office at least 48 hours before the commencement of the meeting.

2. Corporate Members: Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
4. Explanatory statement pursuant to Sections 173 (2) of the Companies Act, 1956, in respect of the special businesses proposed to be transacted at the Meeting is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 20th day of September, 2010 to the Saturday the 25th day of September 2010 (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 20th September, 2010. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend will be paid within 30 days from the date of declaration of dividend.
7. Members are requested to notify any change in their address/ mandate/bank details immediately to the share transfer Agent of the Company- M/s Bigshare Services Pvt Ltd.
8. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Wednesday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
9. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write at least one week before the meeting so that the same could be complied in advance.

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

ITEM NO. 6:

Mr Moiz H. Motiwala was appointed as an additional director of the Company by the Board of Director w.e.f. 12th August, 2010 and his tenure of office comes to an end at the ensuing Annual General Meeting.



Mr Moiz H. Motiwala is a Chartered Accountant by profession and having vast experience in the field of Accounts & Taxation and possess good knowledge of Finance & Accounts.

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

Mr Moiz H. Motiwala himself may be deemed to be concern or interested in passing of the above resolution.

ITEM NO. 7 TO 9:**Mr Amirali E Rayani**

The Board of Directors of the Company in their meeting held on 31st May 2010 revised the remuneration of Mr Amirali E Rayani from Rs. 50,000 to Rs. 2,00,000 p.m. Mr. Amirali E Rayani, aged 65 years is the main promoter of the Company and is actively associated with the Company since its inception and has played a key role in bringing the Company to its present heights. Mr. Amirali Rayani is having more than 35 years of experience in Petroleum industry.

The abstract of the the terms and conditions contained in the draft agreement is as follows:

A. SALARY: Rs.2,00,000/- Per month with annual increment at such rate as may be approved by the Board of Directors of the company subject to the ceiling of 25% of basic salary.

B. PERQUISITES:

- i. In addition to the salary and commission, Mr. Amirali E Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; club fees and personal accident insurance or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the company, subject to the condition that total perquisites ,including the cash compensation ,will be restricted to an amount equivalent to his annual salary.

For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.

- ii. Company's contribution to provident fund, Superannuation fund and Annuity fund to the extent these are ,either singly or put together ,not taxable under the Income tax act; Gratuity as per the Rules of the company and encashment of leave at the end of the tenure will not be included in the compensation of perquisites.
- iii. Car used on the company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year, Mr. Amirali E Rayani shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule

XIII of the companies Act,1956, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Amirali E Rayani.

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

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

E. TERMINATION: The Agreement may be terminated

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

Your Directors recommend the resolution for your approval.

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

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

Mr Amin A Rayani

Mr Amin A Rayani, aged 37 years is Commerce Graduate and is associated with the Company for more than 10 years. He has vast experience and expertise in finance, production and marketing fields. He had be appointed as Managing Director & CEO of the Company for a period of five years w.e.f 29th June, 2009 and his appointment was approved by the shareholders in the Annual General Meeting held on 29th September, 2009. The Board of Directors of the Company in their meeting held on 31st May 2010 revised the remuneration of Mr Amin A Rayani from Rs. 50,000 to Rs. 1,75,000 p.m.

The abstract of the the terms and conditions contained in the draft agreement is as follows:

A. SALARY: Rs.1,75,000/- Per month with annual increment at such rate as may be approved by the Board of Directors of the company subject to the ceiling of 25% of basic salary.

B. PERQUISITES:

- i. In addition to the salary and commission, Mr. Amin A Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; club fees and personal accident insurance or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the company, subject to the condition that total



perquisites, including the cash compensation, will be restricted to an amount equivalent to twice his annual salary.

For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.

- ii. Company's contribution to provident fund, Superannuation fund and Annuity fund to the extent these are, either singly or put together, not taxable under the Income tax act; Gratuity as per the Rules of the company and encashment of leave at the end of the tenure will not be included in the compensation of perquisites.
- iii. Car used on the company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year, Mr. Amin A Rayani shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule XIII of the companies Act, 1956, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Amin A Rayani.

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

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

E. TERMINATION: The Agreement may be terminated

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

Your Directors recommend the resolution for your approval.

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

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

Mr Samir A Rayani

Mr Samir A Rayani aged 35 years is associated as Whole-time Director (Administration). Mr Samir Rayani is B.E. (Mech.) and has wide knowledge of production and marketing of Petroleum Products. He is associated with the Company from last five years. The Board of Directors of the Company in their

meeting held on 31st May 2010 revised the remuneration of Mr Samir A Rayani from Rs. 50,000 to Rs. 1,50,000 p.m.

