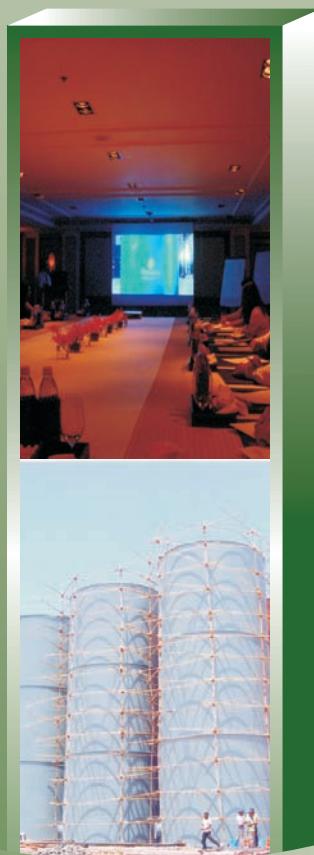




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SUSTAINING GROWTH...



29th Annual Report 2010-2011

**Board of Directors**

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

**Company Secretary**

MS.GAYATRI SHARMA

**Auditors**

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

**Bankers**

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

**Listed at**

BOMBAY STOCK EXCHANGE LIMITED  
LUXEMBOURG STOCK EXCHANGE (GDRs)

**Registered Office**

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

**Corporate Office**

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

**Plants**

Ankleshwar, Daman, Talaja,  
Mumbai & Dahej

**Registrar & Share Transfer Agents**

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

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## Notice

**Notice** is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of the Members of **PANAMA PETROCHEM LIMITED** will be held on Monday, 26<sup>th</sup> September, 2011 at 11:30 A.M. at the Conference Hall of the Registered Office of the Company at Plot No. 3303, G.I.D.C. Estate, Ankleshwar, Gujarat 393 002 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Mukesh Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Moiz H. Motiwala, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s S.R. Batliboi & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

### Special Business:

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

**"Resolved that** Mr. Hussein V Rayani, who was appointed as an Additional Director of the Company to hold office till the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Place : Mumbai  
Date : 8<sup>th</sup> August, 2011**

**Gayatri Sharma  
Company Secretary**

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

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form should be lodged with the company at its registered office at least 48 hours before the commencement of the meeting.
2. **Corporate Members:** Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
3. Members/Proxies attending the meeting are requested to bring their copy of Annual Report to the Meeting.
4. Explanatory statement pursuant to Sections 173 (2) of the Companies Act, 1956, in respect of the special businesses proposed to be transacted at the Meeting is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 22<sup>nd</sup> day of September 2011 to Monday the 26<sup>th</sup> day of September 2011 (both days inclusive).
6. Payment of dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be payable to those Shareholders whose names stand on the Register of Members of the Company as on 22<sup>nd</sup> September, 2011. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend will be paid within 30 days from the date of declaration of dividend.
7. Members are requested to notify any change in their address/mandate/bank details immediately to the share transfer Agent of the Company- M/s Bigshare Services Pvt Ltd.
8. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all days except Sunday and Public Holidays between 11.00 A.M. and 1.00 P.M. up to the date of Annual General Meeting.
9. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to write at least one week before the meeting so that the same could be complied in advance.
10. Pursuant to MCA Circular No. 17/ 2011 dated 21.4.2011 and 18/2011 dated 29.4.2011, towards green initiatives, members are requested to provide their **E-mail address** to Registrar & Share Transfer Agents of the

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

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

**Item No. 6**

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

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

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

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

**Item No. 7**

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

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

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

**B. PERQUISITES:**

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



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

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

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

#### **C. OTHERS:**

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

#### **D. NATURE OF DUTIES:**

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

#### **E. TERMINATION:**

The Agreement may be terminated

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

Your Directors recommend the resolution for your approval.

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

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

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

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

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

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

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

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

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

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

The Board recommends the Resolution for approval.

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

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

**Place : Mumbai  
Date : 8<sup>th</sup> August, 2011**

**Gayatri Sharma  
Company Secretary**

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



## Directors' Report

### Dear Members,

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

### FINANCIAL HIGHLIGHTS

(₹ In Thousands)

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

### OPERATIONS

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

### Dahej Unit

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

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

### MANAGEMENT DISCUSSION & ANALYSIS

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

### DIVIDEND

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

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

### CREDIT RATING

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

### MERGER & AMALGAMATION

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

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

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

### GLOBAL DEPOSITORY RECEIPTS (GDRS).

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

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

### LISTING OF SHARES

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

## CORPORATE GOVERNANCE

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

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

## PUBLIC DEPOSITS

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

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

### A. CONSERVATION OF ENERGY:

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

### B. Technology Absorption:

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

## Expenditure on research & development

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

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

### C. Foreign exchange earnings and outgo:

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

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

## PARTICULARS OF EMPLOYEES

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

## DIRECTORS

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

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

## AUDITORS

M/s S.R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment. A certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.