The abstract of the the terms and conditions contained in the draft agreement is as follows:

A. SALARY: Rs. 1,50,000/- Per month with annual increment at such rate as may be approved by the Board of Directors of the company subject to the ceiling of 25% of basic salary.

B. PERQUISITES:

- i. In addition to the salary and commission, Mr. Samir A Rayani will be also entitled to perquisites and allowances including medical reimbursement and leave travel concessions for self and family; club fees and personal accident insurance or such other perquisites and/or cash compensation in accordance with the rules applicable to other senior executives of the company, subject to the condition that total perquisites, including the cash compensation, will be restricted to an amount equivalent to his annual salary.

For the purposes of calculating the above, perquisites shall be evaluated as per Income tax Rules wherever applicable.

- ii. Company's contribution to provident fund, Superannuation fund and Annuity fund to the extent these are, either singly or put together, not taxable under the Income tax act; Gratuity as per the Rules of the company and encashment of leave at the end of the tenure will not be included in the compensation of perquisites.
- iii. Car used on the company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iv. In the event of loss or inadequacy of profits in any financial year, Mr. Samir A Rayani shall be paid remuneration by way of salary and perquisites in accordance with the limits laid down in Schedule XIII of the companies Act, 1956, or any statutory modifications therein or enactment thereof, as may be agreed by the Board of Directors and Mr. Samir A Rayani.

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

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

E. TERMINATION: The Agreement may be terminated

Forthwith by notice in writing on his vacation of office of



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

Your Directors recommend the resolution for your approval.

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

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

Item No. 10

At present the authorized share Capital of the Company is Rs. 13.16 crores. The Company is in the process of expanding its operations, which would require more funds to finance the future business plans of the Company and in this connection require to raise further share capital. So it has been proposed to increase the authorised share capital of the Company from Rs 13.16 crore to Rs 25 crores.

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Consent of the members is sought to increase the authorised share capital.

Your directors recommend the adoption of resolution in the larger interest of the Company.

None of the Directors of the Company may be deemed to be concerned or interested in the proposed resolution except to the extent of shares held by them or their relatives.

Item No. 11

The Company is into exports since last 5 years and for the further growth and expansion, Company is looking into the possibilities of acquiring some overseas business. The Company requires adequate capital to meet the needs of growing business. To Leverage the available business opportunities, the Company may opt for issue securities through Qualified Institutional Placement/foreign currency convertible bonds (FCCBs)/global depository receipts (GDRs) of US\$ 20mn. A Qualified Institutional Placement (QIP) of the shares of the Company would be less time consuming and more economical.

Accordingly, the Company may opt for issue of securities by way of a QIP/FCCB/ADR/GDR in terms of the Securities and Exchange Board of India (Disclosures and Investor Protection)

Guidelines, 2000 ('SEBI Guidelines'). There will be no issue to retail individual investors and existing retail shareholders. The resolution is enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board based on an analysis of the specific requirements after consulting all concerned. Therefore the proposal seeks to confer upon Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to the Issue.

As per the SEBI Guidelines, an issue of securities shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date".

The "relevant date" for the above purpose, with respect to the equity shares being allotted means the date(s) of the meeting(s) in which the Board decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be. The Stock Exchange for the same purpose is the Bombay Stock Exchange Limited.

In accordance with the SEBI Guidelines, special resolution of shareholders in accordance with Section 81(1A) of the Companies Act, 1956 is required for a QIP issue. The special resolution has a validity period of 12 months before which allotments under the authority of said resolution should be completed.

The Board of Directors recommend passing of the Special Resolution.

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

By Order of the Board of
Directors
For Panama Petrochem Ltd

Place: Mumbai
Date : 12th August, 2010

Nidhi Gupta
Company Secretary

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



Directors' Report

Dear Members

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the company together with the Audited Statement of Accounts for the Financial Year ended March 31, 2010 for your consideration and approval.

FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

Particulars	As on March 31, 2010	As on March 31, 2009
Net Profit before Tax & Extra – Ordinary Items	3,245.93	1,699.08
Prior Period Adjustments	12.70	34.95
Net Profit Before Tax	3,233.23	1664.13
Less: Provision for Taxes	841.23	496.60
Net Profit After Tax	2,392.00	1,167.53
Less : Transfer to Reserves	239.20	116.75
Less : Proposed Dividend including Corporate		
Dividend Tax	341.64	273.31
Net Profit After Appropriations	1,811.16	777.47
Profit Brought Forward	3,777.99	2,943.07
Profit Carried Forward to Balance Sheet	5,589.15	3,777.99

OPERATIONS

The Company had a sales turnover of Rs. 32,023.73 lacs as against Rs. 36,739.24 lacs in the financial year 2008-09. Profit before Interest, Depreciation and tax was Rs. 3,245.93 lacs as against Rs. 1699.08 lacs during the previous year showing a growth of around 90% as compared to the last year. The Company posted a Net Profit of Rs 2,392.00 lacs as against Rs. 1,167.53 lacs in the previous year showing a growth of more than 100% as compared to the last year.

Dahej Unit: The Company has got permission to start plant in Dahej SEZ and construction and erection of machinery work is going smoothly and hopeful to start commercial production by September, 2010. As per the conditions of Government net foreign exchanges should be positive and company is hopeful to fulfill the export criteria. The Company will be manufacturing and exporting Liquid Paraffin, Petroleum Jelly, Ink Oil, Rubber Process Oil, Lubricating Oil & Greases, Transformer Oil, Antistatic Coning Oil, Mining Oil and Cable Jelly. The plant will be enjoying Income Tax, Excise, Sales Tax, Duty Free Electricity and Customs Duty benefits

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

DIVIDEND

In view of the continual satisfactory performance of the Company during the Financial Year 2009-10, your Directors are pleased to recommend a dividend @ 50% i.e. Rs. 5/- per share (previous year Rs. 4/- per share) for the year ended March 31, 2010.

The payment of dividend together with the tax thereon absorbed a sum of Rs. 341.63 Lakhs.

CARE RATING

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

LISTING OF SHARES

Your Company's shares are listed on the Bombay Stock Exchange Ltd. The Company has paid the listing fees for the year 2009-2010. The Company has applied for listing of shares with National Stock Exchange.

The application for listing is under process.

CORPORATE GOVERNANCE

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

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

PUBLIC DEPOSITS

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

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

A. Conservation of Energy: The Company is aware about energy consumption and environmental issue related to it and is continuously making sincere efforts towards conservation of energy. The Company is in fact engaged in the continuous process of further energy conservation through improved operational and maintenance practices. Information as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given in Annexure A, forming part of this Report

B. Technology Absorption: The Company has an updated R & D Center at its Ankleshwar Plant. It is equipped with all the advanced technological facilities with the latest instruments. The Center is operated by the team of well qualified and experienced technocrats and Company is trying to get recognised R & D Center from Government of India.

C. Foreign exchange earnings and outgo:

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



ii. Foreign Exchange Earnings and Outgo:

(Amount in Rs Lacs)

Total Foreign Exchange Inflow	9276.09 Lacs
Total Foreign Exchange outflow	20202.93 Lacs

PARTICULARS OF EMPLOYEES

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

DIRECTORS

After the last Annual General Meeting, Mr. Moiz H. Motiwala was appointed as an additional director. In terms of the provisions of Companies Act, 1956, he hold office until the date of ensuing Annual General Meeting. His appointment as an ordinary director of the Company is placed before the members for consideration.

After the last Annual General Meeting, Mr. Rajendra V. Thakkar resigned from the Board.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Amirali E Rayani and Mr. Samir A Rayani are liable to retire by rotation and being eligible offer themselves for re-appointment. Directors recommend their re-appointment.

AUDITORS

M/s Habib & Co., Chartered Accountants, Statutory Auditors of the Company held office until the conclusion of the ensuing Annual General Meeting and indicated their inability to continue as auditors of the Company and, accordingly, do not seek reappointment as auditors, at the forthcoming annual general meeting on September 25, 2010.

The Company has received a special notice from a member of the Company, under the provisions of section 190(1) of the Companies Act, 1956, requiring that M/s S.R.Batliboi & Co, Mumbai, be appointed as the statutory auditors of the Company, from the completion of the forthcoming annual general meeting on 25th September, 2010, to the completion of the next annual general meeting. A certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed appointment has been obtained from them. Your Directors recommend their appointment.

AUDITORS' REPORT

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

Note No.4 of the main Auditor's Report states that the Company has not provided for the Leave Encashment payable to employees which is not in accordance with the Accounting Standard 15 as notified by the Companies (Accounting Standards) Rules 2006.

We would like to state that the Company do not permit any person to carry forward their leaves. All the leaves can be taken in the financial year only.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

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

By Order of the Board of
Directors
For Panama Petrochem Ltd

Place: Mumbai
Date : 12th August, 2010

Amirali E Rayani
Chairman

FORM 'A'

(Amount in Rs.)

Particulars	As on March 31, 2010	As on March 31, 2009
A) Power & Fuel Consumption		
1. Electricity		
a) Purchase of Units	3,46,908	3,21,453
Total Cost	22,79,461	21,57,033
Rate per Unit	6.57	6.71
b) Own Generation		
1) Through Diesel Generator	NIL	NIL
2) Through Steam Turbine / Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Diesel Oil	NIL	NIL
5. Others (Gas)		
Quantity	63,930	47,642
Total Cost	6,40,529	3,78,753
Rate per Unit	10.02	7.95